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Roles and Problems of Small–Scale Business Development Programmes in Nigeria

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Abstract
Small-scale Businesses have played important roles in the industrial and economic development of most nations. In Nigeria, there has been a decisive switch in the industrialization policy from import substitution to small-scale business development. To promote the development of small-scale businesses, the Federal and State Governments in Nigeria set up programmes to provide various services to small-scale businesses. Recent reports indicate that the programs have not satisfactorily performed their roles. This study is therefore designed to highlight the roles and constraints of the programmes. Data for the study were gathered from research reports, conference proceedings and reports, Central Bank Economic and Financial Reviews, Federal Office of Statistics Annual Abstracts, Policy Guidelines, Monographs, Federal Government Publications and newspaper reports. The analysis of. the collected data employed the use of descriptive method. The study revealed that the programmes were assigned with roles which could have assisted immensely the Federal and State Governments in Nigeria towards the development of small-scale businesses in Nigeria. The study lso revealed that among other factors, lack of adequate resources, undue political interference an unreadiness or preparedness of the small-scale businesses to partake in the programmes and political interference constrained the programmes from performing their expected roles.

Keywords
Small-Scale, Businesses, Government, Development, Programmes

I. Introduction
Before 1954, industrialization in Nigeria was anchored on making Nigeria producer of primary raw material for British Industries and importer of British manufactured goods. From 1954 to early 1960 the Nigerian government pursued the programmes of "processing of raw materials for export' and Import Substitution Industries (ISls). After early 1960s the Nigerian government pursued the programme of ISI more vigorously than the "processing of raw materials for export" programme. The programme of ISI and export processing did not generate employment opportunities proportionally to the number of accumulating manpower. Other problems include: regional economic disparities, undue concentration of wealth and powers in the hand of few people in the urban center, wasteful utilization of productive resources and mass migration of youths from rural areas to urban centers.

Therefore, mentioned problems became more and more aggravated with the trends towards the centralization of the country's public finance and expenditure from the mid 1960s when the Federal Government under the military assumed the position of the dominant financial of the nations development projects most of which were large and cited in urban centers (CBN 1975).

In order to address the various problems enumerated above, the Federal and State governments decided to try an alternative industrialization strategy - development of Small-Scale Businesses (SSBs) especially in the early 1970s. The focus on SSBs is predicated on the belief that if given adequate encouragement SSBs can perform their expected roles towards the development of the Nigerian economy.Such roles are contributions of SSBs to a diversified productive base as well as their catalytic macro objectives such as employment generation, diffusion of economic power and promotion of indigenous technology, (Sutchlffe 1971. Bruce 1960. Kilby 1971, and Staley and Morse, 1965). SSBs are particularly more conductive to the creation of more jobs per unit of investment than Large-Scale Businesses. Through a network of intricate linkages with Large-Scale Businesses. they are capable of enhancing a broad productive base. As important as thev are in the development process, their contribution in Nigeria has been less than adequate, owing to various institutional constraints as well as problems inherent in them.

In particular, SSBs have problems of under capitalization, high rate of business failure, shortage of skill, poor accounting standards and restricted access to big markets (Aluko et al 1973). These problems in turn restricted them from performing their expected traditional roles towards the development of Nigeria. However, the government realized that the best way to develop Small-Scale Businesses was to reduce or alleviate the problems facing the small-scale business sector.

The government also realized that the types of assistance needed by Small-Scale Businesses if available from private consulting firms or large industrial enterprises might entail cost beyond the capabilities of mall-scale businesses. Therefore, both Federal and State governments set up various programmes and schemes to provide assistance to Small-Scale Businesses in Nigeria. Incidentally recent reports indicate that the programmes and schemes have not been able to address the problems of Small-Scale Businesses. The study is designed to highlight the roles constraints of these programmes.

