**Enhancing the One Local Government One Product (OLOP) Initiative in Nigeria**

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**Abstract:**

The One Local Government One Product (OLOP) initiative in Nigeria aims to empower Nano, Micro, Small, and Medium Enterprises (NMSMEs) by leveraging local resources for value addition. Despite challenges like weak intellectual property protection and economic instability with limiting effect on innovation at local level, OLOP has significantly impacted rural development and industrialization. It focuses on human capital development, youths, women, and rural dwellers engagement, and formalizing the informal economy. The initiative has seen notable success, with increased youth participation and improved business practices among NMSMEs. Improving the Nigeria International IP index, prioritizing rural dwellers and youths with targeted support can further enhance OLOP’s effectiveness in driving economic growth.

**1.0. Introduction:**

Since 1999, Nigeria's national economic development strategy has focused on promoting and developing Nano, Micro, Small, and Medium Enterprises (NMSMEs) resulting to the establishment of the Small and Medium Enterprises Agency of Nigeria (SMEDAN) in 2003, the One Local Government One Product (OLOP) initiative in 2005. The OLOP was designed to enable NMSMEs to create, deliver, and capture value from local resources, including raw materials and human expertise. With 70% of Nigeria's population living in rural areas, OLOP targets the grassroots, ensuring the majority are involved in economic activities. It encourages rural dwellers to think globally while acting locally, using available resources to create value.

The performance of emerging NMSMEs since the inception of OLOP compares favorably with their counterparts in developed economies such as the United Kingdom, the United States, and Germany. This comparison is based on several metrics: NMSMEs' contribution to GDP (49.78% vs. 49%), employment (84% vs. 55.50%), and the percentage of NMSMEs in total businesses (99.8% vs. 99.35%) (SoE, 2023). Despite economic challenges such as the rise in the dollar, the new naira note redesign policy, elections, and subsidy removal, the number of youth-owned or led NMSMEs increased from 29% to 42% between 2022 and 2023 (State of Entrepreneurship, SoE, 2023).

However, the full potential of intellectual property (IP) arising from local resources and cultural expressions has not been fully exploited. According to the 2024 International IP Index by the U.S. [Chamber of Commerce, Nigeria ranks 47th out of 55 economies, with a score of 36.34%](https://bing.com/search?q=Nigeria+IP+Framework+Index+global+IP+Index). PwC (2019) submitted that a weak intellectual property (IP) regime discourages innovation; reason NMSMEs are underperforming (NMSMEs Report, 2017) and the attendant slow rural economic transformation, low youth participation, and increasing poverty.

State of Entrepreneurship (SoE, 2023) highlighted a concerning trend among operators of NMSMEs, noting that many businesses are started primarily as a means of livelihood and survival. In their review of the 2021-2025 National Policy on MSMEs, Omonona, Amadi, and Saweda (2023) emphasized the importance of starting businesses for reasons beyond mere survival to ensure consumers safety. SMEDAN's business development services (BDS) should target outcomes such as improved IP regime by offering targeted BDS for standardization of products.

**2.0. Critical Analysis**

2.1.1 *The Nigeria International IP Index and Efforts to Improve Innovation*

There is low IP awareness and education, complex registration processes, low to unaffordable legal services, and no financial incentives are case at hand. Furthermore, the exiting OLOP innovation centers are not digitized and as such nationwide accessibility are low. Collaborative projects between local businesses, research institutions, and international partners are less seen at the bottom- rural and youth owned business communities. These are the weak links that have affected Nigeria's international IP index with regards to contribution from nano, micro, small and medium enterprises.

Case in point was seen in the feedback of a-32-hour intensive entrepreneurship education (EE) as in figures 2.1.1 (a-d). This EE significantly enhanced participants' understanding of structuring businesses for efficient and effective operations as expressed in businesses revenue growth (25% to 400%).

**Figure 2.1.1a: Number of Businesses based on funding sources attracted**



**Figure 2.1b: Number of Businesses based on Revenue Growth**



**Figure 2.1c: Understanding of crafting an efficient business model**



**Figure 2.1d: Businesses' Level of Commitment at keeping financial record**



Additionally, 85% (17 of 20) of the businesses exposed to EE survived 18 months post EE, compared to the general survival trend of 67% in Africa and Nigeria. This implies that the training improved the survival rate by 18%. The business structure that led to this success should be patented initially. Given that 65% of the businesses demonstrated an almost excellent documentation culture, patenting the processes that contributed to this success should not be difficult. However, the proximity of OLOP innovation centers to the businesses determines how this is turned into an advantage.

