

Innovative Approach to SME Financing in Nigeria: A Review of Small and Medium Industries Equity Investment Scheme (SMIEIS)

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ABSTRACT The need for SME growth in Nigeria is beyond question, but access to finance is one of the factors standing in the way of its growth. As a financing tool, equity has distinct advantages over debt for the development of SMEs, but equity financing in Nigeria presently comes with significant challenges as can be seen from the low response from the SME industrialists to apply for the fund, and the foot-dragging of the banks in seeking for and investing in SME. The paper tried to review the innovative approach to SME financing all over the world, especially the private equity financing, so as to identify the best practices and lessons to be learnt. It also reviews the small and medium industries equity investment scheme (SMIEIS) in Nigeria. It was discovered that there are still many challenges that the banks in Nigeria need to tackle before a successful implementation of the scheme. These include those challenges that relate to deal flow, investment structuring, monitoring/value enhancement, and liquidity and exit strategies.

BACKGROUND TO THE STUDY

Finance has been identified in many business surveys as one of the most important factors determining the survival and growth of small and medium enterprises (SMEs) in both developing and developed countries (UNCTAD, 1995, 2001; SBA, 2000). Access to finance allows SMEs to undertake productive investments to expand their businesses and to acquire the latest technologies, thus ensuring their competitiveness and that of the nation as a whole. Poorly functioning financial systems can seriously undermine the microeconomic fundamentals of a country, resulting in lower growth in income and employment.

Despite their dominant numbers and importance in job creation, SMEs traditionally have faced difficulty in obtaining formal credit or equity. This is because the maturities of commercial bank loans extended to SMEs are often limited to a period far too short to pay off any sizeable investment. Moreover, banks in many developing countries have traditionally lent overwhelmingly to the government, which offered less risk and higher returns (Levitsky, 1997). Such practices have crowded out most private sector borrowers and increased the cost of capital for them. The situation is equally prevalent in Nigerian economy where commercial banks often prefer to lend to government, trade in foreign exchange (FOREX), and financing buying and selling. Such

preferences were aptly put by a banker in Nigeria that “the banks are not a charity, hence why should they take risks with SMEs when they can make good money elsewhere”. These preferences and tendencies of the commercial banks have exacerbated the lack of financing for SMEs. Moreover the traditional commercial banks and investors have been reluctant to service SMEs for a number of well-known reasons, which include the following:

- (i) SMEs are regarded by creditors and investors as high-risk borrowers due to insufficient assets and low capitalization, vulnerability to market fluctuations and high mortality rates;
- (ii) Information asymmetry arising from SMEs’ lack of accounting records, inadequate financial statements or business plans makes it difficult for creditors and investors to assess the creditworthiness of potential SME proposals; and
- (iii) High administrative/transaction costs of lending or investing small amounts do not make SME financing a profitable business.

As a result, commercial banks are generally biased toward large corporate borrowers, who provide better business plans, have credit ratings, more reliable financial information, better chances of success and higher profitability for the banks. When banks do lend to SMEs, they tend to charge them a commission for assuming risk and apply tougher screening measures, which drives up

costs on all sides. Lastly, there is also the problem of insider lending and/or cronyism, which diverts finance away from SMEs.

The governments of Nigeria and with the assistance from international financial institutions have tried to address the problems of high transaction costs and risks by creating subsidized credit programmes and/or providing loan guarantees. Examples of these are Small Scale Industries Credit Scheme (SSICS), Nigerian Bank for Commerce and Industry (NBCI), National Economic Reconstruction Fund (NERFUND), World Bank Loan Scheme (SME I & II Loan Scheme), etc. The aim was to provide either long-term credit or specialized services to the SMEs. However, these projects have often fostered a culture of non-repayment or failed to reach the target group or achieve financial self-sustainability. The financial policies pursued were of interventionism with governments influencing the credit flows through a system of subsidies, interest ceilings, policy-based credit allocations etc. But banks lacked the incentive to increase their efficiency or to develop their capacity for risk assessment and monitoring of loans, which contributed to a general deterioration in the quality of banks' portfolios.

This paper attempts a review of the recent innovative approach to SMEs financing in Nigeria, which is put in place by the Bankers' Committee in Nigeria, that is, Small and Medium Industries Equity Investment Scheme (SMIEIS). The paper also tries to suggest how to improve access to finance through this innovative mechanism by the existing and potential industrialists.