II. Literature Review
Development literature may not agree on a single definition of Small and Medium Scale Businesses (SMBs), but there is some high level of consensus on the importance of SMBs roles in economic growth and development. A survey of the available empirical evidence indicated that a general tendency for small-scale industries to be relatively more important in Less Developed Countries (LDCs) including) Nigeria than developed ones. Sutcliffe (1971) states that there is enormous number of very small firms and a small number of very large firms but there is a lack of medium-sized factory industry which is common in more industrialized countries. Staley and Morse (1965) asserted that small-scale industrialized activities will flourish when locational factors are such as to encourage the spatial dispersion of decentralization of such activities, as for example is the case with factories processing dispersed raw materials or supplying local market with a final product that is expensive to transport. Staley and Morse (op cit, 1965) further asserted that differentiated products having low scale economies and serving small total markets are likely to be produced in large number of small –establishments. Anderson (1982) posited that available empirical evidence suggests that a

significant part of growth of large-scale enterprises are rooted in the expansion of once small firms. Sutcliffe (1971) claimed that small-scale industries have several advantages. The advantages claimed for such industries include the following:They encourage entrepreneurship and economizing in its use (Schatz).They are more likely to utilize labour intensive technologies than large – scale industries and are more effective creators of direct employment opportunities (Sutcliffe). They can usually be rapidly established and put into operation to produce quick returns (Bryce,1960). Their development can encourage the process of both inter and intra-regional industrialization. They can be located both in smaller urban centres and rural areas (Kilby,1971). Their development can permit the development of wide and economic and social-political objective.

According to Schmitz (1982), the potential of small-scale enterprises is not always realized due to problems faced by indigenous enterprises which he classified as 'internal' constraints (relating to entrepreneurial competence) and 'external or environmental 'constraints Realization of the advantages of small-scale industries has made many countries to adopt strategies and options for development of small-scale industries. The strategies and options adopted for development of small-scale industries could be grouped into two broad categories: employment-oriented and laissez-faire .

A. Employment-Oriented Group

Countries in this group include India, Indonesia, Malaysia and Nigeria. Small-Scale enterprises in this group are usually accorded with support in financing, marketing, technical training, factory accommodation, etc free of charge or at subsidized costs (Akhauri, 1990). The government of India has provided some important inputs and supports for small- scale businesses over the past years. These include: The establishment of National Small- scale Industries Corporation (NSIC) for arranging machinery and other inputs on hire purchase; The establishment of Small Industries Extension Training Institute (SIET) for training extension officers and entrepreneurs; and the establishment of a network of Industrial Estates throughout the country by which sheds with necessary facilities were made available

Some of the important inputs and supports provided by the government of Indonesia over the past years include :The setting up of the Mini-industrial Estates (MIEs) designed to serve the Small-Industrial Enterprises by meeting their demands for raw materials and market promotion for their products; the development of programme for financial assistance to small-scale businesses; and the creation of clusters to promote and integrate assistance to small industrial enterprises in the same sector by buying raw materials for common stock and by supplying common equipment and facilities.

The inputs and supports provided for promotion and development of small- scale businesses by Malaysian government include: Provision of loans by public sector agencies such as the Majlis Amanah Rackyat (MARA) and Malaysian Industrial Development Finance Corporation (MIDC), etc; and establishment of institutions for development of entrepreneurship such as National Productivity Centre (NPC) and Industrial Training Institutes.

The Programmes which have been put forward by the Federal Government of Nigeria since early 1960's include: The creation of Industrial Development Centres(IDCs), Working For yourself/ Entrepreneurship Development Programme WFYP/EDP, and National Economic and Reconstruction Fund(NERFUND) (Odetola, 2002)

B. Laissez-Faire Approach

South Korea and Hong Kong have adopted this approach. Countries that have adopted this approach have specific reasons regarding the promotion of Small-Scale sector at a particular point in time. By and large, market forces of supply and demand and competition between enterprises are stronger forces affecting the development of small –Scale business in the countries adopting this approach. For examples: The strategy of South Korea as at 1990 was clearly one of selective promotion- with the exception of those favoured Small-Scale Businesses that had to pay market cost of finance and other services; In Korea, from 1961 to 1963, the government policies towards development of small-scale businesses were aimed at establishing bodies charged with the responsibilities of promoting small –businesses and the enactment of laws to support the effective functioning of such bodies. Whereas from 1966 to1967, the government reviewed, integrated and systematized its policy towards the small-business sector. To do this, some lines of actions were taken, some of which include: The formation of the committee on fina ncial assistance to small businesses to strive for co-operation among banking institutions for small industry financing; setting up of the council of small industry policy; and the use of foreign source of loans by small businesses to help them modernize their production facilities

