

Global Social Enterprise

The State of Social Enterprise in Nigeria

FEBRUARY 2022



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More information about our work in supporting social enterprise and building impact economies can be found at www.britishcouncil.org/society/social-enterprise



About Qualiquant

Qualiquant Services Limited is a research and data collection consultancy firm in Nigeria. We strive to bridge the gap of quality data provision, collation, analysis and interpretation, using research as a tool to help organisations grow and innovate the future.

Our company is fully registered as a Nigerian-based research company according to the laws of the Federal Republic of Nigeria. We are headquartered in Lagos, Nigeria with active field operations across the six geopolitical zones in the country. We recruit and train our field officers to ensure that data collection procedures are implemented with the highest level of precision. We strive to remain innovative, responsive and work in close consultation with our clients at every phase of the research process to ensure exceptional data quality.

We employ a unique approach towards achieving the expected deliverables for each project by identifying the most appropriate methods of research while remaining flexible and responsive to our clients' needs and the specific characteristics of the study population.

We apply rigorous research methods and evaluation tools to enable clients to improve programme design, assess the effectiveness of existing interventions, and optimise internal processes across different contexts.

About Social Enterprise UK

Social Enterprise UK is the biggest network of social enterprises in the UK and a leading global authority on social enterprise. Our membership is a network that includes all the leading lights of the UK social enterprise movement from multimillion-pound healthcare and public service providers to community organisations and retail businesses.

We are the membership body for social enterprise.

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Acronyms

CAC	Corporate Affairs Commission
CITA	Companies Income Tax Act
CSOs	Civil Society Organisations
DFI	Development Finance Institution
GDP	Gross Domestic Product
iDEA	Information Technology Developers Entrepreneurship Accelerator
MSMEs	Micro, Small and Medium Enterprises
NACCIMA	Nigerian Association of Chambers of Commerce, Industry, Mine and Agriculture
NBS	National Bureau of Statistics
NUC	Nigeria University Commission
NGOs	Non-Governmental Organisations
SMEDAN	Small and Medium Enterprise Development Agency of Nigeria
TEF	Tony Elumelu Foundation
UNN	University of Nigeria, Nsukka

Foreword

I am delighted to write the foreword for this landmark report on the state of social enterprises in Nigeria. The insights into, analysis and review of the Nigerian social enterprise space presented in this report will help to provide guidance on much-needed programming and policy development for this evolving sector, which is already making a significant impact in the country and across the world.

About 19 years ago, having recently graduated from the University of Ibadan, I started my professional development in what I would later discover was the social enterprise space. At the time, it was very novel as most of my peers were working within private sector firms, government institutions or international development agencies. I count myself lucky to have started my career at one of the foremost civic tech social enterprises at the time and to have done my National Youth Service Corps there in 2002 after a two-month internship.

The job was exciting, growth oriented and impact driven. Within 14 months, I developed critical thinking and communication skills, got a deep dive into developing research and data analysis work, and developed digital and financial literacy skills. I was able to engage with other similar organisations creating and delivering impact across their various target community groups while also working with my fellow colleagues to keep our projects financially efficient and sustainable. These experiences served as the foundation of my career to date. As I look back, it is clear how much the space has grown and evolved, and it is now being given the opportunity to be fully enabled and supported.

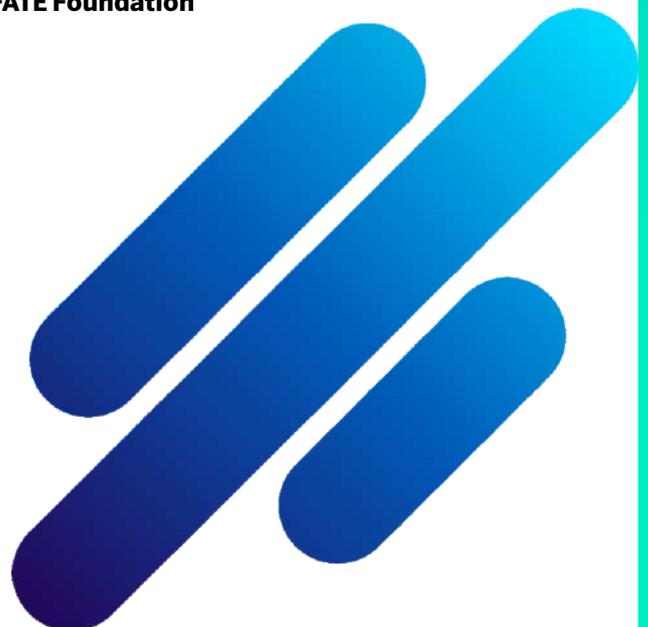
I set this context to provide my own perspective on and experience in the critical roles played by social enterprises. They have provided and continue to provide a platform to inspire, motivate, nurture and encourage our large youth population to find, explore and create their own career pathways. With their dynamic roles of addressing both social and economic impact, the evolution of the social enterprise space has seen firms that are using innovation to address social problems, drive inclusion, create jobs and grow the economy.

This report provides an overview of the evolution of the space, the existing policy and regulatory environment, the evolving ecosystem and main operating players. Coming out of the pandemic has shown why we need them and how important it is to effectively support them. Across crucial sectors including health, education and agribusiness, social enterprises of different sizes were central to helping to improve access to Covid-19 testing and treatment centres, enabling access to education using technology when most schools had to be closed, and also improving our fragile food systems.

At FATE Foundation, we have supported young aspiring and emerging Nigerian entrepreneurs to start, grow and scale their businesses since 2000. Over the last five years, we have noted an increase of almost 50 per cent in the business model approach being adopted by our young entrepreneurs. As an organisation driven by a social enterprise business model, this is a strong indicator of the increasing appreciation of the emerging potential and opportunities in the social enterprise space.

The report also provides specific recommendations for government, funders and financiers, social enterprises, education providers, and incubators and accelerators. I strongly recommend this report to all stakeholders looking to learn more about the space and players and how to effectively support social enterprises and the founders who lead them. It will help to inspire new and innovative ways of better supporting their growth and development just as they have supported us over the last few decades.

Adenike Adeyemi
Executive Director
FATE Foundation



Executive summary

This report reveals the state of social enterprises in Nigeria. It is based on desk research, interviews with key stakeholders and a survey distributed to social enterprises from a diverse range of industries and sectors across the country. The findings are timely. Governments and communities are looking to minimise the economic and social damage caused by Covid-19 and, in the longer term, see the pandemic as an opportunity to rebuild economies on a fairer, more inclusive footing. As businesses that combine positive social and environmental impact with financial sustainability, social enterprises have a vital role to play.

The survey was carried out in two rounds. Data was collected from 112 social enterprises before the onset of Covid-19, in late 2019 and early 2020, and from a further 403 social enterprises in the midst of the pandemic, in late 2020 and early 2021. A total of 515 Nigerian social enterprises completed the survey. There were few significant differences between the two samples in the findings.

For the purposes of this study, social enterprises have been defined by three main criteria:

- their focus on a social mission
- their business model of generating at least some income through trading activities
- their reinvestment of profits to support their social mission.



In total, the report makes a preliminary estimate that there could be more than

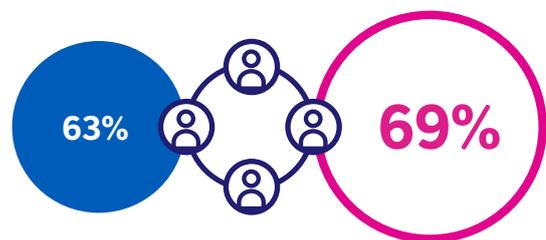
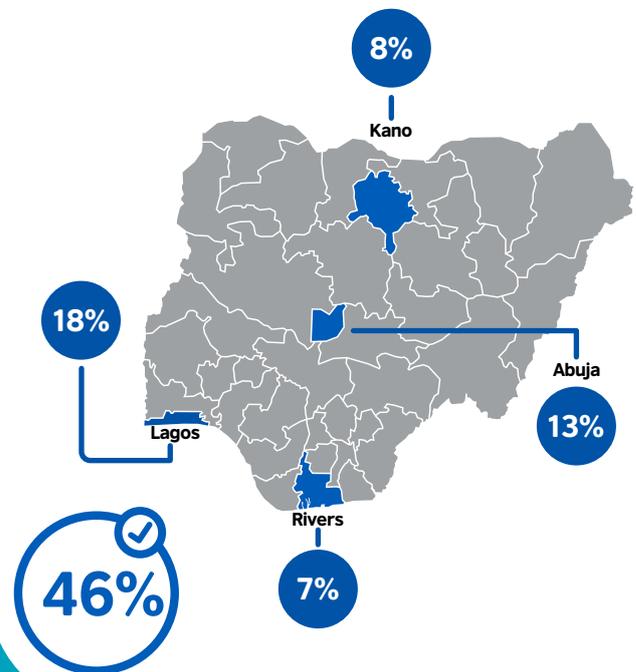
443,000

social enterprises operating in Nigeria.

The study reveals a burgeoning social enterprise landscape with 72 per cent of the surveyed social enterprises having been set up since 2014 and 43 per cent since 2018. **Some 77 per cent of social enterprise leaders are under 45.**

Yet, the study also found a lack of awareness of and affiliation to the social enterprise movement, with just **25 per cent of businesses that we could define as social enterprises self-identifying as such.**

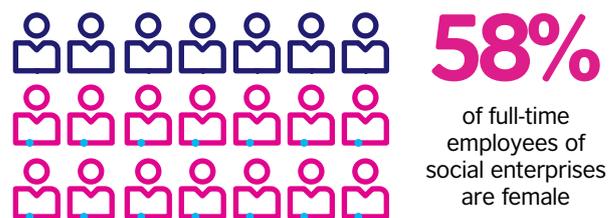
Geographically, there is a 46% concentration of social enterprises in urban areas



Much progress remains to be made when it comes to gender parity in leadership, **as 69 percent of social enterprise leaders, and 63 per cent of mainstream business leaders, are male**

Even in sectors more traditionally associated with women, such as social care and childcare, more social enterprises are led by men than women.

Employment figures are more encouraging in terms of tackling gender inequality



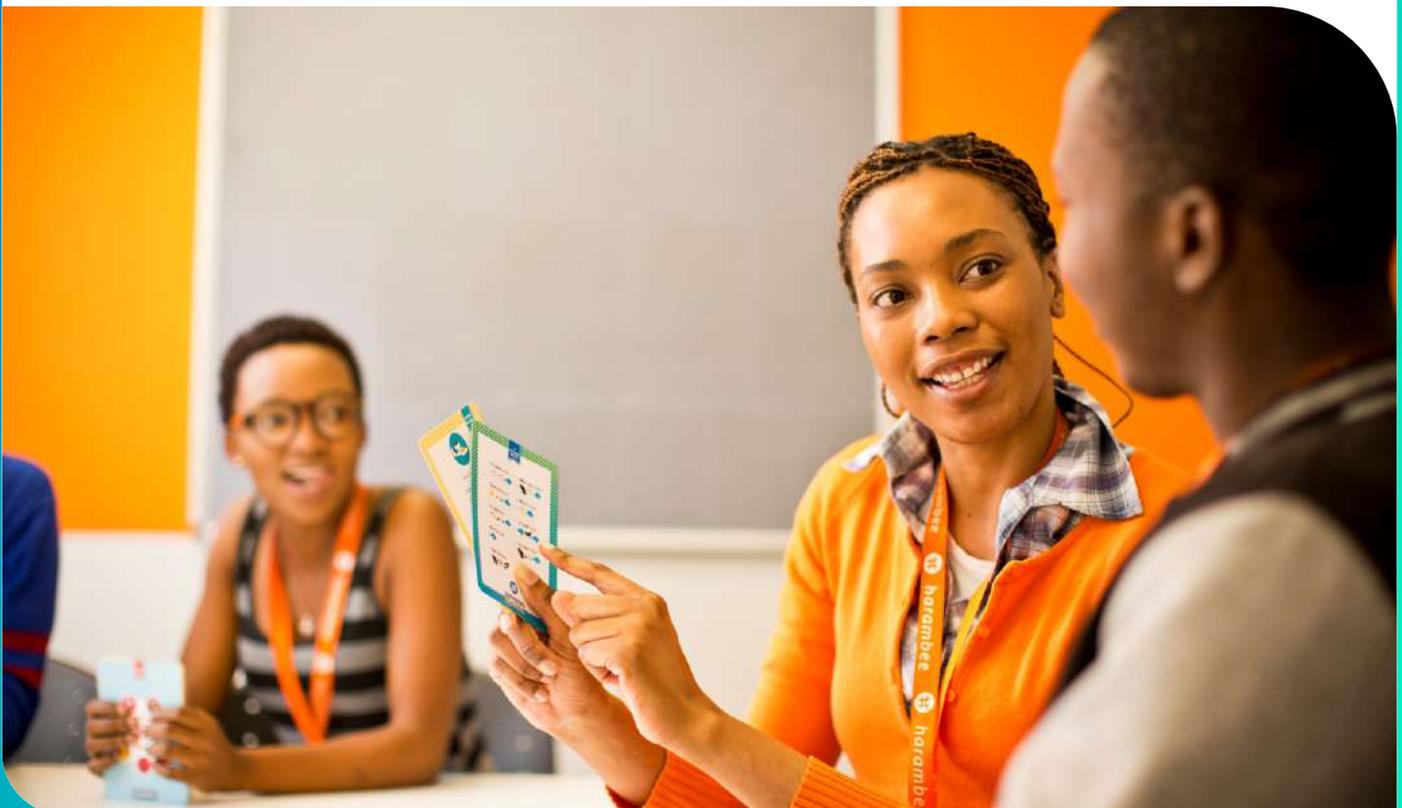
The majority of social enterprises are set up as sole traders (30 per cent) or private limited companies (37 per cent). Their main objectives are around employment and enterprise (61 per cent). About 40 per cent are working in the employment and skills sector, 34 per cent in the education sector and 29 per cent in agriculture. Beneficiary groups are primarily poor people (68 per cent), young people facing difficulties (67 per cent) and the long-term unemployed (51 per cent).

Twenty-six per cent of social enterprises made a loss in the previous year before Covid-19 and 33 per cent after the onset of Covid-19. This suggests that the pandemic has had a negative impact on at least some social enterprises, but we also found that 27 per cent of social enterprises before the pandemic and 34 per cent after its emergence had made a surplus.

Across both samples, social enterprises are mainly focused on growing their businesses by attracting investment or finance to expand, developing new products and services, attracting new customers or clients, and expanding into new geographic areas. Major barriers relate to obtaining grants (identified by 68 per cent of social enterprises) and other forms of finance (identified by 49 per cent of social enterprises). In-kind resources are the most common form of support so far received, followed by loans, donations and grants. Very few had received equity investment.

In the second sample reported, 92 per cent claimed that Covid-19 has had a serious or very serious effect on business operations, with 62 per cent having reduced their workforce. The main issues relate to cash flow (34 per cent) and reduced levels of revenue (27 per cent). Only 20 per cent have received specific support in the context of Covid-19. Of those that have, the main support include training programmes and network membership. Some 68 per cent say there is no government support available. The main support needed by social enterprises is connecting to funders that may be able to assist them (72 per cent). A variety of strategies are being used to mitigate the pressures of the pandemic, from increased use of technology to changing business models.

Stakeholders highlighted a number of gaps in the policy landscape that could be addressed to support the development of social enterprise in Nigeria. Suggestions for support ranged from providing a clearer legal definition of social enterprises as a distinct business form to introducing tax concessions, and setting up an oversight body. There were calls for more awareness and education programmes around social enterprise as well as greater access to finance and more targeted government programmes focused on social enterprise.



Introduction

Social enterprise is increasingly capturing imaginations across Africa and the rest of the world. We have anecdotal evidence of increasing activity in the form of social start-ups, incubators and accelerators and the emergence of social or impact investment.

More and more NGOs and CSOs seem to be looking at social enterprise as a potential model to ensure longer term sustainability of their operations. However, to date there is little quantitative evidence of how many social enterprises there are in many countries or detail about their operations and impact.

This study seeks to present initial qualitative and quantitative information from Nigeria to serve as a baseline for measuring the growth of social enterprise, and to help understand the nature and contribution of activity.

Social enterprise in Nigeria is still an emerging concept, though a growing number of social enterprises are currently demonstrating their potential by providing innovative solutions to tackle social challenges and issues in diverse sectors across the country.

The study is based on quantitative information obtained from a total of 515 survey respondents across the country since the end of 2019. Survey responses were completed before and after the onset of the Covid-19 pandemic, allowing for some comparison of data.

The data has been supplemented by in-depth interviews and focus group discussions with social enterprises and key stakeholders, including incubators and accelerators, policymakers, support networks, and enterprise development supporters.



Study methodology



Study aims

The main aim of the study is to better understand the profile of social enterprises in Nigeria, including by providing an estimate of the current size and scale of the social enterprise sector. In addition, this research aims to support the British Council's Global Social Enterprise portfolio, which is building a suite of such reports from around the world.

The study also briefly assesses whether there are existing policies to support social enterprise in Nigeria, creating a baseline of potentially relevant policies. These can be mapped over time to assess if engagement with policymakers results in explicit mention of and engagement with social enterprise in future. Similarly, the study explores the extent to which higher education institutions in the country currently provide social enterprise-specific offers, as a baseline to observe how these also change over time.

Although there are limitations to our work, it is hoped that it will allow other actors to judge progress and identify possible interventions for supporting social enterprise. As such, the authors welcome feedback on the results presented and information about similar studies taking place in Nigeria and across Sub-Saharan Africa.

Summary of research methodology

The study was conducted by Qualiquant Services Limited with support from Social Enterprise UK.

There were four main phases to the research:

1. Methodology design, validation and development.
2. Desk-based research and interviews with social enterprises, NGOs, social impact businesses, policymakers, incubators and accelerators.
3. Social enterprise survey data collection and analysis conducted in two phases (before and after the onset of the Covid-19 pandemic).
4. Data collection to estimate the total number of social enterprises.

The survey of social enterprises sought the following information:

- year of registration and legal registration form
- turnover and profit generation and use
- employees, by gender and in comparison, to the previous year
- number of beneficiaries reached and type of beneficiary
- gender and age of leadership
- social enterprise sector and focus/core objectives
- location and sphere of operation (regional, national, international).
- profit/impact focus
- growth expectations and barriers faced
- sources of finance and funding, including proportion of income from grants/donations
- top three constraints to financing
- if respondent would describe their organisation as a social enterprise.

In addition to surveying a sample of social enterprises, the study used a brief sampling process to estimate the total number of social enterprises operating across Nigeria. Interviews with key stakeholders and a review of existing policy and higher education activity relevant to social enterprise were also conducted.



Social enterprise classification

A crucial part of the research design was establishing how to define social enterprises to be targeted for the survey. The definition of social enterprise – while relatively consistent and well established in some parts of the world, such as the UK – can still be contentious. Given the lack of a globally agreed definition, the research team sought not to impose a strict definition of social enterprise from the start, but to develop a clear process of identifying social enterprises as the research progressed.

We asked survey respondents questions that could be used as inclusion or exclusion criteria without informing them of a specific definition, thus allowing for a definition to be applied afterwards based on a combination of these criteria (see Table 1).

Table 1: Social enterprise inclusion criteria

Criteria	Question detail	Basis of exclusion
Core mission	Does your organisation place emphasis on: profit first, social/environmental mission first or both jointly? (one answer) Profit first Social/environmental mission first Both jointly	Organisations reporting 'profit first' as their core mission were eliminated
Income source	What proportion of your income comes from grants? (one answer) 0–24 per cent 25–49 per cent 50–74 per cent 75–100 per cent	Organisations reporting '75–100 per cent' from grants were eliminated
Use of surplus	If you make a profit/surplus, how is it used? Directed to staff Directed to external owners/ shareholders Directed to/reinvested in social (or environmental) purpose Other (specify)	Organisations reporting that their profits are directed to external owners and shareholders were eliminated

For the purposes of this report, the research team settled on a combination of criteria which all had to be met for a respondent to be considered a social enterprise. It is not suggested that these criteria together form a watertight or universal definition of social enterprise, nor that others should adopt it. It is simply the combination of criteria that the research team found most appropriate for the purposes of this study, based on lessons from a wide range of contexts, other research around the world and feedback from key national stakeholders.