In our effort to do this, the paper is structured into five sections. While section I is an introductory part, section II gives the introduction on equity and venture finance. In section III, the paper reviews the recent development in SMEs financing in the world and the lessons that can be learnt in general, and the SMIEIS initiatives in Nigeria in particular. Furthermore, section IV reviews the problems and prospects of SMIEIS in Nigeria, and makes suggestions for its successful implementation based on the best practices in other countries. Section V then concludes the paper.

INTRODUCING EQUITY AND VENTURE FINANCE

Venture capital involves the provision of investment finance to private small or medium companies in the form of equity or quasi-equity instruments not traded on recognized stock exchanges. It is long-term risk finance where the primary return to the investor is derived from capital gains rather than dividend income. Venture capital investors are actively involved in the management of the investee company, with the intention of helping to assure the success of the venture.

Private equity is generally classified into stages as in the Table 1.

As shown in the table 1, venture capital is a subset of private equity including seed and start-up investments. Venture capital focuses on high-growth businesses in early stages of development that promise significant capital growth.

Table 1: Stages of venture capital

Venture Capital	Seed Capital	Funding for research, evaluation and development of a concept or business before the business starts trading
	Start-up and Early Stage	Funding for new companies being set up or for the development of those which have been in business for a short time
Development Capital	Expansion and Development	Funding for the growth and expansion of a company which is breaking even or trading profitably
Buyout	Management buy-out (MBO) or buy-in (MBI)	Funding to enable a management team and their backers to acquire a business from existing owners. Buy-outs are often leveraged.
	Replacement Capital	Funding for the purchase of existing shares in a company from other shareholders. Buy-outs are often leveraged.

Source: KPMG Private Equity Survey, 2002: <http://www.kpmg.co.za>

A distinction is usually made between venture capital and seed capital. Seed capital refers to direct equity capital in start-ups in the initial rounds of finance. Venture capital, on the other hand, refers to the next round of finance in companies that have achieved stability and have strong growth potential. A venture capital fund would typically invest in an SME in a high-growth sector looking to expand its operations. Venture capital can also play a role in buy-outs of more established companies. The involvement of a venture capitalist is usually from two to four years, after which the venture capitalist will typically either sell the shares of the company on a stock exchange, e.g. an initial public offering (IPO), or sell the whole stake in the company, for example, to a more established competitor.

Venture capital has the potential of offering a valuable source of finance complementing the more traditional credit finance provided by commercial banks. Some of the fundamental reasons hindering SMEs from obtaining credit from commercial banks and other credit institutions are less important in attracting venture capital. The advantages of venture capital are therefore:

- (i) Venture capitalists are willing to accept higher risks than traditional banks in exchange for potentially large gains from the sale of shares in the company.
- (ii) Venture capitalists do not require collateral from borrowers.
- (iii) Operating costs are lower due to the absence of high interest rate payments.
- (iv) Venture capital, by nature, is long-term or at least medium-term capital, in contrast to short-term loans from banks.
- (v) The managerial know-how provided by venture capitalists can in some cases be more valuable to the start-ups of SMEs than the actual financing received.

However, there are also a number of drawbacks:

- (i) As in traditional bank lending, operating costs associated with lending a small amount may discourage investors.
- (ii) The need for highly liquid markets is not as pressing compared to open-end funds or mutual funds, since venture capital funds have a long-term involvement in the companies they invest in. Nevertheless, an exit mechanism is necessary for venture capitalists to attain capital gains. This has been

found to be difficult in almost all developing countries except those with emerging capital markets (Feldman, 1997). Other mechanisms such as guaranteed buy-backs do not seem realistic for SMEs.

- (iii) As the majority of companies that venture capitalists invest in either fail or yield only modest profits, successful ventures must generate large enough returns to cover losses incurred from the less successful investments. The need for potentially very high profits rules out the bulk of SMEs and start-ups that do not have the potential of becoming future mega-companies and is one reason venture capital is concentrated in certain sectors such as high technology.