C. What Drives Small-Scale Businesses in Nigeria?

In a study that comparatively assessed the individual impact of ten 'key factors' influencing business failure within the small and medium businesses sector between the United Kingdom (UK) and Nigeria, it was found that external factors such as poor economic conditions and inadequate infrastructure were the most crucial factors that influenced business failure in Nigeria (Ugwushi,2009). Omohezuaun and Inegbenebor (2009) asserted that the commonly adduced reasons for the inability of SMBs to meet the expectations of government in accelerating job creation, increase the production of goods and services, facilitate technology transfer, create more opportunities for entrepreneurs and in particular, increase the local content component of the giant multinational companies in Nigeria were lack of access to credit facilities. According to Isaac et al. (2005), the reasons for lack of access credit facilities are:

1. SMBs are regarded by creditors and investors as high-risk borrowers because of insufficient assets and low -capitalization, vulnerability to market fluctuations and high mortality rates.
2. Information asymmetry arising from SMBs' lack of accounting records, inadequate accounting statements or business plans makes it difficult for creditors and investors to access the creditworthiness of potential SMBs proposals.
3. High administrative/transaction costs of lending or investing small amounts do not make SMB financing a profitable business''.

III. Statement of Research Problem

In the past six decades,many developing countries have realised that the development of Small scale businesses can play laudable roles towards the overall development of their countries [UNIDO1995,1969]. This awareness made many developing countries, including Nigeria to to have a change of direction of industrial development from large scale business development to small scale business development from early 1960's. To promote the development of small scale businesses, Nigerian Government set up various small- scale business development programmes to render assistance aimed at reducing the problems of small scale businesses. However, research studies have shown that there still abound the same factors, which prevented the small scale businesses from performing their role ([CASSAD.1962,Ande et, 1999, and Adejumo, 2001], It has been generally asserted in the Nigerian business circle that small scale businesses have not been able to perform their roles because the small scale development programmes set up by the Nigeria government were hindered by some problems from playing their expected roles to small- scale businesses, there is a need to embark on the study of the small scale development programmes in order to investigate the existence of problems which could have hindered them from playing their expected roles to small scale businesses.

IV. Research Objective

The study highlights the roles the programmes are expected to play towards development of small-scale businesses as well as the constraints of the programmes.

V. Research Questions

We formulated the following research questions for our study:

1. What were the programmes/schemes set up by the Federal and State Governments in Nigeria for development of Small-Scale Businesses?
2. What were the roles assigned to the programmes for the development of small-scale businesses?
3. What were the the problems of the programmes?

VI. Research Methodology

Data for the study were gathered through research reports, (published and unpublished) reports, Central Bank Economic and Financial Reviews, Federal Office of Statistics Annual Abstracts. Policy Guidelines Monographs, Federal Government Publications, and newspaper reports. We employed descriptive method to analyse the data collected.

VII. Findings and Discussions

A. Findings

This section of the report highlights the roles and constraints of major programmes that Federal and State Government have put in place for the development and promotion of Small-Scale Businesses (SSBs).

1. Industrial Development Centres (IDCs

The then Eastern Nigeria Ministry of Trade and Industry established in 1962 the first Industrial Development Centre (IDC) in Owerri. The military government took over in April 1970 the operation of the IDC in Owerri and initiated the setting of other IDCs in other States of the Federation. Primarily, the IDCs aimed at introducing, modern efficient management techniques to SSBs and their owners by rendering certain types of technical and managerial services free of charge.

The IDCs are expected to render support services for the promotion and development of small-scale industries in all parts of Nigeria. The main functions of the IDCs as mentioned in the third and National Development Plans are as follows:

1. Technical appraisal of loan application.
2. Provision of industrial extension services.
3. Training of entrepreneurs and their staff including management trainees.
4. Applied research into industrial products involving design of products for SSBs.
5. provision of facilities for managerial and skill training as well as consultative and extension services for proprietors and managers of small-scale enterprises.
6. Helping small-scale businesses entrepreneurs to purchase and install machinery and (7) to assist Nigerian State Governments in granting and supervision of small business loans.