2.1.2. *Collaborative projects between local businesses, research institutions, and international partners*

Case in point: collaborative projects can solve the problems created by information gap among local businesses and stakeholders. In a meeting of 590 youths from Southwest, Nigeria, with 54.1% being business owners, majority are not aware of opportunities SMEDAN offers. See as in figures 2.1.2 (a-b). Collaborative projects between local businesses, research institutions, and international partners can further support these efforts by providing resources, expertise, and tailored training programs. This approach ensures that rural dwellers, youth, and women entrepreneurs have the necessary tools and knowledge to generate and protect their innovations.

**Figure 2.1.2a: Description of participating businesses in NYES 2023**



**Figure 2.1.2b: Distribution by sector of NYES 2023 participating businesses**



2.2. Appropriateness of OLOP Targeted Support of NMSMEs

The economy of operation of OLOP is informal, young, rural, and heterogeneous in terms of economic sector and level of standard adherence. The majority of NMSMEs are at the early stage of operations, malleable into resilience and into building lasting businesses with appropriate BDS packages. Nearly 90% of NMSMEs (Nano, Micro, Small, and Medium Enterprises) are owned or led by entrepreneurs under the age of 40 (SoE, 2023). Most of these entrepreneurs are between 18 and 35 years old. Among them, 36% have a bachelor’s degree, and 37% have either a high national diploma or an ordinary national diploma (SoE, 2023). They also focus on self-development in areas such as people and business management, business expansion, and industry-specific skills (SoE, 2023). It is crucial to package OLOP BDS in a way that attracts youth-owned or led NMSMEs to OLOP. It is agreed that a lot has been done to gravitate the youths and rural dwellers to OLOP.

*2.2.1. Packaging OLOP Business Development Services (BDS) to Attract Youths*

2.2.1.1. Apprenticeships vs. Internship and Mentorship

In rural areas, and in Africa by extension, apprenticeships have long served as the foundation for transferring human capital. OLOP leverages the collective skills, knowledge, and attitude of the existing generation, along with resources and partnerships cultivated through income-generating activities. These efforts align with societal norms and core beliefs, resulting in tangible value derived from the natural resources available. This is what OLOP leverages to drive the rural economy. However, recent research among youths familiar with the Igbo Apprenticeship System (IAS) indicates that over 70% advocate for phasing out traditional apprenticeships in favor of embracing internships cum mentorship as a more effective means of human capital transfer (ONEF, 2023).

**Figure 2.2.1.1a: Number of Youths in Support of Mentorship/Internship as against apprenticeship**



The term ‘apprenticeship’ can restrict young individuals’ creative exploration and innovative contributions, potentially affecting their mental well-being. In contrast, internships and mentorships value the intrinsic worth of young people, even if they are inexperienced internet natives. In a follow-up study to the ONEF (2023) submission, participating youths provided valuable insights and developed digital IAS platforms to help social enterprises increase their impact and profitability quickly.

2.2.2. *Attracting Youths through Supportive Funding*

According to SoE (2023), youth-owned or led NMSMEs need funding to grow. However, most are not ready for funding due to poor monetary management skills and high interest rates. Business Development Services (BDS) that can help these NMSMEs attract, manage, and multiply funds quickly will be highly sought after. SMEDAN should partner with private BDS providers, which are twice as effective (62.30% vs. 30.80%) as SMEDAN in attracting youth-owned or led NMSMEs to enroll in OLOP BDS programs (SoE, 2023). In a study conducted among members of the Rotaract Clubs, the youth arm of Rotary International, a significant majority (92%) of the NMSMEs reported that their startup and operating capital had been depleted (ONEF, 2024).

They emphasized that what their need is not just capital, but also the ability to manage funds effectively, see as in figures 2.2.2. a-b.

**Figure 2.2.2a: Startup Capital Depletion among youths owned businesses**



**Figure 2.2.2b: The depleted Startup Capital of youths owned businesses**

The transforming impact of funding-tailored entrepreneurship education on youth owned businesses fundraising; case Study of Countdown to Capital (see figures 2.1.2. a-d) has been elucidated.