Respondents in the qualitative research were asked to describe the business model of their organisation, how they ensure the sustainability of their business and if they are impact- or profit-focused. These organisations were interviewed physically using focus group sessions and one-to-one in-depth interviews. We also had a qualitative interview session with policymakers, government officials, incubators, accelerators, etc.

Database, sampling and analysis

A social enterprise database was created using online research and with support from stakeholders (such as providing access to their databases, networks and portfolios). Existing databases, including MSMEs and NGOs, were a useful starting point. Once compiled, the database was built upon throughout the project, using information from stakeholder consultations.

An online survey tool was developed and used to gather the data. The survey questions and guide for stakeholder interviews are detailed in Appendix 3. All survey data was treated as confidential, other than where explicit permission had been given to share information (basic demographic and contact details).

Survey responses were secured through the following channels:

- Emails to organisations likely to be social enterprises, including MSMEs and NGOs, identified through online research and stakeholder networks and portfolios
- Launching of the survey on various online and social media platforms targeting organisations likely to be social enterprises.

The survey sample was non-randomised. The approach taken was to reach as many organisations as possible that were reasonably likely to meet the social enterprise criteria used for the study, and then to analyse and filter the responses against the inclusion criteria once the survey was complete.

The databases were not large enough to be divided into sub-national or other subsets for more systematic sampling, and using stakeholder portfolios, memberships and networks for outreach also meant that a formal sampling process was not possible. As such, the surveys are an indication of social enterprise activity, not a representative sample of such activity.

Survey data was first collected between December 2019 and January 2020 before the Covid-19 pandemic, generating a sample of 112 social enterprises that met the criteria (see Table 1). The survey was initially disseminated via an online survey tool, KoboCollect, to more than 1,000 potential social

enterprises and also through an enterprise development network organisation, the Aspen Institute Nigeria, and a CSO, BudgIT. The target number of responses was 300, but only 140 organisations completed the survey, of which 80 per cent met our inclusion criteria.

To achieve the target sample size and to take into account the effects of Covid-19, additional survey data was collected between December 2020 and January 2021, generating a sample of 403 social enterprises that met the criteria. A total of 785 organisations were surveyed between December 2020 and January 2021 using the same tools as the first phase but with additional questions to measure the impact of Covid-19. After applying the social enterprise inclusion criteria, 51 per cent of these organisations were identified as social enterprises.

Overall, a total of 925 organisations completed the survey and 515 organisations (56 per cent) were classified as social enterprises for the purpose of this study.

Once the target number of responses had been achieved, data from both samples were downloaded from the online survey tool into Excel and analysed using descriptive statistical techniques. Primary data analysis was supplemented by secondary analysis to explore patterns across geographical areas, age of ventures, enterprise leadership, size and sector, as well as between the two samples. Across much of the data, there were no significant differences between findings from the first and second samples; therefore, we merged the findings across the two samples during our analysis.

Qualitative interviews were held with 24 social enterprises and relevant stakeholders were held in Lagos, Abuja and Port-Harcourt as well as some significant urban areas, i.e. Kaduna and Enugu. As a result of the qualitative phase being focused on major cities, the data is likely to be biased towards social enterprises based in larger urban centres. Findings from the 24 qualitative interviews were analysed using NVivo software.



Estimate of the number of social enterprises in Nigeria

In estimating the total number of social enterprises in Nigeria, we applied the following criteria, and only included organizations which:

- have a social and/or environmental mission
- sell a product or service as part of their business and generate income through trading
- reinvest the majority of the profit towards their social impact.

We estimated – by conducting a mini-survey – the prevalence rate of organisations that met social enterprise characteristics from among MSMEs, NGOs and co-operative societies.



Estimated number of social enterprises among MSMEs

Based on the 2017 National Bureau of Statistics (NBS) national survey, the total number of MSMEs in Nigeria is 41,543,028. The total number of micro-enterprises is 41,469,947, or about 99.8 per cent of the total number. Small enterprises make up 0.17 per cent and medium enterprises 0.004 per cent.

A mini-survey was conducted among 219 respondents who are owners of MSMEs in Lagos, Abuja, Port-Harcourt and Kaduna state. Just 0.9 per cent of these entrepreneurs could be identified as social enterprises based on the criteria in Table 1. We used this number as the prevalence rate of social enterprises among MSMEs.



Estimated number of social enterprises among NGOs

The total number of NGOs in Nigeria according to the Corporate Affairs Commission in Nigeria is 140,777, as of November 2019. A large number of NGOs rely on funding from donors to sustain their business and carry out social activities. Findings from our qualitative research suggest that more NGOs are now experimenting with other sources of funding. The percentage of earned-income funding sources can be used to ascertain the proportion of social enterprises among the NGO community, given that we can assume that NGOs have a commitment to a social mission.

From the mini-survey conducted with 100 NGOs in Lagos, Abuja, Port-Harcourt and Kaduna, about 14 per cent of NGOs said that earned income was the primary source of their funding. We used this as the prevalence rate of social enterprises among NGOs.



Estimated number of social enterprises among cooperatives

The nature of co-operative societies is that they are set up to put their members' prosperity first through self-sustaining economic practices. Our social enterprise prevalence rate is derived from the percentage of co-operatives who were still working actively among all the co-operatives in Nigeria, which we based on whether they were conducting annual member meetings. This implies that members hold the highest authority over the business and benefit from the activities of the co-operative. We classified these co-operatives as social enterprises.

At a workshop held on the 10th–11th of November, 2008 during the 8th International Cooperative Alliance (ICA) Africa regional assembly, Tom Tar – Executive Secretary of the Co-operative Federation of Nigeria – reported that the total number of registered co-operative societies is about 50,000.

A telephone interview was conducted with 150 leaders of co-operative societies across different sections of the country. We classified 99 per cent of co-operative societies in Nigeria as social enterprises.

Table 2: Sources for estimating total number of social enterprises

Source	Total number	Social enterprise prevalence rate	Expected total number of social enterprises (total * prevalence)
NGOs (Corporate Affairs Commission)	140,777	14%	19,709
Co-operative societies	50,000	99%	49,500
MSMEs (National Bureau of Statistics)	41,543,028	0.9%	373,887
Total		443,096	

Based on this sampling process, it is possible to extrapolate numbers to give a rough indication of the potential number of social enterprises in Nigeria. Using these calculations, this study makes an initial estimate that there could be around 443,096 social enterprises currently operating in Nigeria. This is an initial estimate given the data currently available and is not based on representative sampling.

Country context and existing research on social enterprise



This section briefly sets out the current social, political and economic landscape in Nigeria to provide an overview of the environment within which social enterprises are operating. It then sets out existing research on social enterprise in the country, before the next section details organisations which are supporting social enterprise explicitly or exclusively, or as part of a wider mandate.



Nigeria in context

Nigeria is a significant regional player in the West African region and in Sub-Saharan Africa, accounting for about half of West Africa's population. The country is divided into six geopolitical zones which consist of 36 autonomous states and the Federal Capital Territory. There are more than 250 ethnic groups, with over 500 languages, and the variety of customs and traditions among them gives Nigeria great cultural diversity. The urban population was reported at 48.6 per cent in 2016, according to the World Bank. With an abundance of natural resources, Nigeria is Africa's biggest oil exporter and has the largest natural gas reserves on the continent.

Before the Covid-19 crisis, economic growth had been muted since 2015. Growth averaged 1.9 per cent in 2018 and remained stable at two per cent in the first half of 2019. Domestic demand remained constrained by stagnating private consumption in the context of high inflation (11 per cent in the first half of 2019) (World Bank, 2019). On the production side, growth in 2019 was primarily driven by services, particularly telecoms.

Agricultural growth remained below potential due to continued insurgency in the Northeast and ongoing farmer–herdsmen conflicts. Industrial performance was mixed. Oil GDP growth was stable, while manufacturing production was expected to slow down in 2019 due to a weaker power sector performance. Construction continued to perform positively, supported by ongoing mega projects, higher public investment in the first half of the year, and import restrictions.

Despite being tagged as the 'Giant of Africa' and a nation with great potential, Nigeria was positioned as one of the 25 poorest countries at the beginning of the 21st century. In June, 2018 it was reported that Nigeria had overtaken India as the nation with the highest number of people living in extreme poverty across the world, with an estimated 86.9 million people living on less than \$1.90 a day. The NBS reported that over 20.9 million Nigerian youths were unemployed in December, 2018.

Table 3: Quick facts on Nigeria's economic and social structure

Policy Type	Policy Name	Detail of relevance to social enterprise (<i>Note: no current policy directly supports social enterprise</i>)
Education	Entrepreneurship Education in Nigerian Universities	In 2007, entrepreneurship education for undergraduates was made mandatory in all Nigerian universities starting from the 2007-08 academic year.
Finance	The Nigerian Microfinance Policy	Enhance the access of micro-entrepreneurs to financial services required to expand and modernise their operations to contribute to rapid economic growth.
Regulation	SMEDAN Act of 2003	Promote the development of the MSME sector of the Nigerian economy.
Strategy	National Policy on MSME	Create, nurture and promote the necessary conditions for the growth and development of MSMEs.
Tax	Section 23 (1) of CITA	All NGOs and nonprofits are generally tax exempt, provided they do not have profits derived from any trade or business.

Sources: World Bank, Heritage Foundation, National Bureau of Statistics, Central Bank of Nigeria

Covid-19 and impact on Nigeria

The Covid-19 pandemic of 2020–21 has affected us all, as well as health services and the global economy. On the 30th of March, 2020, the Federal Government of Nigeria declared a national lockdown in an effort to curb the spread of the pandemic. This led to a slowdown of economic activity, and many businesses – including the mostly informal 41.5 million micro-enterprises which make up 96 per cent of all businesses in the country and which account for more than 80 per cent of total employment – had to either close or scale back operations. Most SMEs reported a decline in their income, according to the national president of the Association of Small Business Owners of Nigeria (ASBON), and the pandemic has had a negative impact on SMEs across the country. Many businesses, especially SMEs, have collapsed as a result.

The World Bank now suggests that Nigeria's economy may be headed towards the worst financial state the country has seen in four decades. Nigeria is extremely dependent on oil, which represents more than 80 per cent of the country's exports. With international travel halted due to Covid-19, the country has recorded an 18-year low on fuel prices, at \$22 per barrel. This could mean that there could be a revenue decline running into trillions of naira from the beginning of 2020. The NBS suggests that 42 per cent of citizens interviewed were out of work as a result of the pandemic, with the poorest households seeing the highest share of unemployment, at 45 per cent. As of March 2020, 79 per cent of households reported a decrease in income.



Social enterprise as a springboard

Despite decades of foreign investment, aid and policy reforms in developing nations, there are still deep injustices of unequal distribution of resources and wealth among developing nations and between countries.

In Nigeria, significant efforts of the public sector, non-profit organisations and, to a degree, the for-profit private sector to resolve the country's social issues and problems have only met with limited success. The government has struggled with deficits and an uncertain political landscape. Meanwhile, the private sector is failing to serve all members of society, and concentration of income and wealth has exacerbated entrenched inequality.

Social enterprise may serve as a springboard for the attainment of national development in many countries, combatting social challenges through entrepreneurial activities (Olokundun et. al., 2018). In Nigeria, the history of social enterprise goes back to the late 1950s and, in certain forms, even earlier.

According to Kerlin (2009), communities within the north of Nigeria were the first to embrace the co-operative law that set in motion the emergence of social enterprises, starting co-operatives that assisted residents with monetary and social support. These ventures created some positive impact for a short time but many buckled as corruption and political wrangling crept into their management (Kerlin, 2009).

In recent years, the concept of social enterprise has once again gained momentum and emerged as a viable alternative to existing models for tackling social issues and needs in Nigeria (Babalola, 2012). This is partly due to:

- the ability of social enterprises to harness a range of funding and finance
- their use of social innovation to reduce social problems
- their models which empower marginalised people and which drive social inclusion while creating jobs.

Sustainable social enterprises can be created by individuals and organisations with a passion for finding solutions to social problems in the face of market failure and social injustice. These businesses focus on activities which offer goods and services to humanity in all sectors of our lives, including but not limited to the provision of environmental justice, equality, women's empowerment, quality education, healthcare services, and agriculture.

Enabling social enterprise

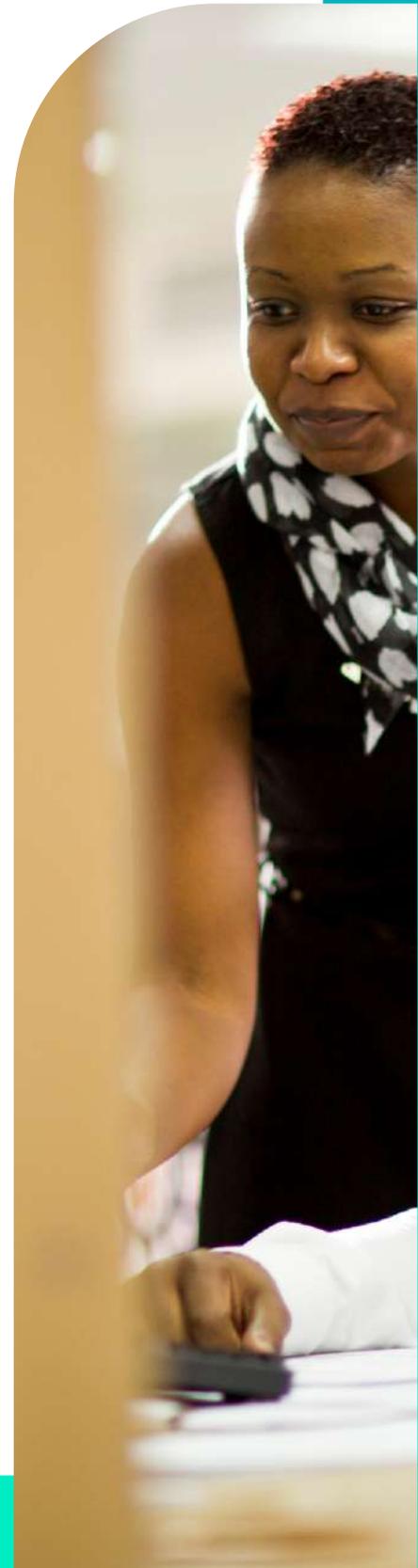
As an emerging economy, Nigeria is still in the early stages of social enterprise development. Ten years ago, research suggested that investment in Nigeria's social enterprise sector was minimal and nearly non-existent (Idemudia, 2012; Kerlin, 2009). In the view of Idemudia (2012) and Janelle (2009), it is possible to enhance the impact of social enterprise by investment, as well as enacting policies that will support and encourage its growth. Janelle (2009) further observed that there has been minimal emphasis on and investment in this area in Nigeria, as well as a lack of deliberate policies that can support social enterprise development.

An economy's strength is linked to the ability of the government to implement policies and invest in various sectors that can boost economic and social growth (Idemudia, 2012). The Nigerian government's perceived reluctance to invest in a diverse range of sectors could be attributed to over four decades of dependence on crude oil sales (Idemudia, 2012; Odulari 2008). The oil discovery in the late 1960s, called the 'the oil boom era', transformed Nigeria's economic outlook and made a tremendous contribution to the nation's GDP (Ezeah & Roberts, 2012).

In addition to making Nigeria the world's eighth-largest oil-producing country in 1980 (US Energy Department, 2017), the boom also resulted in the abandonment of other sectors that could potentially have increased livelihoods and boosted overall economic growth (Izuchukwu, 2011). The fall in crude oil prices that began in early 2014 (Paraskova, 2016; The Economist, 2014) seemed to be a wake-up call for the nation to reassess alternative sources of revenue and seek ways to mitigate the growing social and economic challenges. Fostering a diversified economy could be a way to mitigate such problems.

Nigeria faces a range of critical political, environmental and economic problems (Idemudia, 2012; Adenikinju, 2005). Social enterprises are focused on these challenges, sprouting and growing to address social and economic issues in Nigeria (Kerlin, 2009; Moses & Olakundun, 2014). Encouraging social enterprises can be pivotal in achieving social and economic growth (Moses & Olakundun, 2014; Austin et al., 2006; Ashoka, 2019).

According to Chell (2007) and Ashoka (2005), social enterprises have been essential in driving social and economic change for many years in both developed and developing economies. Social enterprises' innovative potential and capacity is demonstrated and further strengthened where social, economic or environmental needs or problems exist (Kerlin, 2009). The vulnerability of the Nigerian economy has led to a need to review alternatives to address the growing social, environmental and economic challenges (World Bank, 2013).



Nigeria's social enterprise ecosystem

Social enterprises rely on a supportive ecosystem to thrive in Nigeria and deliver the positive social and environmental impact they promised. This section reviews some of the main components, including social enterprise policy, impact investment, incubators and accelerators, NGOs, business support and enterprise development networks, and education providers.



Social enterprise policy



There are currently no specific laws governing social enterprise in Nigeria. However, social enterprises are, by their nature, businesses and therefore, in theory, have access to, and benefit from, the policy landscape for businesses more widely.

The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) was established by the SMEDAN Act of 2003 to promote the development of the MSME sector of the Nigeria economy. The agency positions itself as a 'one-stop shop' for MSME development.

In 2007, the first National Policy on MSMEs was developed. The policy was approved by the Federal Executive Council (FEC) and officially launched on 26 July 2007.

The goal of the policy is to enable and sustain a vibrant MSME sub-sector that will act as the driving force behind national economic growth and employment. The policy provides, under Section 5.6, for its review after four years of implementation. The 2012 updated policy encompasses seven broad policies and programmes in:

- finance
- institutional, legal and regulatory framework
- skills development
- technology, research and development
- extension and support services
- marketing
- infrastructure and cost of doing business.

The policy seeks to achieve the following outcomes in these areas:

1. **Finance:** Reduce the financial constraints on the creation, operation and expansion of viable and sustainable MSMEs in Nigeria.
2. **Institutional, legal and regulatory framework:** Promote and support the development of MSMEs and their full integration into the formal economy. To achieve this, the policy focuses on formalisation, land use planning, land and property rights contract enforcement and dispute resolution, labour laws and regulations, tax administration standards and quality regulations, and alternative dispute resolution for MSMEs.
3. **Skills development:** Create a critical mass of entre-preneurial, managerial and technological skills for the growth and competitiveness of Nigeria's MSMEs.
4. **Technology, research and development:** Promote sound technological infrastructure as well as effective research and development systems for the growth and competitiveness of MSMEs.
5. **Extension and support services:** Provide the necessary framework for MSMEs to receive ongoing business support services through direct private and public sector interventions.
6. **Marketing:** Promote production and marketing of products and services that are locally /internationally competitive and which meet global standards.
7. **Infrastructure and cost of doing business:** Address the infrastructural challenges and high cost of operations faced by MSMEs to improve growth and competitiveness within the MSME sector.

Stakeholder insights



Through our qualitative research, we were able to gather information on government support or policies that stakeholders felt could be relevant to the future growth of social enterprises.

Some stakeholders believe that the laws around taxation discriminate against social enterprise. Since social enterprises have no single or unique legal form in the country, they are taxed in the same manner as other business entities.

Some stakeholders suggest that it is difficult for social enterprises to access bank loans due to the bank's request to see certain profit margins, while social enterprises may deliver low profit margins to increase their social impact.