The performance of the IDCs has been constrained by the following:

- Inadequate fund Funding has been the major stumbling block to the operation of IDCs since their inception.
- Inadequate manpower The number of staff were grossly inadequate to offer services that were required by small-scale industries. The IDCs staff were not up to date with technological changes and appropriate approaches to small-scale businesses development due to lack of inadequate professional training
- Inadequate physical facilities IDCs' offices are ill-equipped for the roles they are expected to play towards development of small-scale businesses. For example, IDCs lacked adequate vehicles required for extension services delivery. IDCs lacked adequate professional journals, and data that would have equipped their staff with adequate knowledge for offering appropriate advice towards development of small-scale businesses.

IDCs were handed over to the Small and Medium Entreprises Agency of Nigeria(SMEDAN) in 2009(Business Day,December,2009)

2. Small-Scale Industries Credit Schemes (SSICSs)

SSICSs was set up by each State Government in Nigeria in 1971 to give loans to SSBs carrying on manufacturing, processing or servicing activities with a capital investment not exceeding N150,000,00 machinery and equipment only. The loan is to be given for the expansion and modernization of existing SSBs and also for the development of new SSBs of the mechanized type to manufacture relatively sophisticated consumer goods as well as simple producer goods. The credit scheme is thus meant for giving financial assistance not only to the SSBs in the upper investment ranges but also to the conventional SSBs particularly for their process improvement.

Under the scheme, both fixed and working capital loans can be given to SSBs up to 50 per cent of the requirement, subject to a maximum of N10,000.00. The fixed capital loan for machinery and equipment can be given up to 75 per cent of the cost of machinery and equipment to be purchased. . A special objective of the credit scheme is to encourage a new class of educated and technically qualified entrepreneurs to set up modern small-scale enterprises. Few States were still operating the scheme as at the time of writing this report.

The major constraints that militated against the scheme are loan defaults and loan diversion. Substantial number of the beneficiaries of the scheme diverted loans obtained to support ostentatious expenditure. Lot of the beneficiaries of the scheme formed the habit of not paying back loan when due even when they have the ability to pay back. Loan defaults and diversion contributed in no small measure to accumulation of bad debt or doubtful debt by the scheme with the result that new loans to other genuine small-scale industries fizzled out.

3. Nigerian Bank for Commerce and Industry (NBCI)

Nigerian Bank for Commerce and Industry (NBCI) was established in 1973 by Decree No 22 of 1973. One of the objectives of setting up the bank was to improve upon the low success of Small-Scale

Industry Credit Scheme. The Federal Government as a result of the low success of Small-Scale Credit Scheme, decided to channel its financial support for small and medium scale industries through NBCI. The functions of the NBCI include the provision of loans to indigenous person, institutions and organization for medium and long-term investment in industry and commerce at a more liberal term than those of commercial banks. Apart from its usual operations, the bank administered the Federal Ministry of Industries special fund for small-scale industries. The NBCI had been in a moribund state since early 1990s until it was matched with Nigerian Industrial and Development Bank in 1999 to form Bank of Industries.
The major constraints of the bank are liquidity and bad operation. Towards the end of 1980s the bank started to experience serious liquidity and operational problems. These problems were caused by inadequate financial resources, rampant mismanagement of loanable funds, poor administration and political interference. As at 1990s the problem escalated to the point that the bank could no more perform her role of making loanable funds available to small and medium scale industries.

4. Credit Guidelines to Financial Institutions

Among several ways in which General Bank of Nigeria (CBN) contributes to the development of small-scale industries is through its influence on bank credit. Specifically CBN's annual credit guidelines to commercial and merchant banks stipulates a percentage of their total loans and advances to be lent to small-scale industries. For instance, CBN directed in 1970 that all banks should grant a minimum of 35 per cent of their loans and advances to indigenous borrowers, largely SSBs borrowers. . The credit guidelines have been suspended since early 1990s.
Derivation of maximum benefits from Credit Guidelines by small-scale industries was constrained by lack of readiness or preparation of SSBs themselves for benefiting from the Credit Guidelines. Such problems are aversion to ownership dilution, aversion to information disclosure, poor accounting standard. shortage of skill, badly prepared feasibility reports on projects to be embarked upon and inadequate collateral.