**3.0. Policy Recommendations**

3.1. Improving IP Index

3.1.1. *Establishing innovation centers and digital platforms*

Establishing brick and mortal innovation centers is becoming less smart and practically not inclusive. To this end, leveraging digitalized innovation centers seems to be the leeway. An imaginary OLOP app with capacity to provide EE in the three major languages in Nigeria (Integrated One Local Government One Product Wasobia) that can leverage educational platforms like Inspire and the Nigeria Learning Passport (NLP) to provide personalized learning in local languages. In addition, Nigerian apps such as Simplebks and Invex Inventory streamline business operations with voice note and local dialect support can be added to the helpdesk.

Digital marketplaces like Jumia expand market reach, while AI tools like Plantix and IBM’s The Weather Company enhance agricultural practices. Telemedicine platforms like mHealth and Ada Health improve healthcare access, ensuring productivity. Community engagement platforms like Facebook and WhatsApp foster collaboration and knowledge sharing, creating a supportive network for innovation. This initiative can support Nigeria's rural NMSMEs, particularly benefiting youth and women entrepreneurs. It represents a strategic investment in sustainable development, promising significant social and economic returns for investors and policymakers.

3.1.2. *Enhancing IP awareness and education, simplifying registration processes, providing legal support, and offering financial incentives*

To enhance IP awareness and education, training programs should be implemented in local languages, utilizing audio-visual materials to reach a broader audience. Simplifying registration processes involves creating user-friendly online platforms and mobile apps that support voice and text entries in local dialects. Providing legal support can be achieved through partnerships with legal aid organizations and offering pro bono services to rural entrepreneurs.

3.2. Promoting Formalization of Informal Economy

3.2.1. *Making OLOP Business Development Services (BDS) Attractive to market women*

The Moniepoint (2024) report on NMSMEs in Nigeria offers valuable insights into these enterprises, aiding in the design of suitable Business Development Services (BDS) to formalize at least 37% of the 36.9 million NMSMEs in the informal economy. Women-owned NMSMEs make up 37% of this sector, involved in activities like retail and general trade (38.40%), food and drinks (15.20%), beauty and personal care (3.9%), fashion (3.30%), and agriculture (4.6%). Most of these women (90%) earn about ₦250,000 per month. Funding sources include family and friends (70%), digital platforms (15%), and traditional banks (11%).

**Scenario 1: Impact of Business Development Services (BDS) on Women-Owned NMSMEs in Nigeria’s Informal Economy**

To address these challenges, a targeted Business Development Services (BDS) package offering a microloan package of four times their monthly profit (₦250,000) through digital platforms, labeled as “family and friends aided angel investors” with single-digit interest rates, can attract women owned NMSMEs to OLOP BDS and reduce reliance on loan sharks. In addition, the package should provide for formalization support to help businesses transition from the informal to the formal economy, along with capacity-building programs to enhance business skills, financial literacy, and digital proficiency.

The potential impact of this BDS package seems significant. At least 37% of the 36.9 million NMSMEs in the informal economy will likely begin formalization, gain access to formal financial services and government support. The additional capital and training have enabled these businesses to expand operations, increase earnings, and create more employment opportunities within their communities, contributing to broader economic development and the empowerment of women entrepreneurs.

3.2.2. *Impacting Credit Worthiness on Youths and Women owned NMSMEs*

Among 25-34-year-olds, half own NMSMEs. 90% of these young entrepreneurs rely on borrowed funds to operate their businesses. Many also face financial challenges, as their profits primarily go toward family obligations. Unfortunately, only 21% reinvest a portion of their earnings back into their ventures, leading to potential capital depletion (see figure 3.2.2). This habit has immediate consequences for startups, affecting their initial and ongoing capital. Additionally, creditworthiness suffers, with 70.70% turning to family and friends (and sometimes loan sharks) when traditional banks and cooperatives fall short in providing accessible credit (Moniepoint, 2024). The cycle of borrowing and spending impacts both personal finances and business sustainability.