Stakeholders identified a number of gaps in the policy landscape that could be addressed to support the development of social enterprise in Nigeria. Suggestions included:

1. Clearer definition and categorisation of social enterprise as a distinct business form. A legal form for social enterprise could enable social enterprises to access grants from foreign donors and funders more easily.
2. Tax concessions or waivers for social enterprise based on the value to society of the services they provide, while also acknowledging that profits generated by social enterprise are directed to a social purpose.
3. A body to oversee and support the activities of social enterprises in Nigeria, monitor their activities, assess impact, and connect social enterprises to funders, investors and supporters.
4. At the state level, ministries and agencies should foster the role and growth of social enterprise as a tool for social development in each of the states in Nigeria.
5. Social enterprise should be taught in schools as a compulsory course for students both at the secondary and tertiary level to help the next generation understand the contribution these businesses can make to the Sustainable Development Goals, welfarism, volunteering and social impact.
6. Specific programmes designed by the government for the benefit of social enterprise, targeted at improving the growth of the sector.
7. Social enterprise should be given special privileges in public sector procurement to recognise the additional social benefit that they can offer.
8. Social enterprise should have greater access to finance or support that can lead to investment. Social enterprises should have easier access to loans and other types of financial support.
9. Social enterprise awareness and promotion programmes could enable and spread the knowledge of social enterprise as a unique business entity that drives social change.
10. Specific social enterprise business development centres and technical skill support to enable capacity building among social enterprises in Nigeria.



Social enterprise and impact investment

Financing issues remain a major challenge for business, and while Nigeria's investment sector outperforms other West African countries, the investor community is still small relative to the size of the market.

Research suggests there were 28 impact investors, including 20 non-DFI (Development Finance Institution) and eight DFI investors, active in the country in 2015. This rose to 32 in 2019, according to the Impact Investors Foundation (2019).

According to Hanley, Wachner and Weiss (2015), the Tony Elumelu Foundation — funded by one Nigerian's personal wealth — is one of the few significant impact investors which draws heavily from local capital sources. Local investors remain unfamiliar with and, at times, skeptical when it comes to impact investing. Part of this can be explained by low awareness as many observers do not see the practice as significantly different from philanthropy.

Notwithstanding, the various challenges faced by impact investors in Nigeria, there is optimism in some quarters with regard to the investment prospects of the country. Some sectors are often considered high-potential sectors:

Microfinance and other financial services

Microfinance continues to be a focus for impact investors. Existing financial institutions continue to underserve the low-income and rural population, leaving ample room for the establishment of new microfinance entrants, the expansion of existing ones (GIIN, 2015) and extending commercial banks' and other financial institutions' services to different markets.

Agriculture

Agriculture and agro-processing are seen by many as sectors with high potential for both social and financial return through job creation and increased food security, while having strong growth prospects. Despite the sector remaining underdeveloped, with fragmented supply chains and limited support from commercial lenders, agricultural businesses have the opportunity to benefit from high food prices, increased government support, and development agencies' technical assistance.

Fin-Tech (financial technology)

The success of the Lagos-based mobile money business Paga has sparked renewed confidence in the convergence of technology and financial services — a development bolstered by the ambitious 'cashless Nigeria' initiative of the Central Bank, which is aimed at reducing the economy's use of cash by promoting alternative payment systems.

Infrastructure and energy

Nigeria is facing chronic infrastructure problems and energy shortages which, while posing challenges to the development of the country, also provide a huge investment opportunity.

The Impact Investors' Foundation Study on Impact Investing (2019), which built on the GIIN study conducted in 2015, noted a significant increase in the number of non-DFI investors in Nigeria, as well as an increase in the volume of impact investing across diverse sectors since 2015.

Table 5: Examples of investors in Nigeria, including impact investors and related institutions

Name of institution	Organisation type	Location	Social enterprise-related activities
Nigerian Capital Development Fund (NCDF)	Impact investor	Abuja	The NCDF has over 10 years of history delivering strategic financial and social impact programmes in Nigeria. It is a community investment corporation, providing innovative capital solutions and technical assistance to support people, enterprises and communities
Leapfrog	Impact investment	Johannesburg	Leapfrog is a private investment firm that invests in high-growth financial services and healthcare companies in emerging markets. In 2018, the company invested in one of Nigeria's largest pensions administrators, ARM Pensions, capitalising on the opportunity to expand in a vast and under-penetrated pensions market
I&P Afrique Entrepreneurs (IPAE)	Impact investor	Belgium	Dedicated to small and medium enterprises based in Sub-Saharan Africa with financing needs of between €300,000 and €1.5 million. As of 2015, it was supporting more than 20 companies in various sectors, i.e. microfinance, health, agro-industry. In 2020, the organisation I&P added a Nigerian renewable energy startup, Rensource Energy, to its portfolio. Rensource builds and operates off-grid solar-powered micro-utilities in Nigeria. The investment in Rensource is IPAE's first entry into Nigeria, according to <i>Africa Global Funds</i> , a publication covering the African investment space
Acumen West Africa	Impact investor	Lagos	Acumen was incorporated on 1 April 2001 with seed capital from the Rockefeller Foundation, Cisco Systems Foundation and three individual philanthropists. The organisation is focused on transforming the world of philanthropy by looking at all human beings as members of a single, global community where everyone has the opportunity to build a life of dignity. In West Africa, the organisation is offering solutions to ensure opportunity and choice are available to everyone, not just some
Tony Elumelu Foundation (TEF)	Impact investor	Lagos	Established in 2010, TEF is Africa's private sector-led philanthropy championing entrepreneurship and entrepreneurs across the African continent. The foundation's long-term investment in empowering African entrepreneurs is emblematic of Tony Elumelu's philosophy of Africapitalism, which positions Africa's private sector and, most importantly entrepreneurs, as the catalyst for the social and economic development of the continent
Lagos State Entrepreneurs Trust Fund (LSETF)	Trust fund	Lagos	The LSETF was established by the Lagos State Employment Trust Fund Law 2016 to provide financial support to residents of Lagos state, for jobs, wealth creation and to tackle unemployment. The fund has the mandate to directly invest ₦25 billion in helping Lagos residents to grow and scale their MSMEs or acquire skills to get better jobs

GroFin Nigeria	Development financier	Lagos	GroFin focuses on small and growing businesses (SGBs) that are grossly underserved by other funds or financiers. It delivers a unique integrated solution for patient risk capital and end-to-end business support to start-up and growing businesses at the SME base. GroFin has provided funding of more than US \$100 million to Nigerian MSMEs across the country
YouWIN Connect Nigeria	Multimedia programme	Federal Ministry of Finance	The programme aims to promote entrepreneurship, job creation and wealth via enterprise education for young Nigerians. Nigerian entrepreneurs will enhance their productivity through relevant SME development tools. These ventures are promoted by young Nigerians in target sectors that align with the government's objective of diversifying the economy and promoting competition and transparency
African Development Foundation	Impact investor	Washington DC	The US African Development Foundation supports African entrepreneurs, including in Nigeria, by providing seed capital for their businesses. The foundation gives technical support to agriculture, energy and youth-led enterprises. In addition to giving out seeds and funds, they train and monitor progress and growth of businesses. They assist in different phases of the project and offer mentorship platforms for entrepreneurs
Government Enterprise and Empowerment Programme (GEEP)	Empowerment programme	Federal Government of Nigeria	The scheme is established to provide <i>interest-free loans</i> to business owners and artisans in the country. Beneficiaries of the scheme will get between 10,000- and 100,000-naira loans with a one-time 5% administrative fee. About 200,000 Nigerians benefited from the scheme in 2016. GEEP, in addition to four other social investment plans, is one way the federal government aims at helping Nigerians finance their businesses

The Tony Elumelu foundation and Africapitalism

TEF is Africa's leading philanthropic institution focused on supporting African entrepreneurs. Tony O Elumelu, an entrepreneur, businessman and philanthropist who is passionate about the economic development of Africa, created the foundation in 2010. The programme is the Elumelu family's \$100 million commitment to empower 10,000 African entrepreneurs over a period of ten years. The objective is to create at least one million jobs and contribute over \$10 billion in revenue to the African economy. The programme is based on a seven-pillar model, a unique holistic framework of active and comprehensive support for African entrepreneurs, consisting of a start-up business toolkit, digital mentoring, an online resource library, meet-ups, the TEF Entrepreneurship Forum, seed capital, and an alumni network.

Africapitalism, a term coined by Elumelu, is an economic philosophy that embodies the commitment of the private sector to Africa's economic transformation through investments that generate economic prosperity and social wealth. Elumelu suggests that 'the revival of Africa lies in the convergence of business and political action'. Africapitalism is a call to companies to make decisions that will raise economic and social prosperity and foster growth in the societies and nations in which they work. Elumelu argues that such a focus will ultimately help businesses become more profitable as the communities they serve become well-off consumers, healthy and better-educated employees, and even entrepreneurs who go on to become suppliers and service providers.

The principles of Africapitalism are:

- Entrepreneurship: unlock individuals' ability to build and develop their business ideas into successful businesses
- Long-term investments: instead of simply extracting resources, leverage patient capital that creates greater and wider economic value.
- Strategic sectors: investment in sectors that provide financial returns as well as broader economic and social value – agriculture, power, healthcare and finance
- Strategic sectors: investment in sectors that provide financial returns as well as broader economic and social value – agriculture, power, healthcare and finance
- Value-added growth: use local human and financial capital, raw materials and other inputs that create regional supply chains that are longer, more integrated and of higher value
- Regional connectivity: enable intra-regional exchange and trade through the growth of physical infrastructure at national and cross-border levels, and the harmonisation of policies and practices.
- Multi-generational development: focus on innovation and plans for economic growth that generate wealth for generations to come
- Shared purpose: encourage co-operation between companies, entrepreneurs, governments, academia, civil society, philanthropists and institutions for development to create conditions that will enable the African private sector to expand.

The TEF's long-term investment in empowering African entrepreneurs is emblematic of the philosophy of Africapitalism. So far, it has empowered more than 7,531 entrepreneurs across 54 African countries through its flagship entrepreneurship programme.

Incubators and accelerators

While there are a number of incubators, accelerators and workspaces whose activities are geared towards providing support specifically to social enterprise in Nigeria, there are many others which provide services to social enterprises but are not targeted at these specifically.

Most incubators, accelerators and workspaces in Nigeria offer their services to all enterprises alike and without distinction between primarily profit-driven and socially focused organisations. Social enterprises are accessing support and assistance from both.

Table 6: Examples of incubators, accelerators and workspaces in Nigeria

Name of institution	Organisation type	Location	Social enterprise-related activities
Co-Creation Hub (CCHUB)	Incubator and accelerator	Lagos	Established in 2010. Nigeria's first open living lab, pre-incubation and incubation space designed to be a multifunctional, multi-purpose space where work to catalyse new social innovation projects takes place. The CCHUB created what was known as 'Africa's Silicon Valley' and saw the creation of social innovative companies like BudgIT, WeCyclers and Lifebank, among others.
Wennovation Hub	Incubator and accelerator	Abuja, Kaduna, Lagos and Ibadan	Founded in 2010 as an entity under LoftyInc Allied Partners and registered in 2015 as one of the premier hubs in Nigeria. It focuses on building a skilled Africa by inspiring and empowering young and budding African entrepreneurs in social impact sectors including agriculture, healthcare, education, clean energy and social infrastructure.
Ventures Platform	Incubator and accelerator	Abuja and Lagos	A pan-African early-stage fund focused on supporting entrepreneurs, including social enterprise, to grow their start-ups. The company invests in seed and early-stage companies that are operating in markets that have existing positive offline indicators.
LeadPath Nigeria	Accelerator	Lagos	LeadPath is a seed capital fund dedicated to providing short, medium and long term investments for small and medium sized start-ups in high-growth innovation fields such as apps, web and mobile computing. The average investment ranges from \$25,000 to \$100,000 for seed investment and several millions of dollars for follow-on funding series. In addition to this, they offer office space and hands-on business support to a select group of start-ups, in return for 20–40 per cent equity.
Roar Nigeria	Incubator and accelerator	Enugu	Roar Nigeria is hosted within the University of Nigeria Nsukka (UNN) and is the first fully fledged university-embedded technology hub in West Africa. It provides professional support to technology-enabled start-ups, researchers, entrepreneurs and SMEs. Its programmes are designed to develop a new generation of innovators and creators who will provide local technology-based solutions with a global perspective.
Start Innovation Hub	Accelerator	Akwa-Ibom	An innovation lab with business facilities and an all-in-one open space for technology start-ups to leverage Nigeria's strength and capitalise on opportunities in the global economy.
iDEA Hub	Incubator and accelerator	Lagos and Cross River	The Information Technology Developers Entrepreneurship Accelerator (iDEA) Hub provides individuals with training in software development and focuses on developing critical business skills. Entrepreneurs, upon acceptance into the programme, receive a physical workspace, as well as access to shared technical facilities and capital to make their dreams a reality.

SPARK	Accelerator	Lagos	Since its inception, this accelerator has raised millions of dollars to support a portfolio consisting of 12 start-ups. The accelerator offers investments ranging from \$50,000 to \$150,000 and has a track record of helping underdog start-ups come out on top.
Passion Incubator	Accelerator	Lagos	Passion Incubator offers a three-month programme for entrepreneurs. Each round allows five start-ups to participate in an intensive course focused on business growth and development.
Enspire	Incubator	Abuja	Enspire is a technology-centric incubation programme for early-stage start-ups focused on building viable businesses. The programme began in 2013 and has supported more than 200 start-ups and individuals in various economic sectors in Nigeria.
National Board for Technology Incubation	Incubator	6 geopolitical zones	The National Board for Technology Incubation was established by the Federal Government of Nigeria to implement the Technology Incubation Programme (TIP) in all 36 states of the federal government. It is designed to nurture and grow new and small businesses, products, innovations and entrepreneurs by supporting them through the early stages of development.
Box Office	Workspace	Lagos and Abuja	The Box Office is versatile in the range of working options it offers, which include co-working spaces, private offices, virtual office facilities for those not physically present, and enclosed co-working spaces for teams requiring privacy.
CoLab	Workspace	Kaduna	Newly launched workspace which features high-speed internet, creating an environment that allows your natural curiosity to foster learning and inspire creativity and innovation.
Cranium One	Workspace	Lagos	Provides a shared workspace for entrepreneurs and small businesses.
creB Space	Workspace	Lagos	Caters to fin-tech start-ups, providing access to mentors from the Nigerian financial sector. Provides a good working space with a Café Neo outlet.
Deskyard	Workspace	Lagos	Provides a unique environment to increase productivity and creativity. It provides high-speed Wi-Fi, free coffee/tea, air conditioning, etc.
Mutual Workspace	Workspace	Lagos	Mutual Workspace affords an opportunity to work privately in a place free of noise and distractions. Provides access to training to hone the skills of start-ups, no matter the industry.
New Office Africa	Workspace	Lagos	Has many co-working spaces located in strategic locations around Lagos that are free of noise and are suited for business meetings and work purposes.
nHub	Workspace	Lagos	Provides the most conducive co-working environment with high-speed Wi-Fi, swimming pool, Skype room and more.
Terra Kulture	Workspace	Lagos	Offers a restaurant, bookshop, art gallery and co-working space, as well as air conditioning, a stable power supply and free Wi-Fi.
Venia Business Hub	Workspace	Lagos	Offers more than the normal functionalities of a co-working space, with venues for board meetings, training and virtual offices. This hub is better suited to high-level entrepreneurs.



NGOs in Nigeria

There are many NGOs in Nigeria which focus on addressing social needs. Whether based locally or abroad, they are dedicated to driving social change within the communities they operate in. The principle of giving is often related to the faith of both Muslims and Christians alike.

The civil war is also linked to some of the first activities by international donors who provided food and materials to those affected by the war. Also, crises in some parts of northern Nigeria and the situation in the Niger Delta, etc. led to the increased number and activity of local and international NGOs seeking to support efforts to address socio-economic and environmental issues in Nigeria.

Table 7: List of some NGOs in Nigeria.

Name of Institution	Organisation type	Location	Social enterprise-related activities
Youth for Technology Foundation (YTF)	Support	Imo	The YTF Academy helps marginalised, low-income, under-represented, and underemployed youth gain new and innovative skills, education and training.
The Green Generation	Support	Oyo	Trains young secondary school students studying agriculture in farming skills. Effectively contributing to a reduction in youth unemployment, environmental improvement and supporting youth involvement in agricultural production.
Human and Environmental Development Agenda (HEDA Resources Centre)	Support	Lagos	The centre conducts research, policy advocacy, training, as well as citizens' awareness and mobilisation on core human development issues, including agriculture, food security, climate change, human rights, public sector accountability and electoral reform processes.
Accident Prevention and Rescue Initiative	Support	Abuja	The organisation is focused on human development with an emphasis on accident prevention on roads, in the workplace, homes and environment with the ultimate goal of promoting efforts in the safety of lives.
ActionAid International Nigeria	Support	Abuja	ActionAid is a global movement of people working together to further human rights for all and defeat poverty.
Breast Cancer Association of Nigeria (BRECAN)	Support	Oyo	Provides public education to raise breast cancer awareness and improve information, and provides emotional support to newly diagnosed patients and survivors. Built a hope lodge for out-patients and survivors visiting university college hospital for check-ups, and enlisted the participation of communities, including the youth, in breast cancer advocacy.
African Sports Support and Education Trust	Support	Lagos	Promotes the education of sportspeople and supports aged, retired sportspeople.
FATE Foundation	Support	Lagos	Tackling unemployment and poverty in the country through the empowering of emerging entrepreneurs to start, grow and expand on their business.

Business and Professional Women – Nigeria	Entrepreneurship	Lagos	Encouraging and improving sustainable entrepreneurial development among women through research, advocacy, policy reform initiatives, follow-up on implementations, and feedback.
Women's Aid Collective (WACOL)	Support	Enugu	Helping women and adolescents in need, especially those whose human, sexual or reproductive rights have been violated.
Care for Life	Community development	Gombe	Care for Life has carefully crafted a three-year programme that transforms communities by establishing local community leadership and following up with them later.
Caring Hands International (CHI)	Support	Osun	Focus on first aid, screening, assessment, education, prevention, and health maintenance and promotion
Endowment Consortium Foundation	Support	Lagos	Provides a network for endowment information exchange among stakeholders by assisting institutions with fundraising, technical capacity building and supporting them to mobilise more financial support from their alumni and the public at large.
Friends of the Earth, Nigeria	Environment	Edo	Dedicated to the defence of human ecosystems in terms of human rights, and to the promotion of environmentally responsible governmental, commercial, community and individual practice in Nigeria through the empowerment of local people.

Support mechanisms for business

There are a number of business support organisations in Nigeria that provide support and assistance to private businesses. These organisations provide membership benefits, while others seek to provide value by acting as platforms to co-ordinate business activities, promote and protect business interests, and provide new relationships and connections, business ideas, clients and customers, funding support, etc.



Table 8: Industry associations, business advisory bodies, forums and networks in Nigeria

Name of Institution	Organisation type	Location	Social enterprise-related activities
Nigerian Association of Chambers of Commerce, Industry, Mine and Agriculture (NACCIMA)	Policy	Lagos, Abuja	NACCIMA champions the course of business through its advocacy role and influences public policies that promote free enterprise. It also conducts research activities on economic and social issues affecting business and the economy.
Nigerian Association of Small and Medium Enterprises (NASME)	Membership organisation		NASME was registered in 1996 as a business membership organisation (BMO) to co-ordinate and promote the growth and development of the MSME sector of the Nigerian economy. The association provides a forum for interaction, and adoption of a concerted approach to issues of strategic importance to the development of MSMEs.
Corporate Affairs Commission (CAC)	Policy	Abuja	The CAC of Nigeria was established in 1990 via the Companies and Allied Matters Act no 1 (CAMA) 1990 as amended, now on Act cap C20 Laws of federation of Nigeria. It is an autonomous body charged with responsibility for regulating the formation and management of companies in Nigeria.
Small and Medium Enterprise Development Agency of Nigeria (SMEDAN)	Development agency	Across the 6 geopolitical zones	SMEDAN is a one-stop shop for MSME development. Aiming at stimulating, monitoring and co-ordinating the development of the MSME sub-sector while initiating and articulating policy ideas for the growth and development of small- and medium-scale enterprises.
Nigerian Association of Women Entrepreneurs	Membership and association body	Abuja	Run by women entrepreneurs, the association creates a powerful, nurturing environment that facilitates not only business but also personal growth among its members and associates.
Nigeria Entrepreneurs Network	Entrepreneurs Network	Lagos	NEN was established to promote the entrepreneurship development and economic growth of Nigeria. The online platform was launched in 2015, welcoming members from different parts of the world, but government operational approval was finally granted in 2018. Membership of the organisation is open to all Nigerian entrepreneurs, including aspiring entrepreneurs from the age of 18 years and above, as well as foreigners with a validated legitimacy to do business in Nigeria or with Nigerians.
Network of Incubators and Innovators in Nigeria	Entrepreneurs network	Abuja	Supports hubs, start-ups, entrepreneurs and innovation-driven businesses in Nigeria
Global Entrepreneurship Network (GEN)	Forum	Abuja	GEN is a year-round platform of programmes and initiatives aimed at creating one global entrepreneurial ecosystem.
Ashoka Nigeria	Social entrepreneurs network	Lagos	Providing connections to a global network and a platform for people dedicated to changing the world. The organisation is also ideally positioned to identify patterns in social innovation and convene key decision makers from the social entrepreneurship, corporate, public and investment sectors to enable the emergence of collaborative models that can address the most critical societal challenges at large scale.