5. National Economic and Reconstruction Fund (NERFUND)

The introduction of structural adjustment programme in 1986 and the devaluation of the Naira created problems for Small and Medium Enterprises (SMEs) as they grappled with high production costs and rising cost of imported inputs and increasing interest rates following deregulation (Ikhide and Yinusa. 1998). Also, a mismatch of securities was observed as banks tended to lend short and SMEs had to borrow and apply such loans to the finance of medium to long-term investment.
In order to bridge the perceived gap in banks lendings to SMEs, the Federal Government set up the National Economic and Reconstruction fund (NERFUND) through the NERFUND Decree No 2 of 1989. The main focus of NERFUND are: (a) The provision of soft, medium to long-term loans for wholly Nigerian owned SMEs in manufacturing and agro-allied enterprises, mining, quarrying, industrial support services, equipment leasing and other ancillary projects: (b) Provision of mediurn to long-term loan to participating commercial and merchant banks for on-lending to SMEs for the promotion and acceleration of productive activities in such enterprises. The interest rate payable on funds from NERFUND was expected to be lower than the market rates. In conjunction with the National Insurance Corporation of Nigeria (NICON), NERFUND instituted the NICON-NERFUND Credit Insurance Scheme to address the issue of credit risks associated with lending to SMEs. NERFUND was in operation at the time of writing this report. Our findings indicate time of writing this report. NERFUND was not able to play her role effectively because of the following constraints:

(i). Under Funding of NERFUND

NERFUND was unable to on-lend enough funds to the participating banks to back up approved projects of Small and Medium scale industries.

(ii) Lack of Readiness or Preparedness of SMEs for Benefiting from the Programme

Many of the SMEs were unable to put forward the minimum requirement of 25 per cent of the cost of the project. The result was that even when a project had been approved, disbursement failed to take place on a timely basis, while the cost of the project could have escalated in an inflationary environment. SMEs were also beset by other problems such as aversion to ownership dilution and hence under capitalization, aversion to information disclosure, poor accounting standards, shortage of skills, badly prepared feasibility reports on projects to be embarked upon, inadequate collateral and restricted access to the export market. These problems restricted SMEs access to NERFUND.

6. Working for Yourself and Entrepreneurship Development Programme (WFYP/EDP)

The Nigerian Working For Yourself Programme (WFYP) and entrepreneurship Development Programme (EDP) were based on the Durham University Business School Working for Yourself Programme and the India Entrepreneurship Development Programme respectively. The WFYP was modified for Nigerian application by the Administrative Staff College of Nigeria (ASCON), Badagry, while the EDP was modified for the Nigerian use by the Centre for Management Development CMD, Shangisha. The two programmes were introduced in 1986 aimed at training and developing local small-scale entrepreneurs. The two programmes were merged in 1986 to form the local WFYP/EDP programme of the Federal Ministry of Industries.
The WFYP/EDP consists of the following steps and arrangement: (i) identification and careful selection of entrepreneur trainees; (ii) training of selected entrepreneur trainees, which involves developing their entrepreneurial capabilities such as confidence, business plan preparation et cetera; (iii) the application of the knowledge acquired in the classroom in the field during which the trainees collect data on the technical viability and economic feasibility of' the projects arising from (ii) and (iii). Trainees are expected to develop viable businesses or industrial projects; (v) linking the trainees with the appropriate infrastructure and other related assistance institutions all of which have inputs into the takeoff of the industrial projects at the shortest possible time: and (v) post training support services.
The programmes experienced the following constraints. Limited funds for on-lending to successful loan applicants:

- This problems was due to the fact that the State governments were not positively disposed to the programmes and thus did not provide adequate funds under the scheme as required by the Federal Ministry of Industries.
- Unwillingness of Commercial Banks to extend credits to many successful loan applicants who the banks perceived as high-risks.

- Lack of adequate physical, human and financial resources for training, and carrying out post training activities like monitoring and evaluation of the training recipients; and
- Non-readiness of entrepreneurs to partake in the programme. Many entrepreneurs did not partake in the programme not because they were skeptical of the programme but for the simple reason that they could not disclose information about their businesses to some one else.
- Inability of the successful trainees to contribute their own financial quota of cost of projects. Many of the successful trainees were unable to put forward the minimum requirement of 25 percent of the cost of the project.

7. World Bank Assisted Small and Medium Scale Enterprises Loan Scheme

The scheme was introduced by the Central Bank of Nigeria and Federal Ministry of Finance on behalf of the Federal Government of Nigeria in the early 1980s. The objectives of the loan scheme include:

(i). To enable small and medium scale entrepreneurs become more competitive through investment in the rehabilitation and expansion of their enterprises and the establishment of new ones.

