

AN OVERVIEW OF THE REGISTRATION WAIVER AT NAFDAC FOR MSMEs

By 2017, Nigeria was estimated to have over forty-one million (formal and informal) Micro, Small and Medium Enterprises (MSMEs) spread across the federating states. These MSMEs represent 96% of the businesses in Nigeria and contribute about 85% of national employment. In nominal terms, these enterprises contribute an estimated 49.78% to the Nation's Gross Domestic Product (GDP). Thus, growth in the MSME subsector is reflective on the growth in the National economy and the level of employment.

MSMEs are established either for the purpose of producing goods or rendering services but with an underlying motive of making profit. The Bank of Industry categorized MSMEs into the following groups:

- Micro Enterprises are businesses with 1 to 10 employees;
- Small Enterprises which have between 11 and 50 employees; and
- Medium Enterprises which have between 51 and 200 employees.

Nigeria's MSMEs thus far have been dealing with several challenges such as multiple taxes, high interest rates, lack of infrastructures such as reliable public electricity, accessible roads etc. Several efforts have been made towards boosting MSMEs, including the introduction of the Micro, Small and Medium Enterprises Development Fund (MSMEDF) in 2013 by the Central Bank of Nigeria and other initiatives from other Financial Institutions.

Recently however, Professor Yemi Osinbajo, the Vice President of the Federal Republic of Nigeria announced an innovative concession for MSMEs transacting business at the National Agency for Food and Drugs Administration and Control ("the Agency"). This is intended to facilitate registration processes within a six (6) month timeframe, which comprise of:

- i. 80% discount on registration fees;
- ii. Free registration for the first 200 micro and small businesses to register on the e-platform, and
- iii. 100% waiver on administrative charges for overdue/late renewal of expired licenses of products for a period of 90 days.

The rationale for this latest directive by the Federal Government is linked strongly to the global COVID-19 pandemic devastating the world's economy.

As aforementioned, MSMEs play a major role in Nigeria's labor market and as it is, most MSMEs are finding it difficult to cope with the impact of the pandemic. It is for the purpose of sustaining this vital part of Nigeria's economy that the Federal Government has formulated the aforementioned directive with related palliatives.

This latest collaboration with the Agency has brought about various benefits to MSMEs. We are convinced that the growth of the sector will be encouraged and further enhanced in spite of the current economic trauma. In the long run, jobs will be preserved, economic growth engendered and the country as a whole will be better for it.

As refreshing as this collaboration is however, there are predictable challenges. Firstly, the Federal Government seems not to have considered diversification. As earlier stated, these directives are only for MSMEs which are into the production of foods, drugs and other related consumables. This should not be the case as the MSMEs economy is well beyond food and drug production. This goodwill should be extended to other actors in the MSMEs economy in order to ensure the solvency of the businesses that are most affected by the pandemic.

Secondly, the directive focuses on electronic registration process. This may be a challenge considering the number of MSMEs which would want to take advantage of this opportunity against Nigeria's low data bandwidth. We foresee a situation where the virtual traffic on the portal will be overwhelming for the Agency to accommodate.

In conclusion, this move by the Federal Government to sustain existing MSMEs and to prompt the establishment of new ones is considered a laudable initiative by many as it aims to minimize disruption in liquidity, secure jobs and preserve the Nation's economy in light of the COVID-19 pandemic and thereafter. We hope that the human actors in the MSMEs economy supports the government in its quest by taking advantage of this directive.

8 Tokunbo Omisore Street,
Off Wole Olateju Crescent,
Lekki Phase 1.

Suite 311, 2nd floor, Oakland
centre, 48, Aguiyi Ironsi
Street,
Maitama, Abuja.