Education

While a large number of universities offer courses on entrepreneurship in general, only a few institutions are focused on providing social entrepreneurship-related courses. These institutions are seeking to equip individuals with the skills, knowledge and relevant tools to become entrepreneurs in the social space.



Table 9: Tertiary education, research and ecosystem support organisations in Nigeria

Name of institution	Organisation type	Location	Social enterprise-specific courses
National Open University	Tertiary education	Lagos	The university offers a social enterprise-specific course titled Social Entrepreneurship and Community Development, a 400-level 2-credit unit course for students learning about entrepreneurship. The course was designed to equip learners, especially in Nigeria, with basic knowledge/information on the concept of social entrepreneurship and community development
Enterprise Development Center Pan Atlantic University	Entrepreneurship centre	Lagos	Offers an academic course titled Social Sector Management aimed at boosting the existence, development and sustainability of non-profit organisations, NGOs and social sector entrepreneurs working in the fields of health, environment and education. The programme consists of 13 modules to be delivered within 20 days (10 class days and 10 online days) for 4 months. These modules include Introduction to social sector management, Regulatory, legal and tax, Proposal writing and Leadership.
International School of Management	Business school	Lagos	Offers a postgraduate certificate in social entrepreneurship and innovation. This course provides an alternative approach to community development by promoting the implementation of innovative and useful approaches in resolving social issues (consisting of market mechanisms)
LEAP Africa	Non-profit	Lagos	LEAP offers a year-long fellowship, the Social Innovators Program and Awards (SIPA), which covers different aspects of society, including agriculture, youth empowerment, education, science and technology, health, law, and human rights. The year-long fellowship programme provides training and skills support to young social innovators and concludes with an award ceremony to exhibit and celebrate talented young social innovators under the age of 35 whose ideas and initiatives offer innovative and effective solutions to challenges in local communities across Nigeria
Social Enterprise Academy (SEA)	Educational and capacity development institution	Lagos	SEA is an innovative institution that specialises in the study of social enterprise, entrepreneurship and innovation. It provides participants with a realistic and enlightening approach to social enterprise, entrepreneurship, creativity, co-operatives, social impact, and investment. It is built for individual and organisational participants, including businesspeople, students, charities, social enterprises, and those in the public sector

Promoting entrepreneurship education

In 2007, the Nigerian University Commission (NUC) issued a directive making entrepreneurship education (EE) for undergraduates mandatory for all Nigerian universities beginning in the 2007–08 academic year (Nwite, 2009). According to Okafor and Onyishi (2013), some of the strategic goals set for EE in Nigerian universities include:

- promoting entrepreneurship consciousness
- addressing the poverty and unemployment problems of the country
- providing new knowledge and spread of expertise, leading to the delivery of excellence in the field of entrepreneurship
- providing the students with ample opportunities/a favourable environment for hands-on training that will enhance their self-confidence in the world of entrepreneurship
- enhancing the university's contribution to society by sharing best practices with the wider community through networks and collaborations
- developing linkages with the commercial world, e.g. industry, and research centres for assistance in spin-offs, licensing and consultancy
- co-ordinating with all centres of excellence for the development of multifunctional skills
- empowering people (students).

Table 10: Relevant policies for social enterprise

Policy Type	Policy Name	Detail of relevance to social enterprise (<i>Note: no current policy directly supports social enterprise</i>)
Education	Entrepreneurship Education in Nigerian Universities	In 2007, entrepreneurship education for undergraduates was made mandatory in all Nigerian universities starting from the 2007-08 academic year.
Finance	The Nigerian Microfinance Policy	Enhance the access of micro-entrepreneurs to financial services required to expand and modernise their operations to contribute to rapid economic growth.
Regulation	SMEDAN Act of 2003	Promote the development of the MSME sector of the Nigerian economy.
Strategy	National Policy on MSME	Create, nurture and promote the necessary conditions for the growth and development of MSMEs.
Tax	Section 23 (1) of CITA	All NGOs and nonprofits are generally tax exempt, provided they do not have profits derived from any trade or business.

Sources: *EaJournals*, *SMEDAN*, *National Bureau of Statistics*, *Federal Inland Revenue Services*

Study findings



Social enterprise definition and criteria in Nigeria

In the Nigerian context, social enterprise does not have any legal definition. However, individuals attracted by the terminology and model and the experience of other countries are making a case for social enterprise as a unique business type in Nigeria. In their own words, they tend to define social enterprise as an organisation that is created to solve a societal problem while being profitable to remain sustainable. This means that there is a strong link between the profits, the goals of the business, and the development of the community or society in which they operate.

Profits generated are put back into the business to ensure its continuous operation in making a social impact. These businesses differ from traditional non-profits in the sense that they are set up primarily to solve a social problem using a business approach.

They are also different from conventional for-profits due to the fact that profits generated are reinvested into the business rather than shared among shareholders.

Stakeholders suggested that criteria that define social enterprise in Nigeria may include:

- being self-sustainable
- being independent of the government
- established to solve social problems
- not profit-oriented
- impact-focused
- using business methods and not depending solely on external grants and funds to carry out their activities.

A social enterprise is an organisation that is designed to improve some kind of ill or wrong while being profitable because it needs to be sustainable.

Social enterprise survey samples

The survey data was collected in two phases:

FIRST SURVEY

Dec. 2019 - Jan. 2020

A total of 140 organisations completed the survey and



112 (80%) ORGANISATIONS

were classified as social enterprises for the purpose of the study (See Table 1).

About 28 organisations were eliminated from the first survey, 15 were eliminated due to receiving more than 75 per cent of their income from grants, 16 due to prioritising profits above social impact and 6 due to sharing profits with owners and shareholders.

SECOND SURVEY

Dec. 2020 - Jan. 2021

A total of 785 organisations participated and after applying the social enterprise inclusion criteria,



403 (51%) ORGANISATIONS

were classified as social enterprises for the purpose of the study

Some 382 organisations were eliminated from the second survey. Of these, 42 were eliminated due to receiving more than 75 per cent of their income from grants, 87 due to prioritising profits above social impact and 253 due to sharing profits with owners and shareholders. (Some were removed on the basis of not meeting more than one of the criteria.)

The aim of the second survey was to boost the samples of the first and consider the impact of the covid-19 pandemic, thus enhancing the credibility of our findings.

Figures 1 and 2 depict the total number of survey respondents per social enterprise criteria in each of the two phases.

Organisations that placed social/environmental mission above or alongside profit-making

Organisations with less than 75% of income from grants

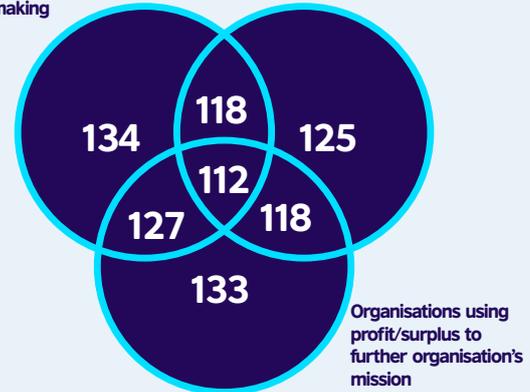


Figure 1: Inclusion criteria applied to Phase 1 respondents

Organisations that placed social/environmental mission above or alongside profit-making

Organisations with less than 75% of income from grants

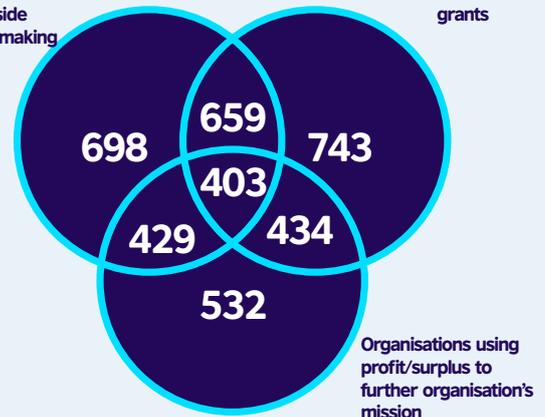


Figure 2: Inclusion criteria applied to Phase 2 respondents

Merging and separation of samples

One critical driver of the second survey was the intention to measure the impact of Covid-19 on the activities of social enterprises in Nigeria, as well as to explore the strategies enterprises are taking to mitigate the challenges they face.

Having two samples allowed us to run a comparative analysis to understand the impact of the pandemic by identifying any significant differences between the first and second. Generally, there were very few significant differences between the two samples.

Where discrepancies did exist, they were often more likely a result of differences in the nature of the samples than the impact of the pandemic (e.g. a greater focus outside of Lagos in the second sample). On the whole, we therefore decided to merge the data of both samples.

In some specific areas, however, discrepancies may well be linked to the pandemic. For example, the

number of social enterprises that made a loss in the previous financial year in the first sample was lower than those which made a loss in the more recent year in the second sample. This is likely to be a result of the impact of Covid-19 but could feasibly also be linked to other differences in the nature of the two samples.

Where the impact of Covid-19 is even more apparent is in the differences in the growth plans and barriers among social enterprises during and after the pandemic. These we can more confidently attribute to the disruptions caused by the pandemic.

As well as seeking to understand the impact and changes caused by Covid-19, we also wanted to understand the types of support that businesses have been receiving from the government, associations or networks in light of the pandemic. Additional questions were added to the second survey tool accordingly.

In the following pages, we have identified in the graphs and charts where data has been combined and where it has been separated, and where data was only sought from the second sample.

Self-identified social enterprises

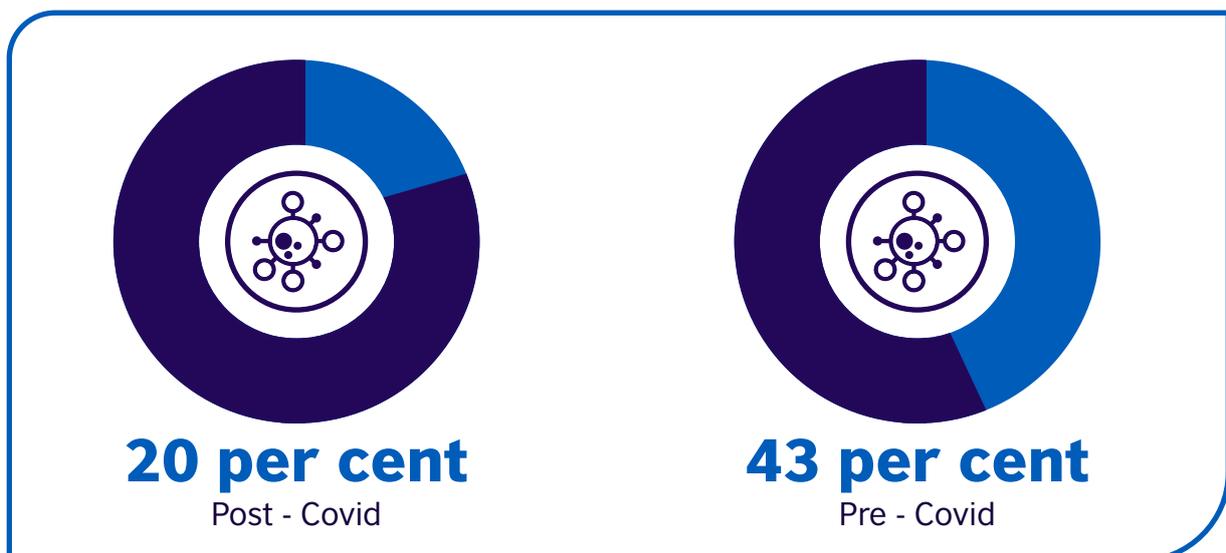


Figure 3: Percentage of self identified social enterprises in phase 2 and phase 1.

During the first survey, a total of 43 per cent of respondents identified their organisations as social enterprises, while 20 per cent did so during the second survey. Overall, 25 per cent of organisations self-identified as social enterprises. This tells us that familiarity with and support for the term 'social enterprise' in Nigeria are quite common but not yet enough for most organisations meriting the social enterprise label to recognise themselves as such.

Leadership

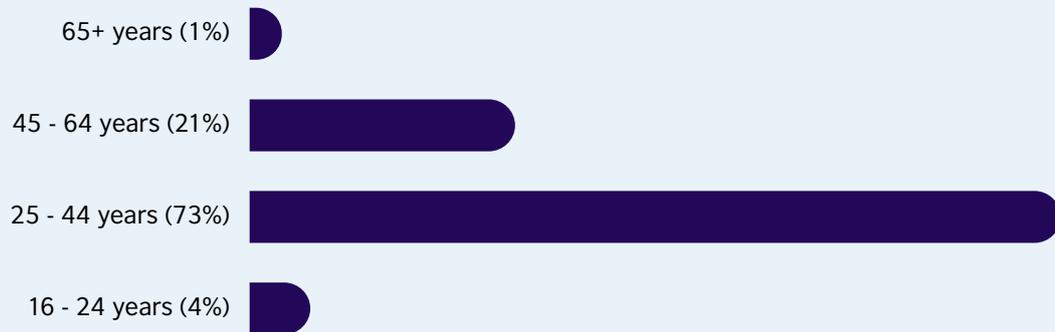


Figure 4: Age of current leaders of social enterprises (combined data)

Both sets of data confirm that social enterprises in Nigeria are driven by young people. Around 73 per cent of social enterprises are led by people between the ages of 25 and 44.

This is similar to the age distribution of entrepreneurs in mainstream businesses in Nigeria, where individuals between 25 and 33 are the most common owners of mainstream businesses in the country (39 per cent), followed closely by those aged 34 to 41 (26 per cent).

Both sets of data also confirm that fewer social enterprises are led by individuals aged 45 to 64 (21 per cent), and only a few are led by those over 65 (one per cent) or between 16 and 24 (four per cent).



Figure 5: Gender of current leaders of social enterprises (combined data)

Social enterprises in Nigeria tend to be led by men. In our first cohort of respondents, 64 per cent of social enterprise leadership positions are occupied by men. In the second cohort, 70 per cent of social enterprises are led by men. Overall, 69 per cent of social enterprises in Nigeria are led by men.

This is similar to wider patterns of business ownership in Nigeria, where men are in the majority when it comes to business ownership (at 63 per cent) compared to women (36 per cent).

This is linked to the patriarchal nature of society where men are more often characterised as leaders and given more support to take on leadership roles, while women are often expected to take care of children and households.

Years of operation

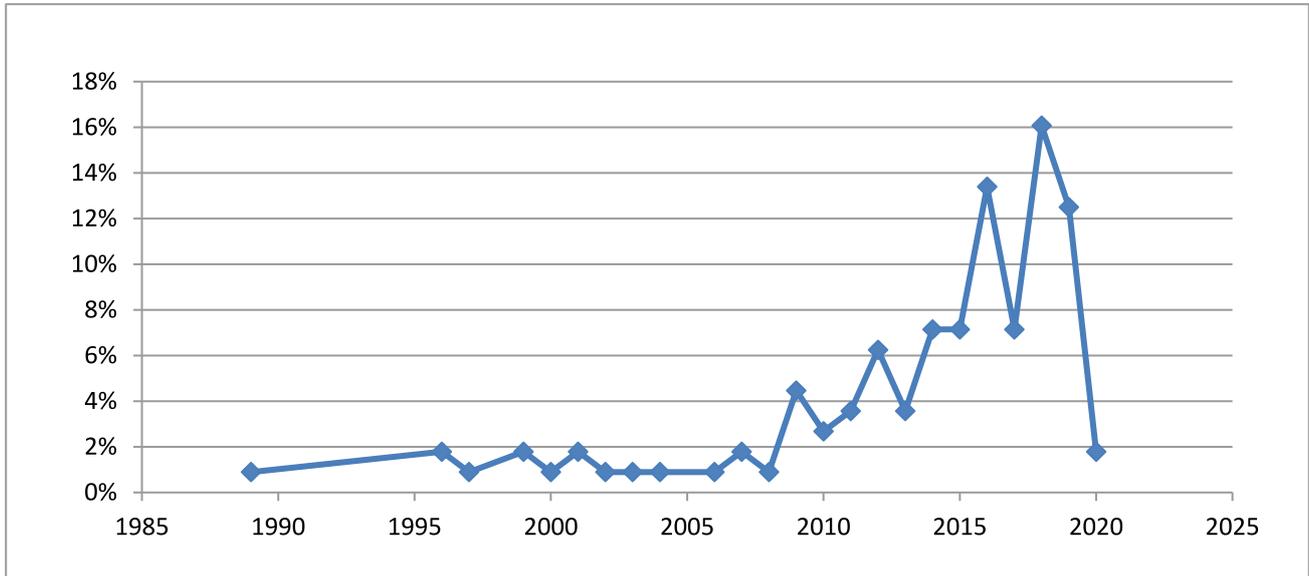


Figure 6: Percentages of social enterprises starting up across time (Phase 1)

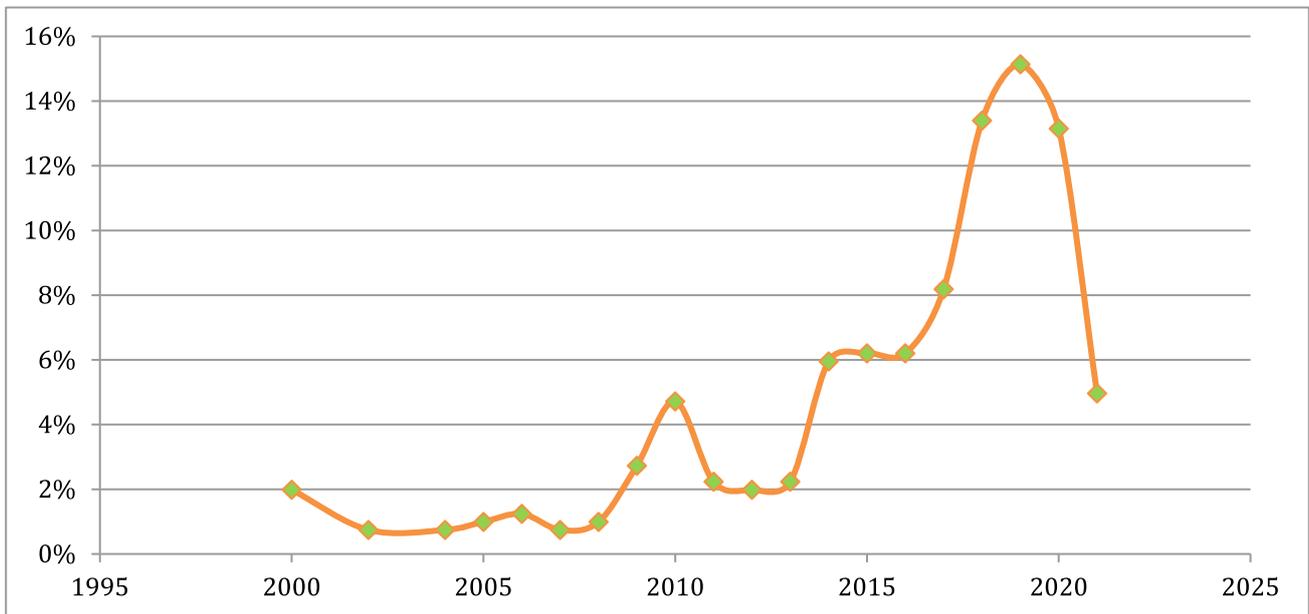


Figure 7: Percentages of social enterprises starting up across time (Phase 2)

Social enterprise is a growing movement in Nigeria. The number of social enterprises starting up in Nigeria has been growing since the 1980s, followed by a faster increase from 2009. We see a similar picture in the cohort sampled after the emergence of Covid-19. Seventy-two per cent of all the social enterprises we surveyed have been set up since 2014 and 43 per cent since 2018. This analysis reflects the findings of Idemudia (2012) and Kerlin (2010) that Nigeria is still in the early stages of the development of social enterprises. The increased growth of social enterprises is mostly in the employment, skills and education sectors.