(ii). to revive production and improve performance of viable enterprises which are currently facing financial difficulties. The first agreement between the Federal Government of Nigeria and the World Bank was signed in 1984 under the scheme I loan scheme and was administered by the Nigerian Bank for commerce and Industries. The SME II loan scheme commenced operation in 1990 by the Central Bank of Nigeria. The SME II loan was disbursed through a number of participating banks, comprising commercial, merchant and Development banks. The fund for the SME loan scheme was to be provided by the World Bank, SMEs entrepreneurs and participating banks. The loan scheme has been suspended since March 1994.

The performance of the loan scheme was limited by lack of adequate fund caused by:

- Distress of ten of the twenty participating banks which made it difficult or impossible to service the loans since 1994.
- Insufficient bankable projects by loan applicants.
- lack of full interest in tapping the fund by the participating banks because of the credit risk exposure especially the exchange risk exposure
- Diversion of loans into non-related activities by some loan beneficiaries.

8. Industrial Estates and Layouts

The provision of Industrial Estates dated back to 1958 when the Federal Government in collaboration with the United Nations Industrial Development Organization (UNIDO) built the first Small-scale Industrial Estate at Yaba, Lagos. Enugu and Anambra States also built one Industrial Estate each in her State's capital (Shokunbi, 1988).

The Third National Development Plan budgeted N60 million as aid to create model Industrial Estates in 12 States of the federation. The 12 States on their own budgeted N626 million for the establishment and development of these Industrial Estates. In 1988 the Federal Government voted N8 million as her counterpart fund for the development of the estates. In the 1990-92 rolling plan a sum of N5 million was budgeted for the development of Industrial Estates.

The main constraint militating against the scheme in recent time is inadequate fund. The problem of inadequate Fund were due to the following:

(i). State governments were not positively committed to the development of industrial estates. Some governments earmarked lands for Industrial Estate but failed to contribute their counterpart fund for the development of the lands.

(ii). The Federal Government also was not fully committed to the development of the scheme. For examples, N10 million was voted as the Federal Government's counterpart fund for the development of the estates in 1988, but only N3 million was released. In the 1990-1992 rolling plan, a sum of N5 million was budgeted for the development of industrial estates but nothing was actually released.

9. The Nigerian Industrial Development Bank (NIDB)

Though NIDB which was established in 1964 by the Federal Government aimed at ensuring that credit facilities were provided for medium and large-scale enterprises, it also has the responsibility of funding small-scale businesses with a total capital outlay of not more than N750,000.00. The bank was in a state of moribund in the 1990s before it was merged with Nigerian Bank for Commerce and Industries (NBCI) in 1999.

The following are the major factors, which limited the performance of NIDB over the past years:

(i) Inadequate funding and cost of fund during the introductory stage. Between 1981 and late 1982 the bank enjoyed low interest loan from the Federal Government. But in 1983 when the loans from the Federal Government dwindled drastically the bank had to borrow funds at a very high interest rate from International Bank for Re-construction and Development (IBRD) and the European Investment Bank (EIB). The bank also went into the capital market to raise an 113/114 per cent N15 million loan to supplement its foreign currency. Thus from 1983 upward until the bank eventually became moribund it had to be more astitute and less venturesome in its operations.

(ii). Lack of readiness or preparedness of small-scale businesses themselves to partake in the programme. Such problems are proprietary nature of SSBs, poor debt servicing, aversion to ownership dilution, aversion to information disclosure, poor accounting standard, shortage of skill, badly prepared feasibility reports on projects to be embarked upon and inadequate collateral. These problems discouraged NIDB to extend loans to many SSBs.

10. Bank of Industries (BOI)

Bank of Industries was set up by the Federal Government in 2000 through the amalgamation of two former Development Financial Institutions - Nigerian Industrial Development Bank (NIDB) and Nigerian Bank for Commerce and industries (NBCI)). The Bank has since 1999 been given mandate by the Federal Government to source funds from multinational agencies outside the country to supplement local investible funds for small and medium scale businesses.

The following are the factors that limited the performance of the Bank:

(i). Failure of the Federal Government to release substantial part of the capital base promised to the bank.

(ii). Failure of many investors who applied for loans to package bankable loan applications.