**Figure 3.2.2: Profit reinvention among youth owned businesses**



**Scenario 2: Enhancing Creditworthiness through Profit Allocation for Youth and Women-Owned NMSMEs**

To address these issues, an intervention is proposed. Entrepreneurs will save 100% of their profit with digital banks like Moniepoint (50% of their profits will be held back and added to their running capital while the remaining 50% is being paid into family obligations and personal needs account. This will be supported by financial literacy training and improved access to formal credit through partnerships with banks and microfinance institutions. The strategy includes awareness campaigns, savings programs, mentorship, and credit facilitation to encourage sustainable financial practices.

The expected outcomes of this intervention are improved creditworthiness, business growth, and reduced reliance on informal lending. By saving and reinvesting profits, entrepreneurs will build a stronger financial base, enhancing their creditworthiness and business sustainability. Additionally, increased financial literacy will equip them to manage their finances better, leading to long-term stability and reduced dependence on family, friends, and loan sharks.

3.3. Exploring Opportunities in Informal Economy

3.3.1 *The OFRFellowship*

The OFRFellowship business model focuses on empowering NMSMEs through digital solutions and capacity-building initiatives. The customer segments include micro, small and nano businesses in agriculture, retail, healthcare, fashion, and personal care sectors. The value proposition centers on providing high-quality, innovative products, prioritizing customer satisfaction, and enhancing financial stability through microloans, savings, partitioned account, and financial literacy programs. Channels involve digital platforms for financial services, e-commerce for market expansion, and contactless payment solutions. Customer relationships are built through personalized support, training, and mentorship. Revenue streams come from service fees, interest on microloans, and partnerships with financial institutions. Key resources include digital financial platforms, e-commerce tools, and business development services. Key activities involve providing financial services, training, and support for business formalization. Key partners are digital banks, microfinance institutions, and business development organizations. The cost structure includes technology development, training programs, and operational expenses. This comprehensive approach aims to formalize NMSMEs, increase productivity, and contribute to Nigeria’s GDP growth.

3.3**.**2.*Picture to Profit*

Picture to Profit is a social enterprise dedicated to empowering OLOP (One Local Government One Product) NMSMEs (Nano, Micro, Small, and Medium Enterprises) by providing R&D grants, helping them develop trademarks, copyrights, and patents. The enterprise ensures 100% profit savings, reinvesting 50% back into the business, and using the remaining 50% for family and personal needs. Additionally, it offers microloans up to four times the monthly profit with a single-digit interest rate and a six-month moratorium to help formalize and enhance the productivity of NMSMEs, contributing to Nigeria’s GDP growth.

3.3.3. *ONEF E-Commerce*

The ONEF E-Commerce Platform for Agricultural NMSMEs operates as a social enterprise with a mission to support Nano, Micro, Small, and Medium Enterprises (NMSMEs) in Nigeria’s agricultural sector. The platform enhances market access, quality standards, and innovation through an e-commerce solution, providing R&D grants to One Local Government One Product (OLOP) NMSMEs. This initiative aims to formalize and boost the productivity, sustainability, and economic contribution of these enterprises. By empowering NMSMEs and promoting innovation, the platform contributes to economic growth and improves the productivity and sustainability of agricultural enterprises.

The business model focuses on offering NMSMEs access to broader markets, improved product quality, and regulatory compliance, benefiting consumers with high-quality, locally sourced agricultural products. The target market includes farmers, processors, and retailers across the primary, secondary, and tertiary agricultural sectors. Revenue streams are generated through transaction fees, subscription fees, advertising, and grants. Key activities encompass platform development, market access facilitation, quality assurance, R&D grants, and capacity building. The enterprise leverages robust technology, skilled human resources, financial resources, and partnerships with government agencies, NGOs, and financial institutions to achieve its goals.

**4.0. Conclusion**

To fully realize OLOP potential, there is a need for continuous improvement in intellectual property laws, targeted support for rural dwellers, and the provision of essential resources such as funding and infrastructure.Strengthening the intellectual property regime, enhancing business development services, and fostering collaborations between local businesses, research institutions, and international partners are crucial steps towards maximizing the benefits of OLOP.

By addressing these areas, the initiative can further drive economic growth, reduce poverty, and ensure the sustainability of NMSMEs in Nigeria. With continued support and targeted interventions, it has the potential to transform rural economies, empower local entrepreneurs, and contribute significantly to the nation’s GDP growth.

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