More widely, the total number of micro-enterprises in Nigeria grew by 12.1 per cent from 2013 to 2017, while small enterprises grew by 4.6 per cent in the

same period. So this apparent growth of social enterprises is part of a wider movement of start-ups across the country.

Both samples show a significant increase in the number of social enterprises in 2018. According to the annual African Tech Startups Funding Report 2018, 210 start-ups secured US\$334.5 million worth of investment that year, with Nigeria emerging as the premier investment destination on the continent. While the digital and technological space only accounted for seven per cent of new social enterprises in 2018, based on our sample, the notable increase in social enterprises during this time may still be tied to a more general increase in business and investment confidence.

Location

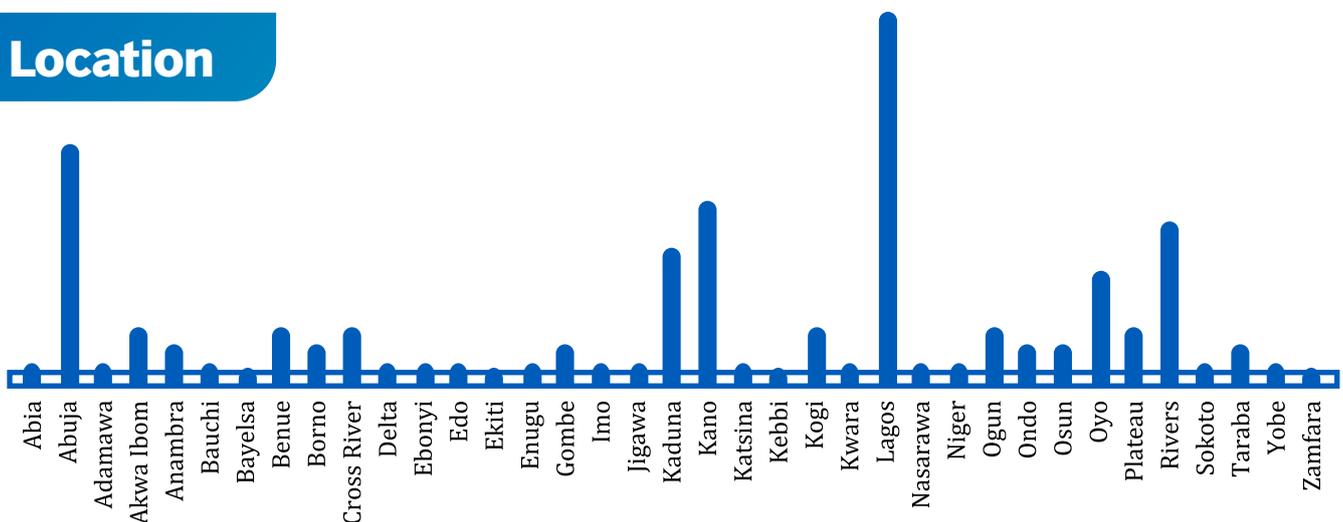


Figure 8: Where social enterprises are based or registered (combined data)

Lagos state has the highest concentration of social enterprises in Nigeria. The combined samples show that 18 per cent of social enterprises are based in Lagos, followed closely by Abuja (13 per cent), Kano (eight per cent) and Rivers (seven per cent).

Findings from our qualitative research imply that it is much easier for social enterprises to access investors, hubs, donors and funders in Lagos than other states. There is also a higher level of security, infrastructure, skilled manpower and resources that exist in the city compared to elsewhere in the country. The relative concentration of social enterprises in urban cities is not a surprise, given access to resources.

However, Lagos has over 60 per cent of industrial and commercial activities in Nigeria, so it seems that social enterprises may actually be less concentrated in the city than businesses more widely. This would suggest that social enterprises are also operating in rural communities to better serve a wider mix of beneficiaries. It is also worth noting the potential bias of this study whereby social enterprises in cities were more easily reached than those in rural communities.

Furthermore, based on our discussions with social enterprises, a number of social enterprises find it easier to set up offices in cities in order to be closer to opportunities and resources while conducting their operations in rural areas.

'Our operations are mainly on the outskirts of Abuja and in Kaduna so we can meet, but in terms of actually getting the right team to work for you it's better to have a base in the major city. In Abuja you get access to donors and funders, but things don't move as fast and there is not as much innovation as in Lagos.' - self-identified social enterprise, female, Abuja.

Geographical reach



Figure 9: Geographical area where social enterprises operate (combined data)

Both samples show that social enterprises are working across several states or in one state (50 per cent). Other social enterprises are operating at the local (20 per cent), national (18 per cent) and international (12 per cent) level. Our findings from the qualitative research detail that some social enterprises set up their offices in cities while carrying out their social activities in less urban and rural communities. This may indicate the reason behind operating across several states.

Legal form



Figure 10: Legal form of social enterprise (combined data)

Social enterprises in Nigeria take a range of legal forms. Currently in Nigeria there is no distinct category for companies to register themselves as social enterprises. Of the legal forms available in Nigeria, as seen from our merged sample, private limited company was the most commonly used (37 per cent), followed closely by sole proprietorship (30 per cent).

The private limited company is one of the most common forms of registered businesses in Nigeria creating a separate legal entity, separate from its owners and shareholders. From our findings in the qualitative research, some owners and leaders of social enterprises in Nigeria state that they prefer registering as a for-profit form, because they are able to target investments and generate investment funds. They feel this can be beneficial, while the downside is that they are not able to access grants from donors and funders.

Sole proprietorship, on the other hand, is also a popular form of business in Nigeria, relatively easy to establish and less formalised.

Social enterprises are also registered as companies limited by guarantee, a not-for-profit legal form. In the merged sample, about 13 per cent of social enterprises are registered under this legal form.

Social enterprises that are registered as non-profits are able to access grants from funders. In addition, they are not subject to tax as organisations, only their employees are taxed. However, the assets of these organisations are considered to be held in public trust, so that in the case of liquidation, the law expects a transfer of ownership to another organisation that carries out similar functions and in the same line of business. Social enterprises registered as non-profits are not always able to access the same investment opportunities (e.g. equity finance) as those registered as private limited companies.

'Being registered as a limited by guarantee, because of the nature of the registration some organisations tend to want to support the work because they understand you are not for profit and you are not going to take their money and run away.'
- self-identified social enterprise, female, Port Harcourt.

Area of focus

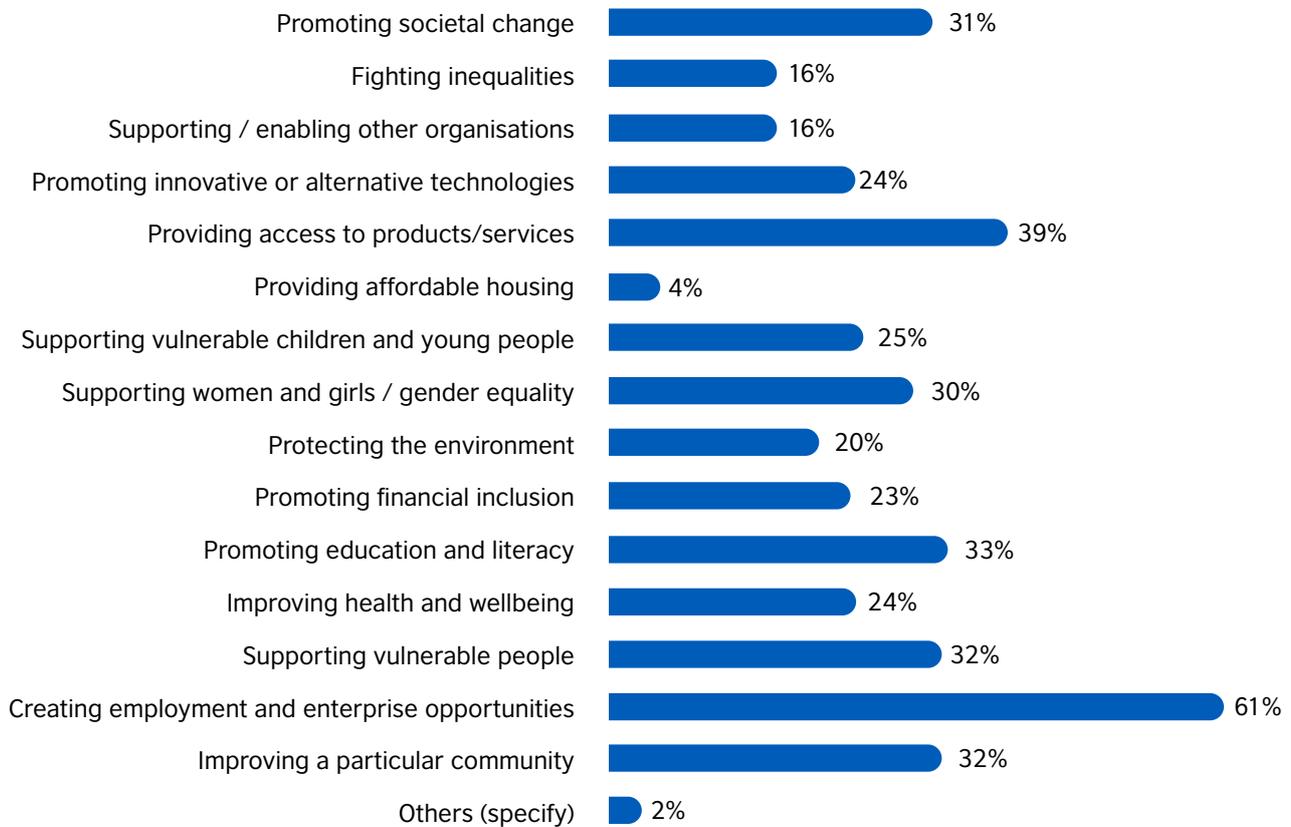


Figure 11: Social enterprise objectives (combined data, multiple responses allowed)

Social enterprises are currently creating social value by providing innovative solutions towards tackling social issues and challenges in the country. The issue of unemployment and low number of entrepreneurs seems to be a main concern for social enterprises. The merged samples show that the activities of social enterprises are often geared towards creating employment and enterprise opportunities (61 per cent).

Nigeria's unemployment numbers jumped by nearly 30 per cent in 2018 to 16 million, according to a November 2018 report by the NBS and another two million were expected to be unemployed by the end of the year. According to the NBS Labour Force Survey, a more recent report, Nigeria's unemployment rate was 27 per cent in the second quarter of 2020, four percentage points higher than the 23 per cent reported in the third quarter of 2018.

Other areas where social enterprises are helping to resolve social issues are:

- access to products and services (39 per cent)
- education and literacy (33 per cent)
- supporting vulnerable people (32 per cent)
- improving a particular community (32 per cent)
- promoting societal change (31 per cent).

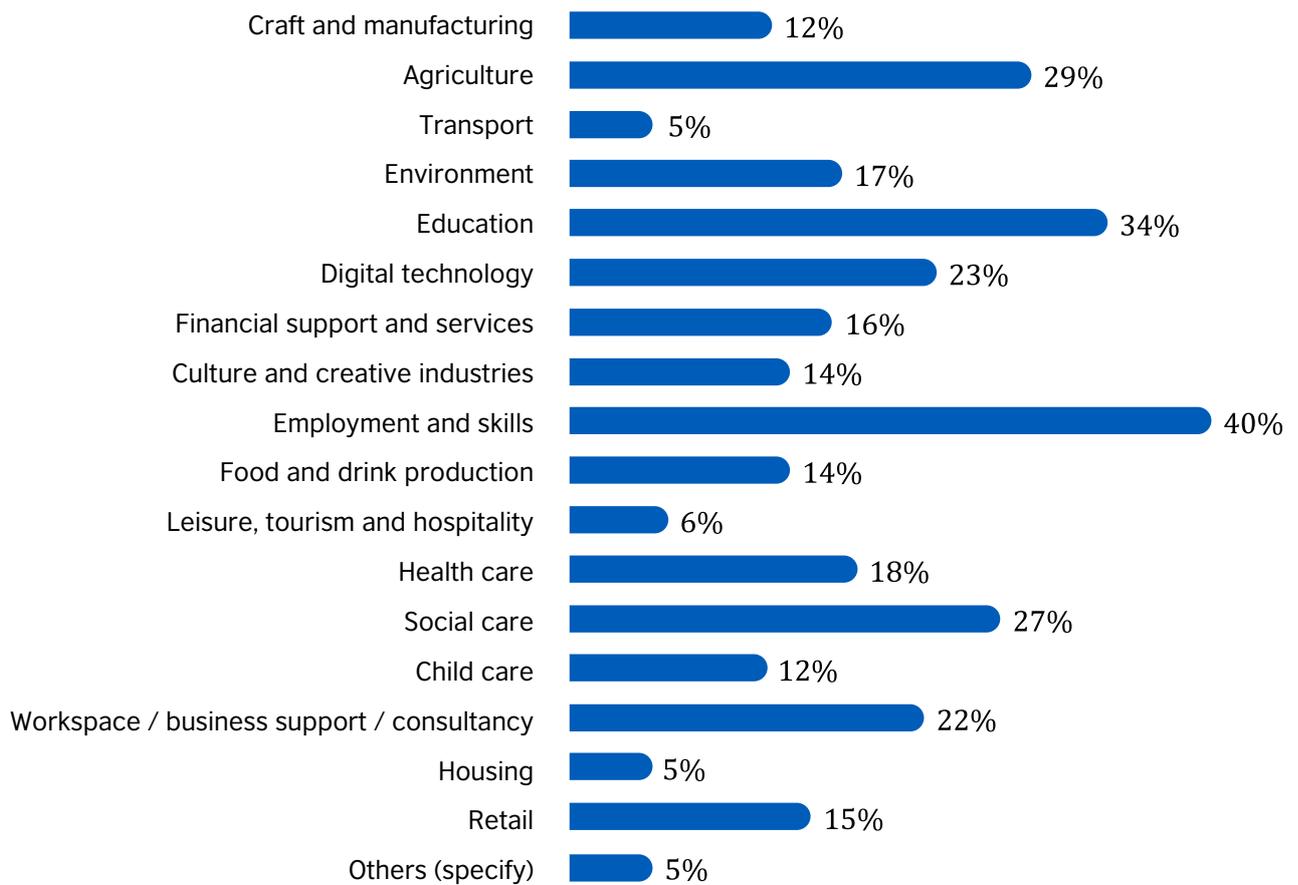


Figure 12: Social enterprise sectors (combined data, multiple responses allowed)

Social enterprises are working in every sector of the Nigerian economy.

In line with the data on objectives, the employment and skills sector is one of the leading sectors where social enterprises operate. From our combined data, 40 per cent of social enterprises are in the employment and skills sector.

Social enterprises also play a significant role in:

- education (34 per cent)
- agriculture (29 per cent)
- social care (27 per cent)
- promoting societal change (31 per cent).

Case study: MindTheGap and Andela

Social enterprises in the employment and skills sector

MindTheGap is currently tackling the issue of unemployment by enhancing the skills of Nigerian youths by providing free digital certification training. The organisation has so far trained more than 160,000 young people in digital skills. Many young people have been able to build an online presence for themselves and for their own personal businesses, create content, and understand web design, user experience, social media and digital advertising.

The core mission of the company is to digitise every sector of the Nigerian economy. The organisation trades by providing human resource solutions to the private sector.

Andela invests in some of Africa's most talented software engineers to help companies solve the technical talent shortage and build high-performing distributed engineering teams. The organisation seeks to bridge a gap, solving the tech talent shortage while catalysing the growth of tech ecosystems on the African continent.

Over the past four years, Andela has identified and hired applicants to work as full-time distributed team members from their tech campuses in Lagos, Nairobi and Kampala.

Leveraging a data-driven approach, the company builds high-performing engineering teams with Africa's top developers to help companies build better products, faster.



Table 12: Percentage of social enterprises by sector and gender of leader

Sector (total % in sector)	Female-led		Male-led	
	First sample	Second sample	First sample	Second sample
Retail (5%)	33%	31%	67%	69%
Housing (2%)	25%	29%	75%	71%
Workspace/business support/consultancy (7%)	35%	25%	65%	75%
Childcare (4%)	43%	27%	57%	73%
Social care (9%)	53%	25%	47%	75%
Healthcare (6%)	44%	25%	56%	75%
Leisure, tourism, hospitality (2%)	0%	16%	100%	84%
Food and drink production (5%)	33%	18%	67%	82%
Employment and skills (13%)	37%	25%	63%	75%
Culture and creative industries (4%)	50%	22%	50%	78%
Financial support and services (5%)	38%	25%	62%	75%
Digital technology (7%)	21%	31%	79%	69%
Education (11%)	38%	21%	62%	79%
Environment (5%)	31%	21%	69%	79%
Transport (2%)	40%	33%	60%	67%
Agriculture (9%)	17%	28%	83%	72%
Craft and manufacturing (4%)	60%	31%	40%	69%
Others (2%)	33%	31%	67%	69%

These tables help demonstrate where social enterprises are working in traditionally male-dominated sectors and where they are not, and how that affects the leadership of these businesses. From our first sample, social enterprises in the craft and manufacturing sector (60 per cent) and social care sector (53 per cent) are more often led by women than men. An equal proportion of female- (50 per cent) and male-led social enterprises (50 per cent) are currently operating in the culture and creative industries. In our second sample, women-led social enterprises were less prominent across all sectors.

Nevertheless, data from the second sample shows that even in sectors more traditionally associated with women such as social care and childcare, male leadership remains pervasive.

When data from the two samples is combined there are no sectors in which female-led social enterprises outnumber male ones. The closest is in the craft and manufacturing sector where 44 per cent of enterprises are led by women, but this sector accounts for only four per cent of the combined sample.

