



Country/Region/Global: Nigeria

Initiation Plan

Project Title : Enhancing Export Readiness of Women and Youth-led MSMEs within the AfCFTA, Leveraging Digital Technologies

Expected UNSDCF/CPD Outcome(s) : Outcome 2: By 2027, Nigeria sustains inclusive economic growth and development that provides equitable opportunities for decent employment and livelihoods.

Expected CPD Output(s) : Output 1.1: Access to basic services and financial and non-financial assets and services improved to support productive capacities for sustainable livelihoods and jobs to achieve prosperity.
Output 1.2: Systems and services strengthened across agriculture sector with increased investment.
Output 1.3: Policies enabled for inclusive and sustainable social protection programmes to strengthen livelihood opportunities for the vulnerable.

Initiation Plan Start/End Dates : April 2024 to December 2024

Implementing Partner : Direct Implementation Modality (DIM)

Brief Description

Despite its position as Africa's largest economy, accounting for more than 15% of the continent's Gross Domestic Product (GDP), and a population exceeding 200 million, Nigeria struggles to leverage its strengths to benefit from regional trade and integration. This challenge is evident in the significantly low intra-African trade volumes, which stood at only 4.5 percent in 2022. Harnessing the country's immense potential will require the strengthening of local production value chains, policies, infrastructure, and adoption of digital technologies, especially for populations at risk of exclusion such as women and youth.

The Africa Continental Free Trade Area (AfCFTA) offers to create a single market for goods and services within the continent and seeks to provide untapped opportunities for African economies: to increase intra-regional trade by progressively eliminating 90% of tariffs on intra-regional trade, leading to a reduction in the cost of trade and improvement in competition and productivity. This is expected to yield improved incomes and drive economy growth. Nigeria stands to benefit from these opportunities by strengthening its trade capacity, boosting domestic production of competitive goods and services and prioritizing women and youth MSMEs as drivers of trade. The Agreement provides an opportunity to unlock growth and increase output in Nigeria's untapped sectors such as tourism and fashion. In addition, it can lead to the transformation of other industries such as petrochemicals, creating potential for increased revenue and trade output.

UNDP Nigeria aims to support the government of Nigeria to achieve these development outcomes by strengthening institutional capacities of the government, building the capacity of women and youth MSMEs to trade, and facilitating trading activities through business-to-business linkages as well as supporting the liberalization of trade across prioritized value-chains. This in line with UNDP's mandate to accelerate progress towards the achievement on sustainable development across countries.

Programme Period: April to December 2024

Quantum Project Number: _____

Quantum Output Number: _____

Gender Marker: Gender Marker 2

Total resources required: \$1,000,000

Total allocated resources: \$1,000,000

• Regular \$1,000,000

• Other: _____

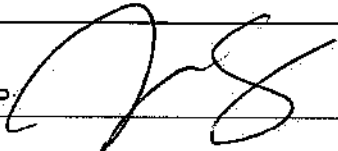
◦ Donor _____

◦ Donor _____

◦ Government _____

Unfunded budget: _____

In-kind Contributions: _____

Agreed by UNDP: 

I. PURPOSE AND EXPECTED OUTPUT

The establishment of a Continental Free Trade Area (AfCFTA) was resolved during the 18th Ordinary Session of the African Union's Assembly of Heads of State and Government in Addis Ababa, Ethiopia, in January 2012. This session also endorsed the Action Plan for Promoting Intra-African Trade (BIAT), highlighting seven priority action clusters: factor market integration, trade policy, trade facilitation, productive capacity, infrastructure related to trade, and trade financing. The African Continental Free Trade Area stands as the world's largest free trade zone in terms of member nations, offering a significant opportunity for Nigeria. Seeking to unite all 54 African Union member countries, the AfCFTA creates a market of over 1.3 billion people and a combined GDP exceeding US \$3.4 trillion (World Bank, 2020). The free trade area, according to the Economic Commission for Africa (UNECA), has the potential to double intra-African trade by removing non-tariff barriers, enhancing better integration and coordination of trade liberalization, facilitation, and tools across all of Africa and within the Regional Economic Communities (RECs). It is also expected to enhance industry and enterprise competitiveness by providing opportunities for large-scale production and access to continental markets.

In Nigeria, the AfCFTA has the potential to increase the movement of goods and services, including professionals with abundant skills in finance, engineering, technology, and construction, etc. While Nigeria has traditionally focused on export strategies involving petroleum products and markets outside of Africa, the AfCFTA can enhance the country's competitiveness to promote and attain sustainable and inclusive socio-economic development, gender equality and structural transformation. However, significant trade barriers prevail, including poor logistics across borders, customs and bureaucratic bottlenecks, poor access to export finance and slow payment mechanisms, amongst others.