11. National Directorate of Employment (NDE)

Though the National Directorate of Employment was created in 1986 to create job opportunity for Nigerian, especially school leavers, it has two programmes that were of direct relevance to small-scale industries development. These programmes are the vocational skills development programme and the small-scale enterprises programme. The vocational skills development programme has the objective of assisting youths to acquire marketable skills that would enable them to be easily absorbed into the work force. However, those of them who opt out for self-employment would be given tool kits relevant to the apprentices trade and working capital as loans under the job creation guarantee scheme of the directorate. In the case of the small-scale industries programme, unemployed graduates and other young entrepreneurs are encouraged to set up small-scale enterprises with the provision of loan facilities. One main distinguishing feature of the loan scheme is that all participants are required to undergo a two-week training programme in entrepreneurship development before they can be eligible for loan. The major obstacles to the full realization of the objectives of the two NDE programmes are the shortage of loanable funds and high rate of default by loan beneficiaries.

12. State Governments Development Finance Institutions (DFIs)

State Governments Development Finance Institution (DFIs) were set up by State governments to Finance mostly Small and Medium Enterprises (SMEs). Usually, the traditional sources of fund for DFIs were the State governments. The efficient functioning of DFIs was hampered mainly by lack of adequate fund. Owing to serious budgetary and Financial constraints, loans to DFIs from state government were inadequate. Attempts by DFIs to raise funds through the local markets were frustrated by the prevailing interest rate which made the cost of borrowing too exorbitant for on-lending to SMEs.

13. Small and Medium Enterprise Development Agency of Nigeria (SMEDAN)

SMEDAN linked to the Federal Ministry of Industry was formed by an Act of Parliament in 2003. SMEDAN is expected to play the following roles (Adelaja, 2004):

(i). Co-ordinates the activities of other agencies of Government, such as Federal Institute of Industrial Research (FIIRO), National Office for Technology Acquisition and Promotion (NOTAP), National Science and Engineering Infrastructure (NASENI), Projects Development Agency (PRODA) etc. to facilitate access of Micro, Small and Medium Enterprises (MSMEs) technology and necessary technical support:

(ii). Facilitates access of MSMEs to technology both local and foreign through exhibitions in partnership with relevant institutions.

(iii). Keeps data/inventory of raw materials by Local Governments/States and disseminates to various MSMEs.

(iv). Partners with donor agencies; such as UNIDO, UNDP, World Bank (IFC and IDA) group to give the necessary supports that will enhance the skills of MSMEs.

(v). Encourages the setting up of product clusters.

(vi). Encourages and facilitates the development of Industrial Parks for MSMEs to have access to infrastructures and business support services. etc.

(vii). Links MSMEs with large industries in a strategic manner for out-sourcing and sub-contracting for some of the inputs in large industrial production, to facilitate MSMEs active role in the value and supply chain.

(viii). Provides both local and foreign market information to MSMEs operators,

- Establishes Business Support Centre to provide services to MSMEs in the areas of feasibility studies and development of business plans.

(ix). Refers MSMEs to sources of credits.

Owing to the relative newness of SMEDAN it is perhaps too early to make pronouncement about its problems.

B. Discussions

From the above, it can be seen that the programmes set up by the Nigeria government were assigned several roles to wards the development of small- scale businesses in Nigeria. 7(53.8)% of the programmes were set up to provide short to medium term loans to SSBs. These were SSICs ,NBCI, SSICs, NBCI, NERFUND ,World Bank Assisted Small and Medium- Scale Enterprises Loan Scheme, NBCI, BOI and DFIs. If these programmes performed their expected roles, the problemmes of inadequate sources of finance faced by SSBs and borrowing short term loans to finance long term investment would have been drastically alleviated. Our findings however indicate that the programmes were hindered from performing their roles effctively by some problems. These problems are loan defaults and loan diversion by the loan beneficiaries,inadequate funding by the governments, rampant mismanagement of loanable funds, poor administration and political interference, lack of readiness or preparation of SSBs themselves(such as aversion to ownership dilution, aversion to information disclosure, poor accounting standard, badly prepared feasibility reports, inability to provide required collateral) 1(7.7%) of the programmes was set up to facilitate access of SSBs to Commercial Banks loans and to make Commercial Banks to make substantial part of their loanable funds to SSBs . If the program was not hindered from performing its role , the problems of lack of access to substantial part of Commercial Banks loanable funds would have been drastically alleviated. The findings, however, indicated that the program was constrained by lack of preparedness or readiness by the SSBs themselves(such as aversion to ownership dilution, aversion to information disclosure poor accounting standard, shortage of skill, badly prepared feasibility reports on projects to be embarked upon and inability to provide required collateral) 2(15.4%) of the programmes were set up to develop management and technical skills of the owners and staff of SSBs. These programmes were the IDCs and WFYP/EDP. If the programme was not hindered from performing its roles ,the problem of lack of management and technical expertise faced by SSBs which led to employment of inappropriate machinery and processes for production and inability to keep necessary records of business, lack of adequate access to product markets, technology, raw materials and credits among other iternal problems , would have been greatly reduced. Our findings ,however ,indicated that the programmes were hampered by some problems. IDCs were faced by the problems of inadequate funding manpower and physical facilities. WFYP/EDP was hindered from performing its roles limited funds, lack of adequate physical , human and financial resources for carry training out training and post training activities, non readiness of entrepreneurs to partake in the program.