Beneficiaries

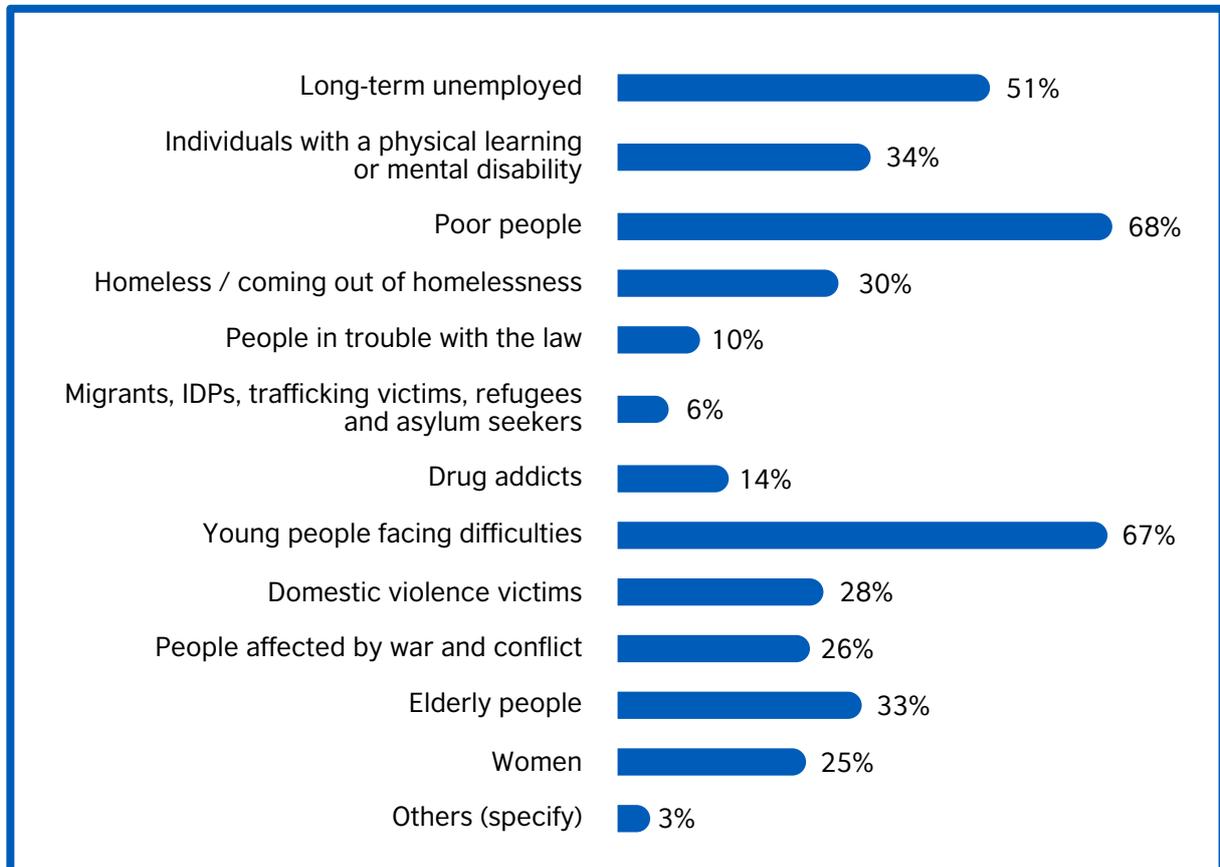
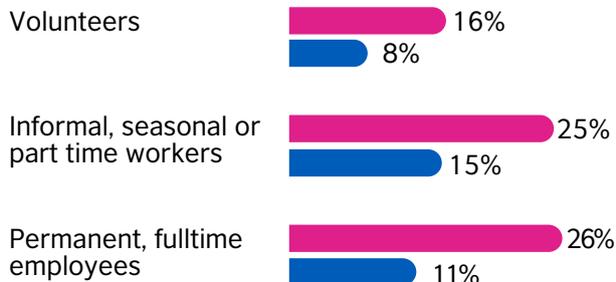


Figure 13: Individual groups benefiting directly from social activities (combined data, multiple responses allowed)

The merged samples show that social enterprises in Nigeria are working heavily to assist young people facing difficulties (67 per cent) and poor people (68 per cent). Other target groups of beneficiaries include individuals facing long-term unemployment (51 per cent), individuals with physical, learning and mental challenges (34 per cent), older people (33 per cent), etc. in employment and skills, education, agriculture, and social care, among other sectors.

Job creation

Phase 1



Phase 2

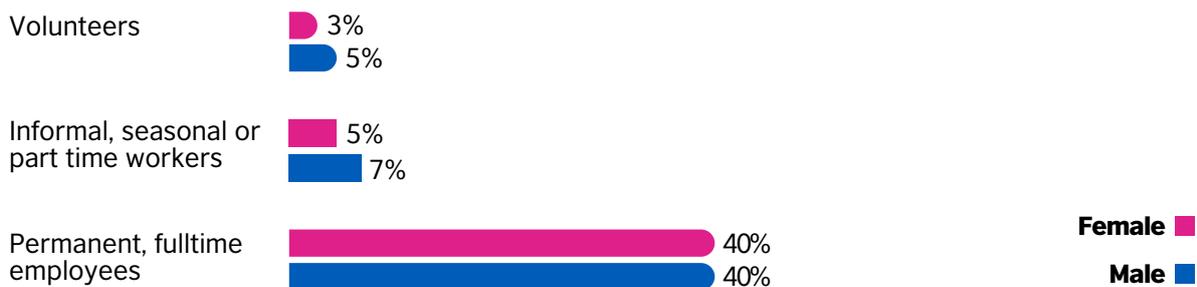


Figure 14: Percentage of employees by role type and gender

Social enterprises in Nigeria are helping to bridge the gap of gender inequality in the workplace, often engaging and employing the services of women. In total, social enterprises reported 58 per cent of permanent full-time employees were female.

In our first sample, 26 per cent of workers were female full-time employees and 11 per cent were male full-time employees. Females made up 25 per cent of part time employees while the males were about 15 per cent, and 16 per cent were female and eight per cent male volunteers. This is quite different from the second sample, where we see equal numbers of female and male full-time employees (40 per cent) and far fewer workers in the informal/seasonal/part-time and volunteer categories.

The proportion of full-time employees appears to be higher in the second sample than the first sample. Also, a drop in the number of seasonal employees and volunteers is apparent in the second sample when compared to the first sample. It is as though the pandemic affected the demand for part-time and volunteer workers while more full-time workers were recruited to work remotely. We cannot verify this assumption and can only suggest that the difference in the results of both samples is due to the pandemic rather than a difference in the nature of the samples.

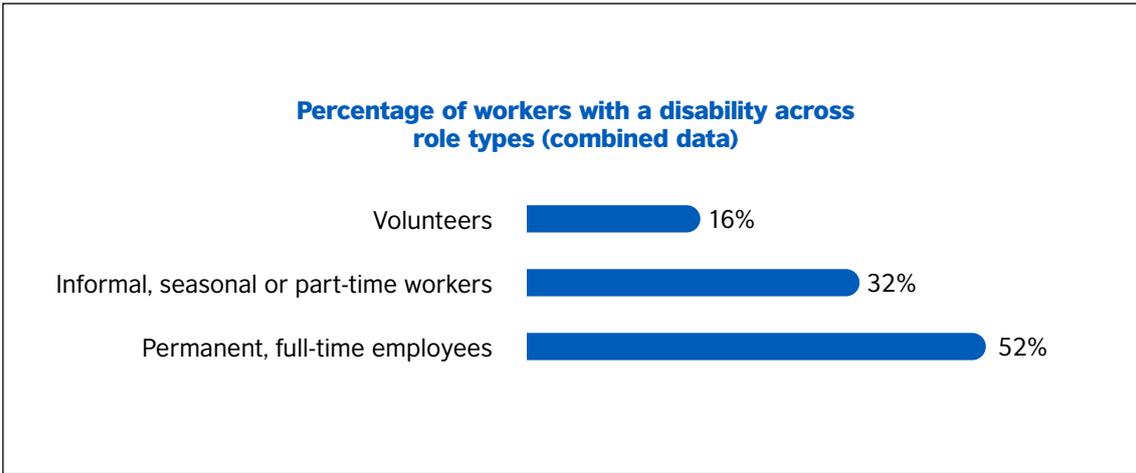


Figure 15: Percentage of workers with a disability across role types (combined data)

Across the two samples, a low proportion of workers are disabled. The highest proportion can be found in the permanent, full time category, where 52 per cent of workers are disabled.

Turnover and profit/surplus use

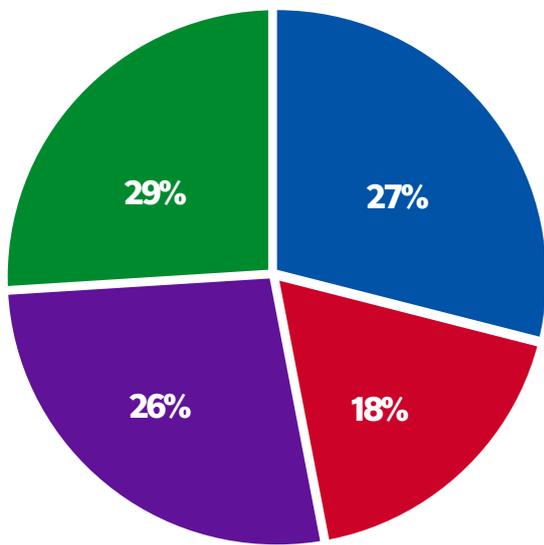


Figure 16: Profit and turnover – percentage of social enterprises making a profit or loss in the past year (Phase 1)

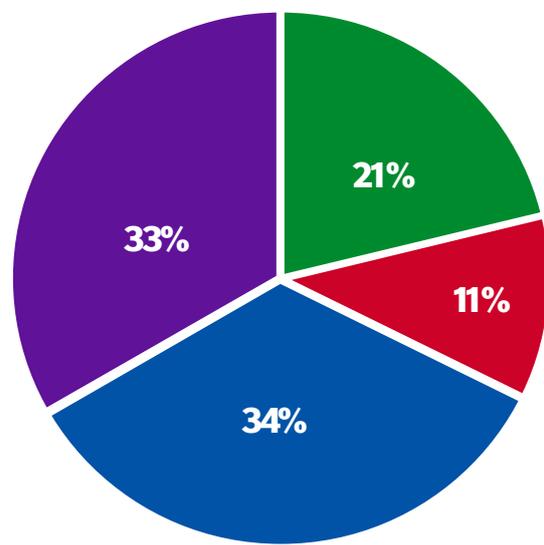


Figure 17: Profit and turnover – percentage of social enterprises making a profit or loss in the past year (Phase 2)

■ Broke Even ■ Don't Know ■ Made a Loss ■ Made a Profit/Surplus

Across both samples, over half of social enterprises in Nigeria are making a profit or breaking even. In the first sample, 26 per cent of social enterprises stated that they made a loss over the last financial year.

In the second sample, 33 per cent of social enterprises made a loss over the most recent financial year (compared to 26 per cent in the first sample). This reflects wider business conditions since the pandemic. A global study by Social Enterprise UK and the British Council reported that two-thirds of social enterprises are running different businesses now compared to before the Covid-19 crisis, and seven per cent have had to close their services or provisions temporarily. On the other hand, our second sample also highlighted an increase in the proportion of social enterprises reporting a profit/surplus from 27 per cent to 34 per cent. In our first sample, 29 per cent of male-led social enterprises made a profit compared to female-led social enterprises at 23 per cent. A similar number of female- (28 per cent) and male-led (25 per cent) social enterprises made a loss.

In Nigeria, women are sometimes constrained by gender-specific factors (household-related demands, the contexts in which they operate, their assets) which influence the decisions they make. There is also a vast gender gap of 39 per cent when it comes to the profits earned by male- and female-led small and medium enterprises in Nigeria (Gender Roles and Inequalities in the Nigerian Labour Market, 2019). Although, it seems this gap is less prevalent among social enterprises.

Growth plans and barriers



Figure 18: How organisations plan on achieving growth over the next years (Phase 1, multiple responses allowed)

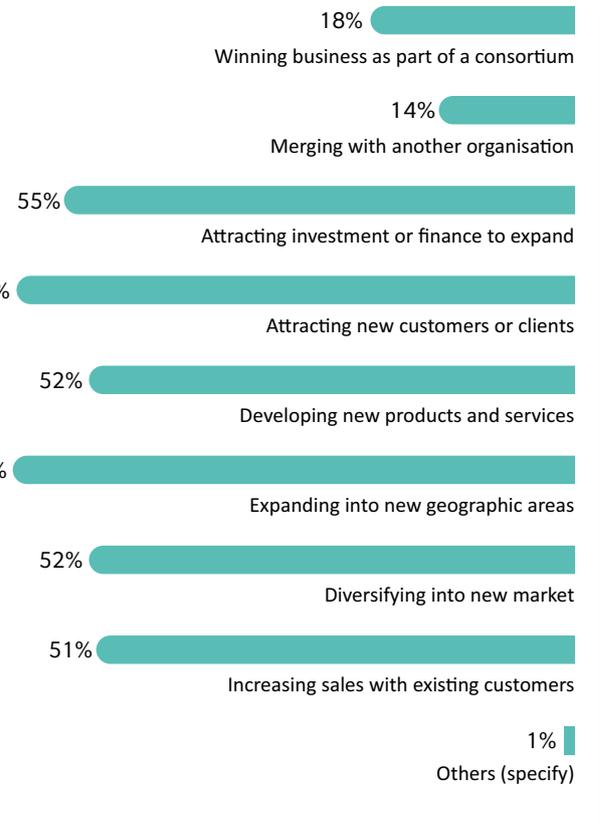


Figure 19: How organisations plan on achieving growth over the next years (Phase 2, multiple responses allowed)

Social enterprises in Nigeria have diverse plans for growth. They are adopting new measures and tactics to achieve growth in the future. In our first sample, strategies for the 2020 financial year mostly involved attracting new investment and finance to expand (54 per cent), developing new products and services (51 per cent), expanding to new geographical areas and regions (47 per cent), and attracting new customers or clients (45 per cent).

In our second sample, strategies among social enterprises for 2021 mostly included planning to expand into new geographic areas (60 per cent), attracting new customers and clients (59 per cent), attracting investment and finance to expand (55 per cent), and developing new products and services and diversifying into new markets (both 52 per cent).



Figure 20: Barriers to growth (Phase 1, multiple responses allowed)

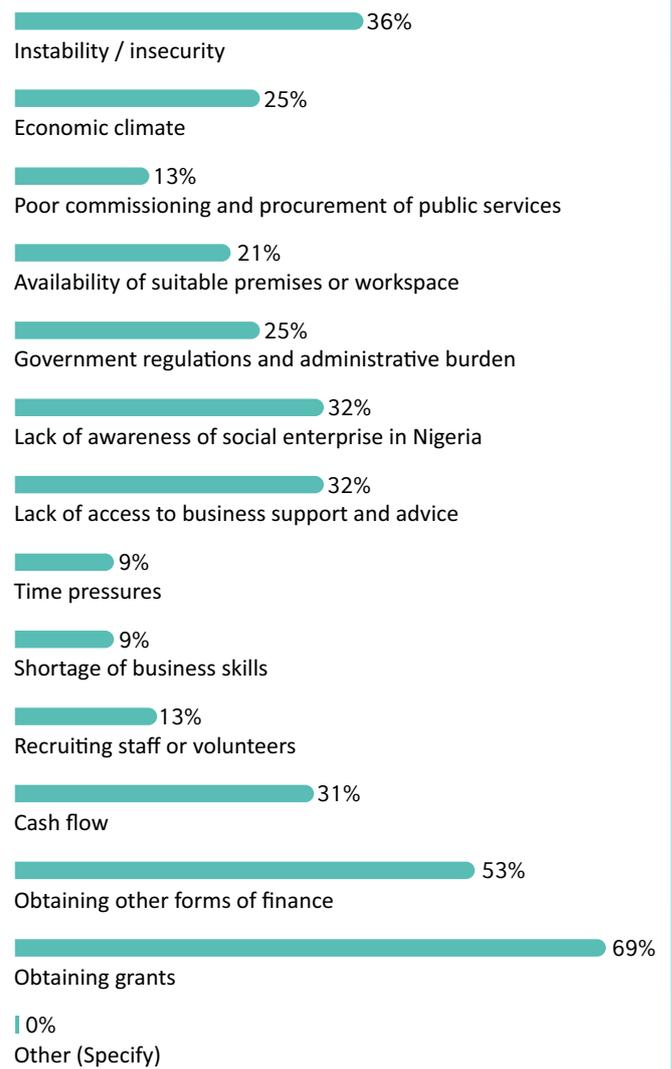


Figure 21: Barriers to growth (Phase 2, multiple responses allowed)

The biggest barrier faced by social enterprises in Nigeria is obtaining grants, as seen in both our first sample (58 per cent) and second sample (69 per cent). Combined data suggests that 68 per cent of social enterprises identified obtaining grants as a barrier and 49 per cent identified obtaining other forms of finance as a barrier.

Based on our findings in the qualitative phase of the study, it is clear that donor organisations and grant providers have diverse conditions and processes with regard to how their grants and investments can be accessed. Requirements may relate to the track record of the organisation, details of past work that they have done, audited accounts and registration certificates, a strong financial model, and more. For start-up social enterprises, accessing grants may be more difficult. Those with greater access to international donors and funding seem to be those with foreign partners or co-founders.

'When trying to access grants, you have to apply. It takes a lot of energy, it takes a lot of time and then you have to write a compelling letter. Sometimes they would ask you for your audited account, registration, and then you just fill out the form as required.'

- self-identified social enterprise, male, Port Harcourt.

Finance is a major problem for SMEs in Nigeria. However, the problem is not so much about sources of the funds, but accessibility. Western countries' strategies for development can often emphasise a role for civil society with significant donor resources directed to NGOs. Nigerians have responded by creating many NGOs designed to tap into and control these resources. These resources can be manipulated, using the most desperate and marginal in Nigeria's large impoverished population as cover.

Social enterprises reporting difficulty in accessing grants is likely linked to mistrust that has been built in donor organisations and consequent criteria and requirements for funding.

In our first sample, other barriers include:

- obtaining other forms of finance (32 per cent)
- cash flow (24 per cent)
- lack of awareness of social enterprise in Nigeria (24 per cent).

In the second sample, other barriers include:

- obtaining other forms of finance (53 per cent)
- instability/insecurity (36 per cent)
- lack of awareness of social enterprise (32 per cent)
- lack of access to business support and advice (32 per cent).

Finance sources and constraints

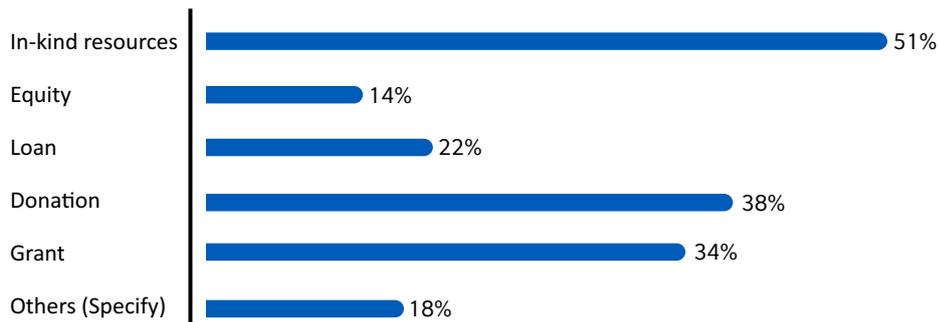


Figure 22: Sources of funding and finance (Phase 1, multiple responses allowed)

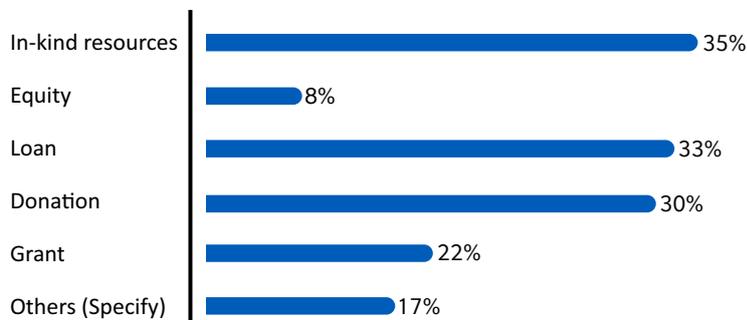


Figure 23: Sources of funding and finance (Phase 2, multiple responses allowed)

In the first sample, a significant proportion of financing and funding for social enterprises in Nigeria comes from in-kind resources (51 per cent) and donations (38 per cent). In the second sample, a significant proportion of funding and finance for social enterprises in Nigeria comes from in-kind resources (35 per cent), loans (33 per cent) and donations (30 per cent).

From our findings during the qualitative research, it seems that the low level and numbers of impact investors in the country pose a challenge when it comes to social enterprises' ability to access finance. Hence social enterprises tend to rely more on their personal income, friends and family, and return of investment to fund their business.