This challenge has translated into the significantly low intra-African trade volumes in the country, which stood at only 4.5 percent in 2022. Harnessing the country's immense potential will require the strengthening of local production value chains, policies, infrastructure, and adoption of digital technologies, especially for populations at risk of exclusion such as women and youth.

Similarly, Nigeria's economy is primarily driven by Micro Small and Medium-sized Enterprises, who constitute 96 per cent of businesses and 84 percent of employment (NBS, 2020), and contribute 48 per cent of the national GDP in the last five years (NBS, 2020). However, Nigerian MSMEs face significant obstacles to trade across borders. Tariff and non-tariff restrictions affect the ability of SMEs to participate in cross-border trade more adversely than large enterprises. A review of MSME perceptions to trade barriers in international markets revealed the following challenges: (i) limited access to market information including customs and bureaucratic procedures and regulations; (ii) transportation and insurance costs; (iii) poor access to export finance and slow payment mechanisms (iv) costly standards and certification procedures, amongst others.

For women MSMEs, these challenges are further exacerbated due to increased information gap, low access to finance, skill gap and low financial literacy. Additionally, women's participation in formal trade and entrepreneurship is low. SMEDAN (2020) reported that of the 96% of businesses which are MSMEs, by only 23% are operated by females. The large volume of informal businesses are often unable to meet the standard and lab testing requirement, provide the documentation required at the borders and incur the costs associated with international trade. The AfCFTA recognizes the importance of the women as major drivers of growth and productivity and have reflected this in their implementation strategy. The agreement has the potential to reduce the informal nature of many women-owned businesses as the operators may formalize their business in a bid to benefit from the reduced tariff and non-tariff barriers. However, this is subject to alleviating the tedious requirement and processes associated with exporting through the land and sea borders, as well as simultaneously building the capacity of women-owned businesses to benefit from the opportunities the agreement offers. Additionally, the implementation of the AfCFTA is projected to expand the output in women intensive industries such as agriculture, hence bridging the gap in gender wage differentials and significantly reducing vulnerability and poverty levels among women in the country.

UNDP Nigeria aims to support the government of Nigeria to implement the AfCFTA agreement in line with UNDP's Renewed Strategic Offer in Africa, on harnessing the development potential emerging from two of the five "Future of Promises" flagged in the UNDP/RBA Strategic Offer report, namely: AfCFTA and Youth Dynamism. The initiative seeks to broker new broad-based partnerships, such as with: African Export-Import Bank, European Investment Bank, and 'TradeMark East Africa', and mobilize resources by building on UNDP's comparative advantage, broad development mandate and convening authority to bring multiple actors together to promote complex trade-development linkages that prioritize themes like youth entrepreneurship, women economic empowerment, trade, and digitization.

Specifically, the project aims to support Nigeria to unlock the potential of the African Continental Free Trade Area (AfCFTA) to enhance the country's competitiveness and strengthen its position as a major player in the regional market by addressing structural constraints to women and youth participation in regional trade as well as reducing institutional, policy and bureaucratic bottlenecks. This initiative aims to establish the groundwork for the development of a comprehensive multi-year program dedicated to AfCFTA, to scale the volume of trade within the region and connect exporters with affordable trade finance. The project aligns with Nigeria's AfCFTA Implementation Strategy and its New Trade Policy (2023-2027) that recognises the urgent need to: stimulate production and trade emphasizing the creation of jobs for women and youths who have the highest unemployment rates.

The project's expected outputs are:

1. Strengthened policy, regulatory and institutional framework for AfCFTA trade readiness.
2. Strengthened access to markets and the adoption/promotion of digital technologies for women and youths-owned/led businesses.

In terms of development results, the project is expected to drive acceleration in the rates of exports growth, diversified export's structure, increased share of value-addition of exports, and increased share of trade in the country's GDP, and increased resource mobilization for the government.

II. MANAGEMENT ARRANGEMENTS

The project will be implemented by UNDP using a direct implementation modality. The UNDP's Strategic Policy and Inclusive Economic Growth (SPIEG) unit will have the overall project management responsibility including planning, implementation, and coordination with relevant stakeholders. The team will leverage partnerships with relevant Government Ministries, Department and Agencies as well as the private sector to ensure effective feedback, collaboration, and strong political buy-in. UNDP will collaborate with the National Action Committee on AfCFTA (NAC-AfCFTA) to drive the implementation of the project, while private sector partnerships will be leveraged to implement other components.