FINANCING OF SMES BY COMMERCIAL BANKS – RECENT DEVELOPMENTS IN THE WORLD

Well-functioning and sustainable mechanisms for SME financing require institution building and a market approach. Lending institutions are then required to improve their ability to provide financial services to SMEs through commercial mechanisms that lower costs and minimize their risk exposure. Only in this way will financial institutions find SME lending to be more profitable, and thus be encouraged to construct lending programmes targeted at SMEs. There are also a number of trends in the financial services industry that are forcing banks to have a closer look at the SME markets (UNCTAD, 1999). Globalization trends are increasing competition especially for servicing large corporate customers and driving down margins and fees. The improving liquidity of securities markets in many countries is increasingly providing large corporations direct access to the capital markets and allowing them to by-pass financial intermediaries. Therefore, banks are under increasing pressure to expand their business towards SME customers and to develop mechanisms to improve the profitability of lending to SMEs.

In recent years banks in developed countries have launched a number of initiatives that both improve the profitability of lending to SMEs and also provide SMEs with better access to finance and to financial products that are better tailored to their needs (Aladekomo, 2003). A number of leading banks have demonstrated that providing financial services to SMEs can be turned into a

highly profitable business. Although the business environments in developing countries and developed countries differ in many respects, the problems of servicing SME customers are similar, namely high-perceived risk, problems with information asymmetry and high administrative costs. Therefore, recent innovations in developed countries to improve SMEs access to credit can provide valuable insights for developing country banks to become more SME-oriented and to increase the volume and the quality of their services to this sector.

INITIATIVES UNDERTAKEN BY BANKS IN THE EUROPEAN UNION AND THE UNITED STATES

To compete effectively in the SME financing sector, banks in these developed economies are providing financial services that meet the specialised needs of SMEs while coping with the high risks and costs associated with servicing them. To achieve this, an increasing number of banks in developed countries have adopted separate strategies to service SME customers. The current trend is to shift from a product-based focus to a more customer oriented focus of providing packages of financial services tailored to their needs. This has the potential of considerably improving the banks' relations with the SME sector, as well as increasing the profitability of providing financial services to it. A few examples are the Lloyds Bank of Britain, the Royal Bank of Scotland and Nat West Bank. The Lloyds Bank has a business banking package on business plan, cash flow forecast, profit forecast, getting started in business, essential guide for small business, and computer diskette on business planner, and a 416-page book on 'Lloyds Bank Small Business Guide'. Also the Royal Bank of Scotland has a package on the business titled 'set up and grow', which contains vital information on business plan, information to help business grow and the back-up expert advice. As for the Nat West Bank, it has a package called 'The Business Start-up Guide', which is divided into six (6) sections: Thinking about it, Talking about it, Plan for success, How can Nat West Bank help me?, Up and running and At a glance (Aladekomo, *ibid*). Furthermore, a review is made here on a number of initiatives undertaken by banks to better serve the SME sector. These include:

- (i) reducing information asymmetry of SMEs and high perceived risks by using credit scoring systems; using external information providers; risk self-assessment for the SME entrepreneurs; pricing to the level of risk; sharing risk with third parties; using covenants as an alternative to loan guarantees; and setting up special support units for high risk customers such as start-ups;
- (ii) reducing costs of lending by applying latest information technologies; streamlining the organization and simplifying the lending process;
- (iii) developing products better adapted to SME's needs;
- (iv) improving financial services for SMEs through training of bank staff and the segmentation of SME customers; and
- (v) cooperating with SME organizations and other business development providers in order to reduce risks and costs and combine financial with non-financial services (European Savings Banks Group, 1997).

Experiences of Some Countries and Lessons on Equity Finance

Early stage equity investment is an alternative and complementary source of funds for SMEs, which can help small enterprises from developing countries to enhance their access to additional sources of long-term financing. As reveals in the Table 2 below there are two distinctive features of venture capitalism which can be seen, namely the leading role of the United States in pioneering venture capitalism and the very strong growth of venture capital during the past few years. To a large extent the strong growth in recent years is linked to the boom experienced by the high-technology sector. In the United States some two third of venture capital is invested in the information technology sector (SBA, 2000). This highlights the point that venture capital focuses on high-growth and high-risk sectors of the economy.