Many social enterprises in our first sample had access to grants and funds from international donors (34 per cent). In the second sample, social enterprises also had access to grants and funds from donors and agencies, although slightly fewer (22 per cent). Access to grants is more often available to social enterprises in urban communities rather than rural communities, partly due to their ability to quickly access information and fewer grant opportunities that specifically target rural-based enterprises.

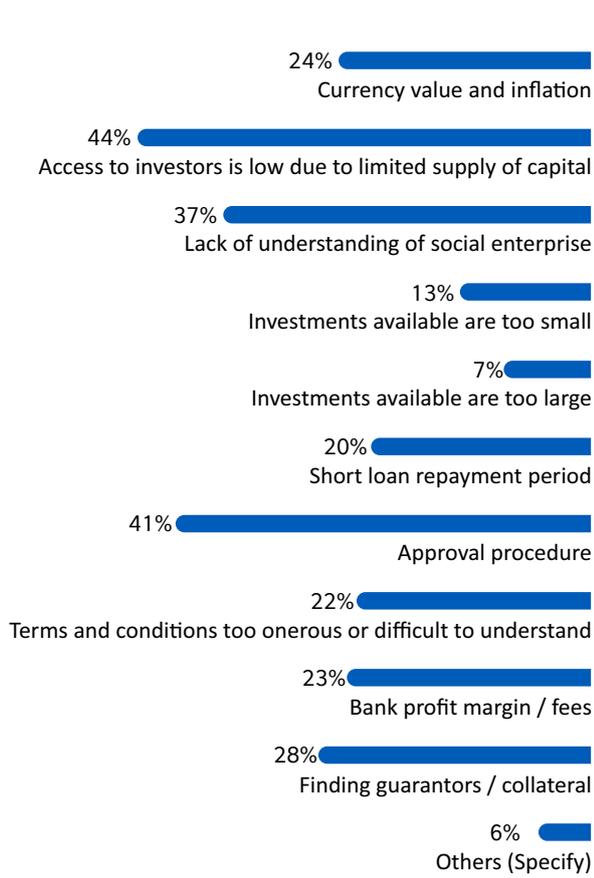


Figure 24: Top three financing constraints (Phase 1, multiple responses allowed)

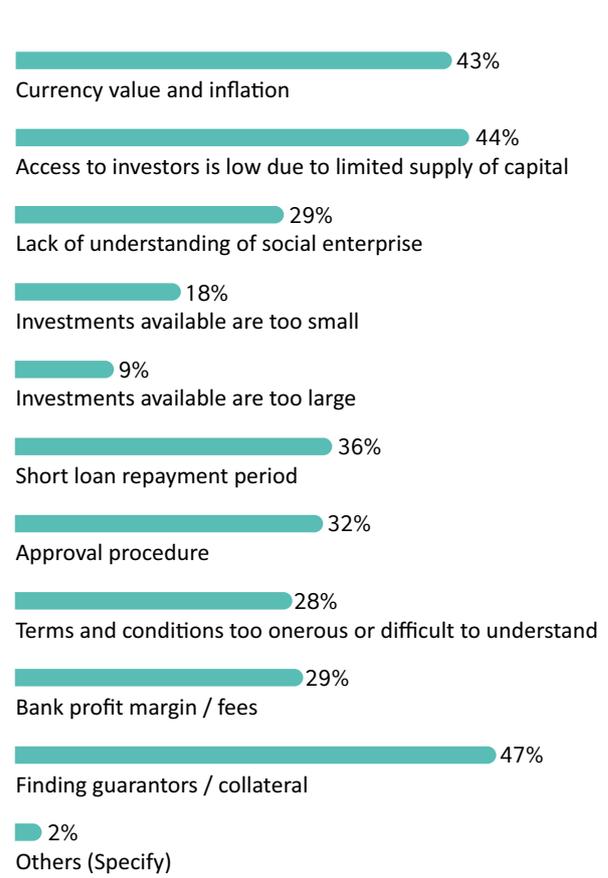


Figure 25: Top three financing constraints (Phase 2, multiple responses allowed)

In the first sample, poor access to investors due to limited supply of capital, approval procedures and lack of understanding of social enterprise were the top three constraints limiting social enterprises in Nigeria from gaining access to finance. In the second sample, during Covid-19, social enterprises were having difficulties in finding guarantors/collaterals, accessing investors and dealing with currency value and inflation.

Many enterprises are unable to access both short-term and long-term loans in Nigeria. Some barriers for all SMEs include the lack of adequate collaterals and credit information, stringent conditions set by financial institutions, and the cost of accessing funds. Most Nigerian banks do not support start-ups and even existing businesses don't have the required collateral. For SME operators that go through non-conventional banks, the high interest rate is often a hurdle.

Impact of Covid-19

To understand the impact of Covid-19 the second survey asked additional questions. This data is based on 403 respondents to the second survey (December 2020 – January 2021).



Figure 26: Percentage of organisations that have and have not received support in light of Covid-19

Social enterprises in Nigeria rarely receive assistance and support to mitigate the impact of Covid-19. An estimated 80 per cent of social enterprises stated that they have not received any type of support for their businesses.

The remainder have received some form of support through training programmes (28 per cent), network membership (20 per cent), mentoring or coaching (19 per cent), relatives and acquaintances (15 per cent), etc.

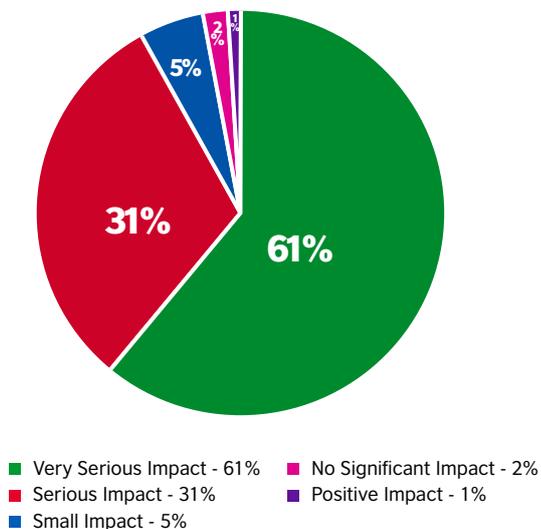


Figure 27: Extent to which Covid-19 has affected business operations

Although comparison of the first and second sample data does not always point to a significant difference, additional questions suggest that the pandemic has had a significant effect on the business operations of social enterprises in Nigeria. Around 92 per cent of social enterprises have been negatively affected as a result of the pandemic.

Nigeria’s GDP has been significantly exposed to Covid-19 shocks. Lockdowns and movement restrictions in Nigeria and globally have halted or hampered many commercial and government activities, reduced demand for oil, decreased remittances by Nigerians living overseas, disrupted supply chains across sectors, and limited household consumption.

The Covid-19 pandemic has presented new challenges to businesses, disproportionately affecting smaller and less efficient firms across all industries. Increased working capital requirements coupled with liquidity constraints, reduced access to forex for imports, logistics disruptions at ports and in interstate transport, and rising insecurity in the North has strained the operations of many organisations. Many businesses are being forced to downsize operations, retrench workers, and reduce compensation.

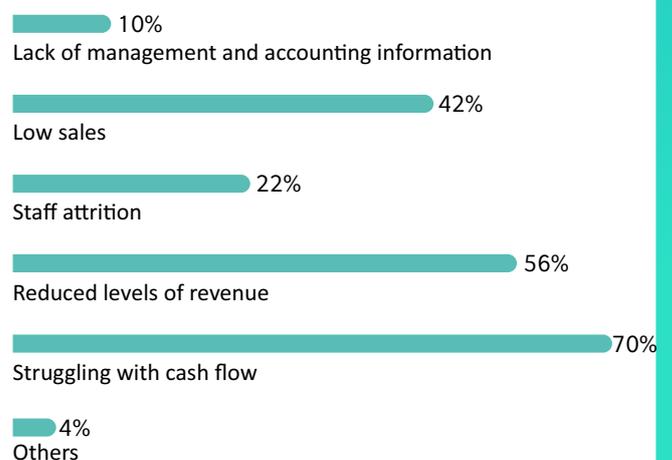


Figure 28: Challenges faced as a result of Covid-19

As a result of the pandemic, a lot of social enterprises are facing cash flow issues (70 per cent). Reduced levels of revenue is also a major challenge (56 per cent).

Findings from a survey conducted by FATE Foundation and BudgIT on the impact of Covid-19 on MSMEs across the 36 states in Nigeria show that 94.3 per cent of businesses recorded negative results during the pandemic principally in the areas of cash flow, sales and revenue. This suggests social enterprises are faring similarly to, or better than, business more widely during the pandemic. The British Council and Social Enterprise UK's report, Innovation and Resilience, explores this more widely.

To tackle the issue of low revenue and cash flow, social enterprises are looking to family and friends for funding (31 per cent), diversifying from their core businesses (25 per cent) and obtaining loans (24 per cent).

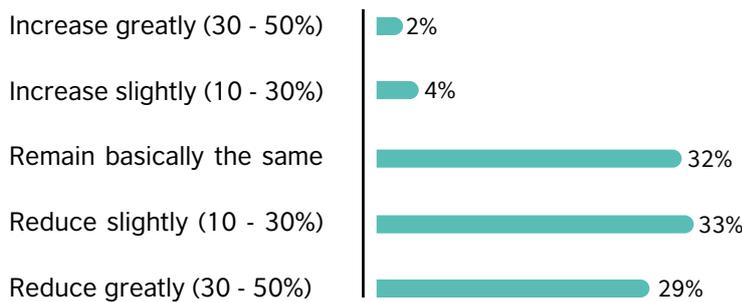


Figure 29: Changes in employment figures since the beginning of the pandemic

Some social enterprises are cutting costs to keep the operational flow and continuous running of their businesses. This is sometimes done by enabling a slight reduction in the number of their workforce (33 per cent) or significant downsizing of their staff (29 per cent), However, at the same time, many social enterprises are also weathering the storm without reducing employment of their workforce (38 per cent).

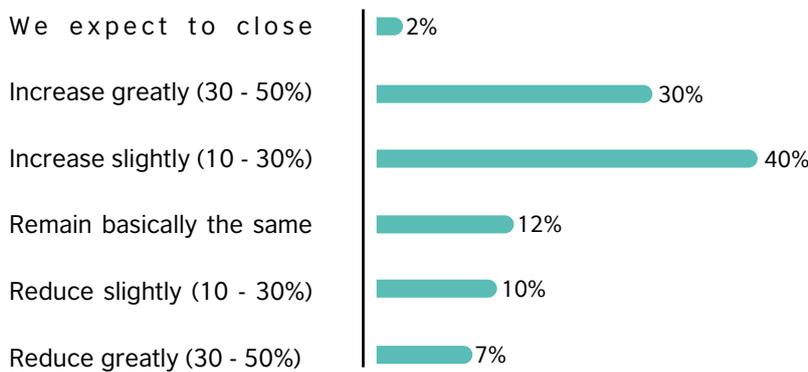


Figure 30: Future growth expectations around social enterprises' income in the next 3-6 months

Despite the negative effects of the pandemic, some social enterprises are optimistic about the future prospects of their businesses. Around 40 per cent of social enterprises expect a slight increase in their incomes and 30 per cent of social enterprises are anticipating a greater upscale of their income within the space of 3-6 months.

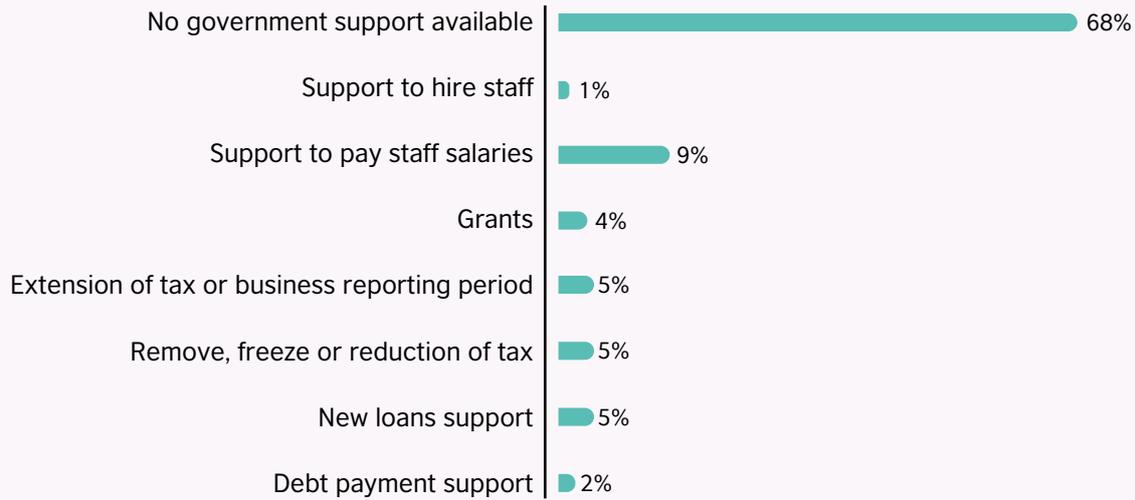


Figure 31: Types of government support received during the pandemic

Social enterprises are lacking government support during the pandemic. More than half the social enterprises have not received any type of support from the government.

The Federal Government of Nigeria through the Central Bank introduced an N50 billion targeted credit facility (TCF) as a stimulus package to support households and MSMEs affected by the Covid-19 pandemic (CBN, 2020). Some have suggested that corruption and mismanagement of funds may be to blame for the perceived poor implementation of the programme.

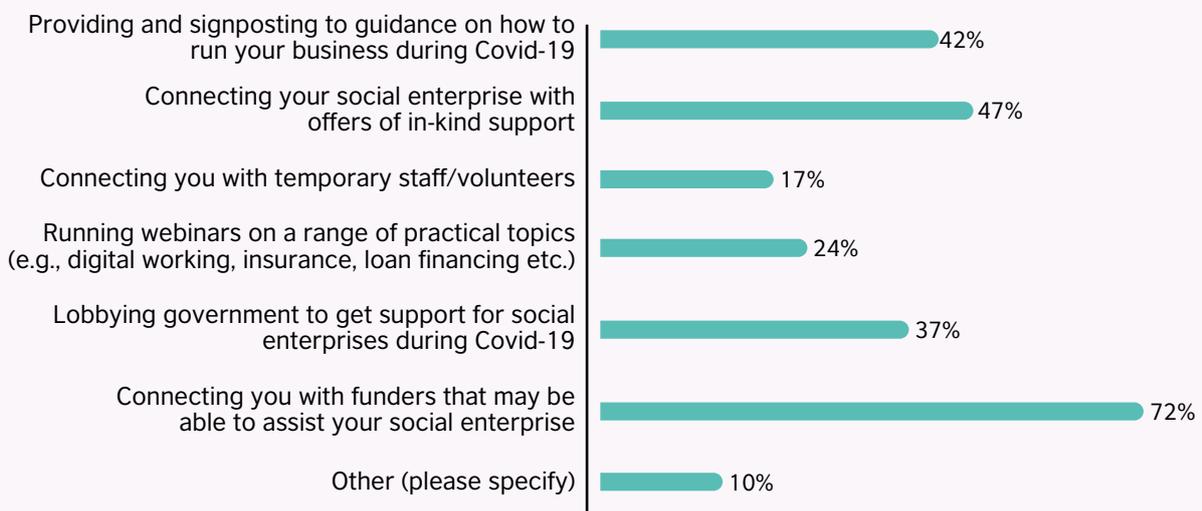


Figure 32: Type of support needed

At this time, social enterprises are seeking to connect with funders (72 per cent), connect with offers for in-kind support (47 per cent), get guidance on how to manage their businesses during Covid-19 (42 per cent), and lobby for government support (37 per cent).

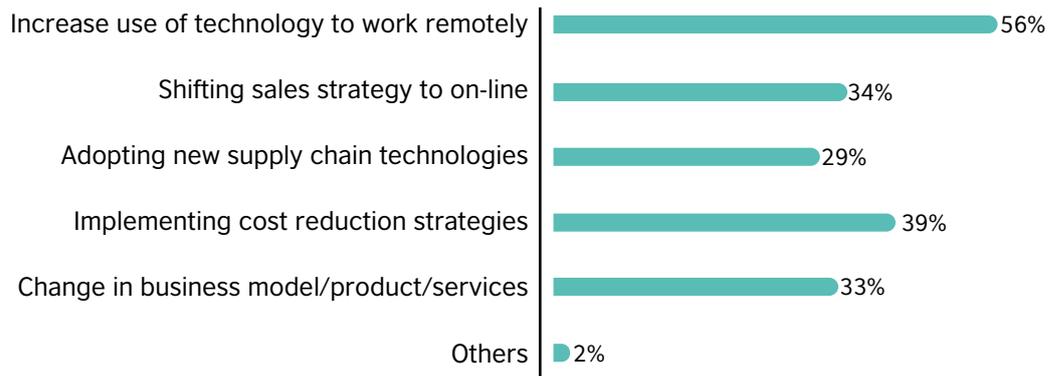


Figure 33: Mitigation strategies during the pandemic (multiple responses allowed)

Social enterprises are adopting innovative approaches to ensure the continuous operation and existence of their businesses by increasing the use of technology to work remotely (56 per cent), implementing cost reduction strategies (39 per cent), and shifting sales strategies to online (34 per cent).

Conclusions

Our research suggests that social enterprise is an emerging and growing phenomenon in Nigeria. Social enterprises in Nigeria are often led by young people and are operating across different sectors in the economy, with potential for growth and expansion.

However, social enterprises also face challenges which are currently hindering their growth and ability to reach their full potential. The low level of awareness of social enterprises as a vehicle for societal growth and development extends from these businesses themselves to the wider public and to the government of the country. There are no specific policies that recognise social enterprise in Nigeria.

Challenges also include questions around legal forms, where social enterprise leaders have to choose between registering their business as a private limited company to enable them to access investment opportunities or a more conventional non-profit model, which enables them to apply for and receive grants from donors and tax concessions from the government. As is the case in many other countries, this is a significant challenge for social enterprise founders in Nigeria.

There is also an absence of policy supporting and promoting social enterprise-related courses within educational institutions and universities. This holds back awareness and understanding of social enterprise among the general public and social enterprise leaders themselves. Familiarity with the term 'social enterprise' is relatively low, even among those whose businesses meet the definition of social enterprise used in this study – only 25 per cent of our total sample identified as social enterprises.

The leaders of social enterprises in Nigeria are often men. Although this reflects trends among businesses more widely, social enterprises are often seen as an important player in addressing gender inequality, so this is where further progress can be made. As there are more female full-time workers in the sector than male, this suggests the solution may be in staff development, training, promotion and appointments at a senior level.

Many social enterprises are established in urban areas, linked to the large number of opportunities and resources. Yet a greater proportion are based in rural communities than across the business community

more widely. Social enterprises in rural areas may benefit from greater support and connections to their urban counterparts to help them access more resources and opportunities. We hope that further studies can explore social enterprises in rural areas in greater detail.

Many social enterprises are working to address unemployment and increase skills. Despite some successes, this is still a major challenge for Nigeria, as a recent study by the NBS puts the unemployment rate in Nigeria at 27 per cent. Social enterprises could be a vital part of the solution.

Obtaining grants and other forms of finance is a major difficulty and challenge for many social enterprises in Nigeria. In their early stages social enterprises often rely on in-kind resources and donations from family and friends to finance their operations. From our discussions with stakeholders, it is clear that the process of applying for and obtaining grants can be quite rigorous, and indeed onerous. Depending on the source of the grants or funds, criteria differ between donors, and access to funds is not always evenly distributed. For instance, it is often expected that social enterprise has a strong financial model while also being innovative in solving a social problem. So, accessing grants can be difficult for start-ups. It also appears that most social enterprises with access to international donors and funding are those with foreign collaborators or co-founders.

Access to finance can be crucial for the sustainability and growth of social enterprises in Nigeria. Government could take steps to help sustain the growth of social enterprise based on the value of the services they provide. This could build on existing policies led by the federal government to support banks to make loans to MSMEs operating in specific sectors.