1(7.7%) of the programmes was set up to provide loans to youths for setting up businesses and to inculcate to them technical and management expertise. This programme was the vocational skill program of NDE. If these programme was not prevented from carrying out its role effectively, it would have contributed

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immensely towards alleviating the problems of lack of adequate financial capital and management skill that sometimes hindered youths from establishing SSBs. The program was, however, was hindered from performing its role effectively by lack of supply of adequate loanable fund by the Federal Government and by high rate of loan beneficiaries.

1(7.7%) of the programs was set up to provide the following roles: Clustering together SSB enterprises similar products or services in locations with ready accommodations and infrastructural facilities. The programme was the provision of Industrial Estates and layouts. If the programme was not hindered from performing its role effectively, it could have led to the following:

1. Alleviating the problem of limited access of SSBs to adequate accommodations and infrastructural facilities.
2. Encouragement of interdependence of Small- scale manufacturing and services businesses in related products and services which could have alleviated the production problems(such as inability to purchase raw materials at reasonable costs).
3. Facilitation of easy access to vital information and government assistance for making vital decisions. The program, however, was hindered from performing its role effectively by inadequate supply of funds by the states and federal governments.

1(7.7%) of the programmes was set up to provide multiple roles to SSBs. This was SMEDAN. The programme was set up to provide the following roles: Coordinating the activities of other agencies set up by government for developing SSBs ;faci litating access of SSBs to technology both local and foreign; keeping of data/inventory of raw material and disseminating them to various SSBSs; partnering with international donor agencies to give necessary support that will enhance the skill of SSBs; encouraging facilitation of development of industrial of industrial parks and product clusters to have access to infrastructures and business services; linking SSBs with large Companies in strategic manner for out-sourcing for some of the inputs in large industrial production; providing both local and foreign market information to SSBs operators ;establishing Business Support Centres to SSBs to provide services in the areas of feasibility studies and development of business plans; and referring SSBs to sources of credits.

If the programme was not hindered from performing its roles effectively, it would have reduced drastically the following problems of SSBs: limited access to appropriate technology; lack of information regarding sources of raw materials; absence of ready market and disadvantage of small size in the buying and selling market; not meeting demand for materials as when due; lack of access to vital information relating to market and sources of credit; and lack of ability to prepare feasibility studies and business plans that could be required by financial institutions for offering loans. Due to relative newness of SMEDAN, none of our respondents did not identify its problems

VIII. Summary and Conclusion

The study attempts to access the roles and constraints of small-scale businesses development programs which the Federal and state governments of Nigeria have put in place since 1960s. The results of the study show the following:

1. The programmes were assigned with roles which could have assisted immensely towards virile development of small-scale businesses in Nigeria.
2. The programmes had constraints which prevented small-scale businesses from deriving maximum benefits from them.

IX. Recommendations

To address the identified constraints of the programmes, we recommend that:

1. Adequate financial, physical and human resources should be provided for the existing programmes.

In addition, we recommend that the government should conduct regular trainings that would assist small-scale business owners towards alleviating their own problems which militated against them from deriving maximally from the small-scale business development programs.

Finally, we recommend that the management of the existing programs should not allow politicians to interfere in the executions of the programs

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