To date the United States has clearly been the most important market for venture capitalism. A number of the country's leading corporations were cited to have received venture capital in their early stages, which demonstrates the important role that venture capital funds play in the economy. Examples of such corporations are

Table 2: New Funds raised for private equity/venture capital (US\$ billion)

	<i>United States</i>		<i>Europe</i>	
	<i>Private equity</i>	<i>of which: Venture capital is</i>	<i>Private equity</i>	<i>of which: Venture capital is</i>
1980	2.2	2.1		
1985	5.5	3.0		
1990	10.3	2.6	5.8	n.a
1995	41.1	8.2	5.7	n.a
1996	45.2	10.6	10.1	n.a
1997	73.8	15.7	22.8	7.5
1998	105.4	28.0	22.8	7.5
1999	108.1	46.6	27.1	12.9

Federal Express, Microsoft and Intel to name a few. Some key aspects of the leading position of the United States arise from enabling legislation and a business culture that promote entrepreneurship. However, in recent years Europe as well as some areas of Asia have been quickly catching up.

One the most successful equity finance in the world is "Small Enterprise Assistance Funds (SEAF), which its activities are briefly reviewed below.

Small Enterprise Assistance Funds (SEAF)

The Small Enterprise Assistance Funds (SEAF) is an active fund manager based in Washington, D.C. that has been dedicated since 1990 to equity and risk capital investments in SMEs in emerging markets. SEAF started initially in Poland in 1990 and concentrated predominantly on Central and Eastern Europe countries. In 1997 the organization initiated operations in Latin America with the opening of a fund in Peru followed by the start of operations in Bolivia in 2000. SEAF also maintains operations in China and is undertaking new initiatives in India, Central Asia and the Philippines, and is also expanding operations in Latin America to include Colombia, Chile, Brazil and Argentina.

The primary mission of SEAF is to provide SMEs with private equity financing linked to technical and administrative assistance. Most of the markets where the funds operate are underserved and there is a thirst for equity finance. Another important goal is to generate commercial returns since, according to SEAF's experience, without generating commercial returns, the SME risk capital industry will not be able to attract private capital and will not be sustainable over the long-term. An ultimate goal of SEAF is to promote the creation of capital

markets for SMEs, which in emerging markets have so far remained underdeveloped.

SEAF manages 14 funds for multilateral and private investors throughout the world. The SEAF Management company, SEAF Management LLC, is a profit subsidiary of the Small Enterprise Assistance Funds. The profit orientation in the venture capital industry is vital to have the necessary incentives to attract the right types of people in order to manage these funds and select proper investments. Normally, the deal flow is generated using local contacts, partners, various associations, targeted industries and project filtering. Each fund is operated with staff of approximately five investment personnel primarily individuals with experience in the local markets where the funds operate. SEAF's portfolio of investments system-wide comprises more than 190 investments of an average size of slightly more than US\$300,000 per investment. SEAF uses equity, quasi-equity and debt investment combinations to finance the growth of the SME's in which it invests. SEAF has also successfully exited 35 of its investments and has capital currently under management or committed to new initiatives totalling approximately US\$300 million.

The Criteria for the Successful SME Risk Capital Funds

According to the SEAF experience, successful investment managers must emphasize certain key success factors. Some of the most important elements include the following:

- (i) Experienced fund managers: the evidence about equity finance for SMEs in developing countries has shown that there is a desperate need for experienced fund managers. Many people have intervened in venture or equity capital, without having the necessary

- expertise, and there have been dreadful results because of that lack of experience;
- (ii) Significant and high-quality deal flow: this is a difficult element to be found in developing countries because taking the model of the venture capital industry developed by the United States in the 40s., 50s., and 60s., it relied essentially on quality business plans, well presented financial statements and projections. These elements are lacking in most of the markets where SEAF works. Most businesses do not have business plans and many have two or three sets of accounting records thereby eroding confidence in the entrepreneurs and financial projections. These elements can hinder the development of a flow of quality projects;
 - (iii) Professional business managers: there is also a lack of management experience in many of the enterprises to which SEAF directs investment. In general, most entrepreneurs are very much dedicated to what they do. They may be a production or sales person but they do not have the overall ability to manage a growing venture. Therefore, a competent and motivated management team is fundamental for the success of an SME;
 - (iv) Adequate deal size: when SEAF started managing funds in 1990, it concentrated on many small deals. However, experience has shown that to be successful it is necessary to broaden the scope of the size of the financial investment in order to have deals in the portfolio that could be capable of producing returns sufficient to “make the fund”, thereby returning all the equity that has been invested by the shareholders plus a handsome return;
 - (v) Added value through collaboration with technical assistance providers and the provision of assistance in securing additional financing: this is a key criterion for SEAF. Adding value to SMEs is fundamental since for most of these enterprises not only is financing growth indispensable, but they also need some form of additional training, opening of new markets, technology, and all the different things that an experienced business operator can bring to an SME, along with equity capital. To do that, SEAF collaborates strongly with technical assistance agencies and provides assistance in securing

additional financing to support the continued growth of these operations.