Finally, the negative impact of Covid-19 on social enterprises in Nigeria is quite significant. Social enterprises, like other businesses, are struggling to stay afloat as a result of the pandemic. Cash flow is often a challenge. However, while the federal government has made provisions for affected MSMEs to receive stimulus packages as a means of ensuring their survival and business operations, no specific financial provisions have been made for social enterprises affected by Covid-19.

Recommendations

Social enterprises have much to offer Nigerian society – addressing poverty, unemployment, gender discrimination, hunger and more. Social enterprises can often develop innovative approaches to help solve these problems, supporting growth, sustainable development and inclusion in communities and society more widely. The following recommendations are intended for the government, funders and

Government

Government can be an important enabler of business, a market shaper, customer and investor. It also sets the rules of the game. The role of government, both at the federal and state level, can be crucial to the growth of social enterprise. We recommend the Nigerian government considers specific policies and laws that will support the development and expansion of social enterprise.

- Government should co-produce with social enterprises a more formal definition and categorisation of social enterprise as a legitimate form of business in Nigeria. This should include the option for adjustments to existing legal forms, new models of registration, or even new legal forms which take into consideration the uniqueness of social enterprises as a type of business driven by impact rather than profit. In light of their social and/or environmental contribution to society, adjustments should make it easier for social enterprises to combine access to investment opportunities and grants from donors and funders.
- Government should consider the specific tax circumstances of social enterprises and explore potential concessions or waivers for social enterprises due to the services they provide and value they generate for society, and profits reinvested in the mission.
- At the state level, social development ministries and agencies should foster the role and growth of social enterprise as a tool for social development in each of the states in Nigeria.
- Government can take steps to help more finance flow to social enterprises. Existing government schemes and bank lending programmes should be reviewed to ensure their accessibility for social enterprises. Specific social enterprise funds should be considered to address specific barriers facing social enterprises, such as around providing collateral and guarantees.
- In the advent of an economic or social crisis, the interest of social enterprises should be taken into consideration when preparing any stimulus or welfare packages for MSMEs and other existing organisations.

Donor agencies and funders should:

- ensure their strategic plans give equal access to social enterprise start-ups and those operating at the rural level to bid for grants and investment funds alongside their urban counterparts
- build evidence around the specific needs of social enterprises and develop financial products accordingly
- explore options for collaboration between investors and governments/philanthropists to combine grant and returnable finance and lower risks for investing in social enterprises
- work with education providers and capacity builders to support longer-term pipeline development and ensure new cohorts of investable social enterprises emerge.

Social enterprises themselves should:

- promote, train and develop female staff members to support the development of women leaders
- form a network or association body that will foster collaboration among social enterprises where they can come together to connect, share their experience and create more social impact together
- work together to raise general awareness of social enterprise through campaigns.

Universities, schools and colleges should:

- introduce social entrepreneurship as a course for students at both secondary and tertiary levels to build awareness and understanding of social enterprise in Nigeria and promote greater enthusiasm and capacity for students to build their own such businesses
- support social enterprise business development centres to provide technical skills support and capacity building.

Incubators and accelerators should:

- create more social enterprise-specific programmes alongside their more 'mainstream' business offers
- promote better understanding of social enterprise models among all businesses by supporting development of products and services which benefit communities.

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Appendix 1: Outreach events and workshops

Stakeholders' workshops were held in Lagos and Abuja as part of an integral strategy towards ensuring the successful implementation of the social enterprise mapping study. The workshops involved the enablers, influencers, gatekeepers and decision makers that make up the social enterprise ecosystem in Nigeria, who provided well-informed ideas and insights. The workshops were expected to:

- provide a broad knowledge of who exactly the actors in the ecosystem are
- define the questions that were to be asked during the survey and interview stages
- help create a robust database of stakeholders by building on the contact lists of attendants, their referrals and network.

The Lagos workshop took place at Impact Hub, 7A Milverton Road, Ikoyi on 2 October, 2019. The Abuja workshop took place at the Fraser Hotel, 294 Leventis Close, Wuse on 3 October, 2019.

One of the challenges faced during data collection was getting individuals to participate in the survey disseminated through several online channels. To increase the level of participation, the survey was incentivised in such a way that it would motivate individuals within our target sample to willingly take part. These incentives included an automatic invitation to the validation and dissemination workshop of the social enterprise mapping study. During the qualitative interviews, we also had challenges with getting respondents to the respective venue locations due to busy traffic and the busy schedules of participants. Some interviews had to be cancelled at the last minute, especially in Lagos state.

A validation workshop was held in Lagos state on 6 February, 2020 at the Lagos Continental Hotel to validate the findings of the mapping research exercise. This was intended to enable us to build evidence and data that would enhance understanding of the sector space, what gaps exist and the intervention(s) required to fill those gaps. Part of the consensus reached during the validation workshop was the need to build on the sample size of the survey to lend more credence and depth to initial findings.

Appendix 2: Interviewees and consultation workshop participants

Name	Organisation
Orinayo Ayodele	Impact Hub Lagos
Meghan Curran	Acumen West Africa
Jacob Henry	Atlas Initiative
Yemisi Bamishile	CREM
Femi Balogun	LEAP Africa
Ifeyinwa Egwaoje	Ashoka Africa
Habeeb Gbenle	LoftyInc Allied Partners Limited
Adeola Alafia	EDC, PAU
Jackie Ugokwe	Andela
Emma Anyagwa	CREM
Asiegbu Adaora	Afro-Tech Girls
Anataku Precious	Steam Africa Initiative
Balogun Habeeb	Atlas Initiative
Damilola Ogundipe	BudgIT
Davies Okeowo	Enterprise Hill
Kene Ikebuaka	EDC
Paulinus Ihebuzor	CREM
Tiro Ovakporie	Slum2school
Oluwatoyin Emmanuel Olubake	Acumen West Africa
Halima Rabi	EDC
Abosede Alimi	Lagos State Employment Trust Fund
Blessing Onwudiwe	WAGARC
Florence Akinyoade	Buider (NIOB0)
Louisa Ogwura	The Next Economy

Halimah A Rabo	ITF Abuja
Dr Asangansi	Ehealth4everyone
Nafisa Ahmed Waziri	Abuja Enterprise Agency
Attah Samson	Aviion Hub
Obasioko	Women in Africa Initiative for AIDS Initiative
Nkum	Kingsland Foundation
KC	American Football
Israel Ikyumior	SMEDAN
Rajuno Bassey Ekat	Wennovation Hub
Jackie Ugokwe	Andela
Lamide	Ventures Platform
Diamond Hope Kingston	Cowrywise
Ujam Nonye	Central Bank of Nigeria
Chetachi	Youth for Technology
Teinye	Ko-work Nigeria
Success Thompson	Start-UP Grind
Harry	Havids Center
Ibinabo	Creative Hubs
Ibinaiyé Wale	Softtellect ICE Hub
Bruce Lucas	Olotu Square
Munachi	RootHub
Bliss Amadi	Our Lady of Fatima College
Peace Henry	OPM Free Specialist School
Nkiruka Mba	All Saint Catholic Nursery and Primary School
Lizzy Best	Saint Peters Nursery and Primary School
Egomere Wallson	Save a life mission hospital
Oboma-Ala Ibibo	Society for sustainable community development

Obinna Fidelia	Immanuel Clinic
Nkeiruka Samuel	St Vincent the poor
Prince Oke	Positive impact consulting
Benneth Isaiah	Creative arts and peace
Godson Victory	Tutorial graphics design group
Iwoyeofori Wokomah	The G-39 HDS
Tamunoemi Membere	Manpower development and environment protection initiative
Oris Otto	Networking association for social culture advocacy of youths
Davies Okeowo	Enterprise Hill
Tiro Ovakporie	Slum2school
Asiegbu Adaora	Afro-Tech Girls
Femi Balogun	LEAP Africa
Paulinus Ihebuzor	CREM
Abisola Adeoye	SolarSister
Olasimbo Sojinrin	SolarSister
Samuel Kalu	StanforteEdge
Chijoke Onuoha	Grooming Center
Damilola	BudGIT
Cindy K Ikpe	FATE Foundation
Chioma Omolaye	Tech edu hub
Confidence Ibomeze	Aspen Institute
Balogun Habeed	Atlas Initiative
Grace Ketefe	Cee Yara Foundation
Dr Ubaka	Corporate Affairs Commission, Abuja

Appendix 3: Survey invitation and questions

Dear Respondent

This study is part of the British Council's Global Social Enterprise pro-gram aimed at understanding the state of social enterprise.

The data from this study will be used to inform the development of capacity building, improving on existing support mechanisms, policy and regulatory settings that we will yield effective growth for the sector.

We would greatly appreciate it if you can find time to fill this questionnaire and please note that all your information and responses will be kept confidential and used strictly for scientific purposes.

Thank you for your collaboration.

Survey questions

Basic information about the organisation

- 1) What is the name of your organisation?
- 2) What is your position in the organisation?
Owner or Founder/CEO
Director
Manager
Officer
Other (specify)
- 3) In what year did your organisation begin operating?
- 4) Where in Nigeria is your organisation based or registered?

Abia	Edo	Edo
Abuja	Ekiti	Ekiti
Adamawa	Gombe	Gombe
Akwa Ibom	Imo	Imo
Anambra	Jigawa	Jigawa
Bauchi	Kaduna	Kaduna
Bayelsa	Kano	Kano
Benue	Katsina	Katsina
Borno	Kebbi	Kebbi
Cross River	Kogi	Kogi
Delta	Kwara	Kwara
Ebonyi	Lagos	Lagos
Enugu		

Activities and characteristics

5) What is the widest geographic area your organisation operates across? (single response)

- Locality
- One state
- Across several states
- National
- International

6) How would you describe your organisation? (multiple responses allowed)

- Co-operative
- Private business
- NGO
- Social enterprise
- Social impact business
- Corporation
- Government
- Association
- Other (specify)

7) What does social enterprise mean to you?

.....

.....

8) Please tell us which of the following characteristics your organisation meets:

[multiple responses allowed / tick all that apply]

- Independent of the government
- Trading (selling goods and services for money)
- Principles or rules about profit distribution
- Commitment to defined community / social / environmental benefit
- Democratically controlled

9) In what legal form(s) is your organisation registered?

- Sole Trader
- Private Limited Company (LTD)
- Public Limited Company
- Guarantee Company (Not for Profit)
- Cooperative Society
- Others (Specify)

10) Is your organisation a subsidiary of another organisation?

- Yes No

11) What are your main objectives? (multiple response: select all that are applicable)

- Improving a particular community
- Creating employment and enterprise opportunities
- Supporting vulnerable people
- Improving health and wellbeing
- Promoting education and literacy
- Promoting financial inclusion
- Protecting the environment
- Supporting women and girls / gender equality
- Supporting vulnerable children and young people
- Providing affordable housing
- Supporting / enabling other organisations
- Providing access to products/services
- Promoting innovative or alternative technologies
- Fighting inequalities
- Promoting societal change
- Other (specify)

12) What sector(s) is your area of focus? (multiple responses)

- Retail
- Housing
- Workspace / business support / consultancy
- Childcare
- Social care
- Health care
- Leisure, tourism and hospitality
- Food and drink production
- Employment and skills
- Culture and creative industries
- Financial support and services
- Digital technology
- Education
- Environment
- Transport
- Agriculture
- Craft and manufacturing
- Other

Economic data

13) What was your organisation's annual turnover in the last financial year?

- <= 1 000 000 Naira
- 1 000 001 – 2 500 000 Naira
- 2 500 001 – 5 000 000 Naira
- 5 000 001 – 10 000 000 Naira
- 10 000 001 – 20 000 000 Naira
- 20 000 001 – 30 000 000 Naira
- 30 000 001 – 40 000 000 Naira
- 40 000 001 – 50 000 000 Naira
- >50 000 001 Naira

14) In the last year, did you make a profit or surplus?

- Made a profit / surplus
- Made a loss
- Broke even
- Don't know

15) How is the majority of your profit used?

- Directed to staff
- Directed to external owners / shareholders
- Directed to / reinvested in social (or environmental) purpose
- Other (specify)

Sources of funding

16) What forms of finance and funding have you received since you started operating? (multiple responses)

- Grant
- Donation
- Loan
- Equity
- In-kind resources
- Other

17) What proportion of your total income came from grants or donations in the last financial year?

- 0 – 25 %
- 25 – 50 %
- 50 – 75 %
- 75 – 100 %

Employment

18) How many of the following do you engage?

	Male	Female	Disabled
Permanent, full-time employees			
Informal, seasonal or part-time workers			
Volunteers			

Community/social and environmental goals

19) Does your organisation have as priority?

- Profit first
- Collective benefit/social/environmental mission first
- Both jointly

20) Do you measure your social and environmental impact?

- Yes, we assess our impact
- Yes, it is externally and independently evaluated
- No

21) What metrics do you use in measuring your social and environmental impact?

- Accounting and auditing
- Logic models
- Return on investment
- Others (specify).....

22) Do you consider any of the following groups to benefit directly from your organisation's core business activities? [multiple response / tick all that apply]

- Long-term unemployed
- Individuals with a physical, learning or mental disability
- Poor people
- Homeless / coming out of homelessness
- People in trouble with the law
- Migrants, IDPs, trafficking victims, refugees and asylum seekers
- Drug addicts
- Young people facing difficulties
- Domestic violence victims
- People affected by war and conflict
- Elderly people
- Other (specify)

23) How many people do you estimate you have supported in total in the last 12 months? (number box)

- 1 – 10
- 10 – 100
- 100 – 1,000
- 1,000+
- 10,000

Leadership

24) What level of education does the person most responsible for managing your organisation have?

- Post-graduate
- Higher education
- Vocational education
- Secondary education
- Elementary or primary education
- None

25) What is the gender of the person currently in charge of your organisation?

- Male
- Female

26) In what age range is the person currently in charge of the organisation?

- 16 – 24
- 25 – 44
- 45 – 64
- 65+

27) Is the person currently in charge of your organisation from a vulnerable group (i.e. a woman, disabled)?

- Yes, please specify
- No

28) What is the make-up of your Board or Trustees?

- Male [number]
- Female [number]
- Disabled [number]

Future planning / expectations

29) What do you expect to happen to your organisation's turnover next financial year?

- Increase
- Decrease
- Stay the same

30) How does your organisation plan on achieving growth over the next years? (multiple)

- Increasing sales with existing customers
- Diversifying into new markets
- Expanding into new geographic areas
- Developing new products and services
- Attracting new customers or clients
- Attracting investment or finance to expand
- Merging with another organisation
- Winning business as part of a consortium
- Other
- None of these

31) What are the major barriers which your organisation faces? (tick 3)

- Obtaining grants
- Obtaining other forms of finance
- Cash flow
- Recruiting staff or volunteers
- Shortage of business skills
- time pressures
- Lack of access to business support and advice
- Lack of awareness of social enterprise in Sudan
- Government regulations and administrative burden
- Availability of suitable premises or workspace
- Poor commissioning and procurement of public services
- Economic climate
- Instability / insecurity

32) What are your organisation's top 3 constraints to financing?

- Finding guarantors / collateral
- Bank' profit margin / fees
- Terms and conditions too onerous or difficult to understand
- Approval procedure
- Short loan repayment period
- Investments available are too large
- Investments available are too small
- Lack of understanding of social enterprise
- Access to investors is low due to limited supply of capital
- Currency value and inflation
- Other (please specify)

33) Has your organisation benefited from any support programmes?

If yes, which kind of support was it?

Options:

- Mentoring or coaching
- Services of incubators or accelerators
- Support from relatives and acquaintances
- Training
- Exchanges and visits
- Peer support
- Membership of network or professional / industry associations
- None

34) To what extent has the Covid-19 pandemic negatively affected your business operations? (single choice)

Options
A. Very serious impact
B. Great impact
C. Small impact
D. Nonsignificant impact
E. Positive impact

35) If your business has been negatively impacted as a result of the pandemic, what area experienced the most impact?

Options
A. Production
B. Purchasing
C. Sales and Marketing
D. Human Resource Management
E. Accounting and Finance

36) Is there currently a shortage of cash or revenue flow?

- Yes
- No

If yes, what strategies do you employ in dealing with the present shortage of cash and revenue flow?

Options
A. Funding from family and friends
B. Change of existing business model/product/services
C. Loans
D. Delaying payment
E. Cutting pay and jobs

37) Has there been a reduction or increase in the number of your employees since the beginning of the pandemic?

A. Reduce greatly (30– 50%)

B. Reduce slightly (10– 30%)

C. Remain basically the same

D. Increase slightly (10– 30%)

E. Increase greatly (30– 50%)

38) What are your future growth expectations in 3–6 months?

A. We expect to close

B. Uncertainty

C. We expect income to reduce

D. We expect to grow staff

E. Increase greatly (30– 50%)

39) What type of support have you received from the government during the pandemic?

A. Debt payment support

B. New loans support

C. Remove, freeze or reduction of tax

D. Extension of tax or business reporting period

E. Grants

F. Support to pay staff salaries

G. Support to hire staff

H. No government support available

40) What type of support do you need at this time?

A. Providing and signposting to guidance on how to run your business during covid-19

B. Connecting you with funders that may be able to assist your social enterprise

C. Lobbying government to get support for social enterprises during covid-19

D. Running webinars on a range of practical topics (e.g., digital working, insurance, loan financing etc.)

E. Connecting you with temporary staff/volunteers

F. Connecting your social enterprise with offers of in-kind support

G. Other (please specify) _____

41) Have the beneficiaries of your social-related activities increased or decreased this year?

A. Increased

B. Decreased

42) How are you currently mitigating the impact of Covid-19?

A. Increase use of technology to work remotely
B. Change in business model/product/services
C. Implementing cost reduction strategies
D. Adopting new supply chain technologies
E. Shifting sales strategy to online
F. Others _____

43) Have you adjusted your business model in response to the Covid-19 health emergency?

If so, please give details. _____

End SARS protest

44) Do you think that there exist a lot of social enterprises with the core objective for peace, justice and strong institutions within the country?

A. Yes
B. No

45) Did the End SARS protest have any influence on you to include the need for peace, justice and strong institutions as one of your core objectives?

A. Yes
B. No

46) What needs to happen for there to be an end to police brutality and increase in citizen's justice?

Finally

47) Are you happy for this information to be shared publicly?

- Yes
 No

48) Contact details – please provide contact details even if you do not want to share them publicly.

Appendix 4:

Reporting and caveats

Data from the survey was subjected to second-level analysis by region, age of organisation, gender of leader, size (by turnover and jobs) and sector. Findings from the analyses have only been presented where there are significant or interesting distinctions to be drawn through disaggregation. For the purposes of the study, the term ‘funding’ is used to mean grants, revenue and income, and the term ‘finance’ is used to mean debt, equity, investment and capital.

Survey results have been rounded off to zero decimal places, due to which some figures might not add up to 100 per cent. Some survey questions have multiple answers (such as organisations operating in more than one sector and facing multiple barriers); responses in these cases will add up to more than 100 per cent.

The survey responses are self-declared by social enterprises. Data was not systematically verified with respondents; however, outlying results and gaps were verified with respondents over the phone. Data on beneficiaries is self-reported and has not been verified; the questions asked how many different categories of beneficiary the social enterprise has supported – no further definition of beneficiary was provided.

It is likely that the survey results contain biases due to the nature of outreach and sampling. It is expected that there are a higher proportion of social enterprises that are located in metropolitan cities with access to networks and a stable internet connection than is nationally representative. It is also expected that responses are far higher from areas where events and outreach activities were conducted, so again regional spread is not representative.

The estimates of total social enterprise numbers were challenging to compile – accessing SME and NGO databases did not yield comprehensive results and the absence of consistent terminology to define SMEs was also problematic. The samples contacted were very small, relied on self-reporting and were neither random nor representative. Where respondents gave no answer, the data has been excluded, but where they responded zero, this has been included – it is possible that the zero was a refusal, however, rather than an accurate answer.

Find out more about our work to support social enterprise at
<https://www.britishcouncil.org/society/social-enterprise>

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