The Project will be coordinated by the Programme Manager, with technical support from UNDP's regional AfCFTA team and from programme officers across country office units such as the digital and innovation hub, and the programme management and support unit, to ensure smooth flow of operations and effective communication.

The specific roles and responsibilities will include:

Title and Function	Function
Project Manager	to coordinate the-day-to-day implementation of the project to provide programme support to Project Manager on the project implementation
Project Associate	
Admin/ Finance Associate	to initiate payment, process vouchers etc. for project

Procurement Analyst	to support procurement activities of the project
Monitoring, Evaluation Analyst	to undertake monitoring visits and organize partners meetings etc.in relation to the project
Communication and Visibility Analyst	to prepare, promote and publish communication and visibility activities in electronic and social media highlighting project activities

III. MONITORING

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans in table below. UNDP shall provide an end of project report that captures key learning, successes, and challenges.

Monitoring Activity	Purpose	Frequency	Expected Action
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	Quarterly	Relevant lessons are captured by the project team and used to inform management decisions.
Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	At the end of the project	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve future programming.
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	Quarterly	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.
Project Report	Project report will be produced consisting of progress data showing the results achieved against pre-defined targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	At the end of the project (final report)	Final project report with all key achievements and results and recommendations, with data, risks, lessons and quality will be discussed by the project team.

IV. WORK PLAN

Period¹:

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME						RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4	Q5	Q6		Funding Source	Budget Description	Amount
Output 1: Strengthened policy, regulatory and institutional framework for AfCFTA trade readiness. Baseline: 0 Indicators: Number of policies, strategies, regulations, actions, instruments reviewed or formulated to advance trade within the AfCFTA Targets: 5 Related CP outcome: Outcome 2: By 2027, Nigeria sustains inclusive economic growth and development that provides equitable opportunities for decent employment and livelihoods.	Activity Action Plan 1.1: Strengthen the capacity of the NAC-AfCFTA to coordinate stakeholders. Support the development and publication of simplified guidelines on AfCFTA rules and regulations and revise AfCFTA tariff books and other instruments.		x	x	x			UNDP	UNDP		\$100,000
	Activity Action Plan: 1.1.2: Facilitate the domestication of the AfCFTA Protocols through trade facilitation (streamline and automate customs procedures including payments of duties). Support the implementation of a Single Window System (SWS) to reduce trade turnaround time.		x	x	x						\$125,000
	Activity Action Plan: 1.1.3: Support the government in developing strategies, policies, and regulations including digital trade enablers for goods and services. Capacity strengthening of customs administrators and other relevant stakeholders on trade facilitation (e.g., on ICT usage).		x	x	x						\$129,000
Sub-total Activity 1											\$354,000

¹ Maximum 18 months

Output 2: Strengthened access to markets and the adoption/promotion of digital technologies for women and youths-owned/led businesses. Baseline: 0 Indicators: Indicator 1.2: Number of women and youth MSMEs with improved access to markets within the AfCFTA Targets: 100 Related CP outcome: Outcome 2: By 2027, Nigeria sustains inclusive economic growth and development that provides equitable opportunities for decent employment and livelihoods.	Activity Action Plan:2.1.1: Design tools to assess the export readiness of women and youth enterprise and developed a tailored programme to enhance readiness of selected enterprises.	x	x	x					UNDP		\$160,080
	- Screen and source women and youth enterprises producing export-ready goods and services. - Capacity training on trade tools for MSMEs, including market access tools, the adoption of the paperless customs processes, export documentation, etc.).										
	Activity Action Plan:2.1.2: Build capacities and broker business-business linkages among women and youth exporters and businesses to strategic markets in Africa.	x	x	x					UNDP		\$170,000
	Activity Action Plan:2.1.3: Build partnerships with new and/or existing digital marketplaces, to facilitate trade for MSMEs.	x	x	x					UNDP		\$140,000
Sub-total Activity 2											\$470,080
Project Management, Administrative Costs, Evaluations and Monitoring	Programme Communications Cost	x	x	x					UNDP		\$31,589
	Programme logistics, travel, infrastructure	x	x	x					UNDP		\$70,000
Total Project Management Cost											\$101,589.00
Project Subtotal											
Audits and HACT Assessments (1%)											
M&E Costs (2%)											
Communication Costs (1%)											
DPC (4.03%)											
2024 PROJECT GRAND TOTAL											
											\$925,669
											\$9,257
											\$18,513
											\$9,257
											\$37,304
											\$1,000,000