As an example of “added value”, which is essential if equity capital is going to work, SEAF with the support of a grant from the Swiss Government, developed a business-to-business web site portal (www.SMExport.com) to enhance the value of its SMEs, helping them to get their products to markets. The web site is now functioning and there are four Bolivian companies and one Peruvian company that are currently listed online with this company. Furthermore, SEAF business development units (BDU), located in the Netherlands and the United States (Washington), work on opening new markets for SMEs and bringing purchasers to the producers. By taking goods and samples to New York to fashion designers, by visiting trade shows with the different enterprises, by conducting market research and sourcing technology, SEAF adds values to the enterprises in the funds it manages. All this is a part of the value added that SEAF does in order to make these SMEs successful.

SEAF has also established partnerships with local associations (chambers of industries, exporters, etc.) or the so called, business development services (BDS) providers to keep up a quality deal flow of SMEs and reduce SEAF costs in analysing those deals (selection process). In addition, SEAF works with several donor agencies. In Latin America SEAF has worked with the Swiss Government to fund the initial set up of the SMExport.com initiative. SEAF also works with another Swiss organization, which is FUNDES (Fundacion de Desarrollo Sostenible), based in Costa Rica and founded by Swiss donors. FUNDES has worked in collaborating with technical assistance and together with SEAF designed a diagnostic programme that allows SEAF to really know what the businesses and the entrepreneurs are about before making an equity investment decision.

Situation in Other Developing Countries

In developing countries the role of venture capital - especially commercially oriented capital - has been very limited (OECD, 1999; Mori, 2001). Only big and/or relatively advanced emerging markets have been targeted by a small number of internationally active venture capital funds. Typically, developing countries lack potential investment opportunities (a large number of

young enterprises with strong growth potential), and exit possibilities are usually restricted to a sellback to the original promoters, which does not allow for profits comparable to those achievable through listing or trade sales to strategic investors. Furthermore, investing in local SMEs in developing countries often involves working with entrepreneurs who are not familiar with conventional financing relationships and business practices, which substantially increases the amount of work required from the investor.

The European Investment Bank (EIB) has established venture capital funds in Africa. The funds have been used to acquire an equity share in small enterprises and to provide business guidance to these enterprises. The objective was to realize commercial returns by participating in profits and capital gains. All in all, in 2000 the EIB made available 215 million euros in risk capital to African and some other developing countries (European Savings Banks Group, 1998). Some of the observations made by the EIB include the following:

- (i) Macroeconomic instability makes it difficult to make earnings projections;
- (ii) Management skills are in short supply in Africa;
- (iii) Uneven accounting and auditing standards provide opportunities for “massaging” numbers;
- (iv) A minority stake in a company does not always bring a solid voice in the company;
- (v) Exit from the investments is complicated.

PROBLEMS AND PROSPECTS OF SMIEIS IN NIGERIA

Specifically in Nigeria, the scheme is still very young (started in 2001), hence there are many challenges that are faced by the banks. This requires proper strategies before the administration of SMIEIS can be successful. Some of the findings of the authors are summarized below.

Deal Flow: This relates to the following:

- (i) Limited number of attractive investment opportunities due to stagnant economy and lack of enabling environment for businesses. For example, public sector domination, inadequate infrastructures and attendant high cost of doing business, and unstable/inconsistent macro-economic policies.

- (ii) Dearth of reliable information on industries, which make investment opportunities not obvious.
- (iii) Inability of entrepreneurs to articulate business plans due to lack of sophistication/skills.
- (iv) Low level of management and technical competence.
- (v) Unwillingness of entrepreneurs to dilute holdings, preferring to be ‘big fish in a little pond’ rather being a ‘smaller piece of a much larger pie’.
- (vi) The ‘national cake’ mindset, which made most of the entrepreneurs to go to the banks unprepared for the scrutiny the SMIEIS scheme entails.

Investment Structuring: This is another challenge which is being faced by the banks, and which is slowing down the pace of the scheme. This involves the following:

- (i) Low awareness standard terms to private equity investing.
- (ii) Lack of effective judicial administration system. The banks are still not sure if the protection clauses for strong governance rights in shareholding agreements will be enforceable.
- (iii) There is also the problem of valuation of businesses, particularly due to lack of reliable historical financial information or meaningful financial projections; limited financial skills and industry data for valuations; entrepreneurs’ ignorance on subject and negotiations tend to be long drawn; and lack of reliable data to base macro-assumptions.
- (iv) Obtaining sufficient information from the potential investee companies, during the diligence is time consuming due to lack of adequate records and/or documented procedures.

Monitoring/Value Enhancement: Here, there is usually some form of resistance on the part of the entrepreneur for the bank to monitor its business on an ongoing basis. Also the entrepreneurs that are successful in bringing a business into operation may not be capable of taking the business to the next level of expansion and growth, and thus need additional support to ensure overall success of the business.

Another problem envisaged by the banks is the problem of lack of savings, capital formation and direct foreign investment, which may make

the possibility of exit via buyouts by the strategic and/or financial investors very slim.

These challenges have resulted in banks having greater difficulty in serving SMEs or even identifying fundable ones. Such difficulties severely limit the amount of equity funds available to SMEs in Nigeria. This could be seen from the small amount already disbursed from the pool of the fund set aside by the banks. By the end of the year 2003, a sum of N19.72 billion had been pooled by 84 banks under the SMIEIS, while only N7.07 billion (about 36 percent) had been invested in 137 projects across the country by 44 banks (about 52 percent) (CBN, 2004)

CONCLUSION AND SUGGESTIONS

In conclusion, it can be noted that sustainable economic growth is strongly related to the rate of enterprise creation and technical innovation. Vigorous enterprise creation depends on a nation's entrepreneurial culture and the ease with which businesses can be started and financed.

We therefore reviewed in this paper a number of innovations used by financial institutions in other parts of the world to facilitate SME finance, especially the venture capital financing. Local financial institutions in developed countries, which have been particularly successful in serving the SME market, have found that it is highly profitable. Their strategy is to improve their core competencies by adopting sophisticated credit techniques such as credit scoring, strengthening management and information systems and developing highly efficient automatic processes, efficient marketing and distribution, and developing close ties to clients. Hence, we believe that these innovations could be widely applied to developing countries like Nigeria, where the conditions for SME development are often much less favourable.

But it should be noted that many financial institutions in Nigeria find it difficult to serve small and medium-sized enterprises (SMEs) because of high perceived risk and high transaction costs and lack of experienced personnel and appropriate corporate structures, which bias them against SMEs. Hence, the key to securing access to fund for SMEs is to improve the ability of financial institutions to seriously expand and make more efficient the delivery of financial products, both offline and online, for different segments of SMEs. It is important for

financial institutions to know their markets and customer needs and offer packages of tailor-made products, as well as automatic and standardized ones.

However, from the experience of the financial institutions in developed countries, it is noted that the provision of finance are being closely linked to the delivery of business development services so as to improve both the viability of SMEs and their ability to repay loans. Therefore there is the need for partnerships to be struck between financial institutions, business associations, networks of entrepreneurs and business development service providers.

Moreover, in Nigeria, equity financing is still an unknown fiscal concept, both by the entrepreneurs and financial institutions (as it is just above two years old), and the market is still poorly developed. Therefore, given the present rarity of experience in venture capital investing, it is important that the government, through Central Bank of Nigeria (CBN), consider the establishment a formal programme for the training of fund management professionals to augment the experience required by the eligibility criteria for the equity financing. This will be required to change the mindset of the bankers and to acquire more skill which is quite different from their present way of loan appraisal.

The following suggestions are therefore offered:

- (i) Since the SMEs need handholding in the pre- and post-finance stages, BDS providers could play a key role providing resources and elaborating programmes dedicated to increasing the knowledge, expertise and competencies of SMEs.
- (ii) Continuous enlightenment campaign by the CBN and the banking industry.
- (iii) Pre-investment exit arrangements included to Memorandum of Understanding (MOU)/ shareholders' agreement.
- (iv) Nigeria entrepreneurs must be ready to show greater desire to institutionalise and separate the company from self, and be ready to be 'helped'.
- (v) Government also has important part to play in assuring a conducive environment, capacity building, infrastructure, regulatory and legal framework.
- (vi) Finally, government must ensure a stable political environment.

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