

---

**A Critical assessment of obligations and efforts of the Nigerian government in Making WTO Trade Facilitation Agreement Work for SMEs in Nigeria.**

---

*Abstract*

*This article critically assesses the obligations of Nigerian government under the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) and several projects, programs, initiatives and efforts of the Nigerian government to make TFA work for Small and Medium Enterprises (SMEs) in Nigeria. The TFA aims to simplify and streamline international trade processes, particularly for developing countries, and facilitate the participation of SMEs in global trade. However, SMEs in Nigeria face several challenges that hinder their ability to take advantage of the opportunities created by the TFA. These challenges include inadequate infrastructure, limited access to finance, and low levels of capacity and awareness. The article argues that while the Nigerian government has made some efforts to implement the TFA, much more needs to be done to address the specific needs of SMEs. The article examines several programs, projects, and efforts in Nigeria aimed at supporting Small and Medium Enterprises (SMEs) in trade facilitation and recommends best practices for Nigeria in supporting SMEs in Trade Facilitation. It recognizes the fact that the government should prioritize the development of infrastructure, provide access to affordable finance, and enhance the capacity and awareness of SMEs on trade facilitation measures. The article also highlights the need for a coordinated and comprehensive approach involving all relevant stakeholders to fully harness the benefits of the TFA for SMEs in Nigeria*

## BACKGROUND

Trade facilitation refers to policy measures aimed at improving the efficiency and effectiveness of international trade by reducing costs, time, and other barriers associated with cross-border trade<sup>1</sup>. In Nigeria, trade facilitation has been identified as an important factor for enhancing the competitiveness of small and medium-sized enterprises (SMEs) and promoting their integration into global value chains. Small and medium-sized enterprises (SMEs) are the backbone of Nigeria's economy, accounting for over 84% of employment and contributing over 48 % of the country's GDP<sup>2</sup>. However, SMEs face numerous challenges in accessing international markets, including inefficient customs procedures, lack of transparency, and limited access to finance. The World Trade Organization (WTO) Trade Facilitation Agreement (TFA) aims to address some of these challenges by streamlining customs procedures and reducing trade barriers. This article critically assesses the obligations of Nigerian government under the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) and several projects, programs, initiatives and efforts of the Nigerian government to make TFA work for Small and Medium Enterprises (SMEs) in Nigeria.

### *1. Overview of the WTO Trade Facilitation Agreement*

The World Trade Organization (WTO) Trade Facilitation Agreement (TFA) was adopted on December 2013 and entered into force in February 2017, after it was ratified by two-thirds of the WTO membership<sup>3</sup>. The TFA aims to simplify, harmonize, and streamline customs procedures and processes, and reduce trade costs and delays increase predictability and consistency in the trading environment. The agreement is applicable to all WTO members. The agreement is based on three pillars: transparency, simplification, and harmonization.

---

<sup>1</sup> <https://ieg.worldbankgroup.org/reports/contribution-and-effectiveness-trade-facilitation-measures-structured-literature-review>

<sup>2</sup> <https://www.thisdaylive.com/index.php/2022/11/27/msmes-contribute-48-of-nigerias-gdp-says-ilo/>

<sup>3</sup>Trade Facilitation WTO [https://www.wto.org/english/tratop\\_e/tradfa\\_e/tradfa\\_e.htm](https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm)

## **II. Nigeria's ratification of the Trade Facilitation Agreement (TFA)**

Nigeria is a member of the World Trade Organization (WTO)<sup>4</sup>. The country became a member of the organization on January 1, 1995, and has since been an active participant in its activities. As a member of the WTO, Nigeria is committed to promoting free and fair trade, reducing trade barriers, and upholding the rules-based multilateral trading system.

Nigeria ratified the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) in 2017, becoming the 107th member to do so<sup>5</sup>. Nigeria's ratification of the TFA is a significant step towards improving its customs procedures and processes, and promoting transparent and efficient trade. By ratifying the TFA, Nigeria committed to implementing various measures to simplify and streamline customs procedures, including the establishment of a single window system, advance rulings, and border agency cooperation. To implement the TFA, Nigeria established the Nigerian National Committee on Trade Facilitation (NCTF) in 2017, which is responsible for coordinating the implementation of the TFA and ensuring compliance with its provisions<sup>6</sup>. The NCTF comprises representatives from various government agencies, the private sector, and civil society organizations.

## **III. An appraisal of some of the obligations of the Nigerian government under the WTO Trade Facilitation Agreement:**

As a signatory to the World Trade Organization Trade Facilitation Agreement, Nigerian government is required to fulfill obligations under the agreement. Some of the obligations of the Nigerian government under the WTO Trade Facilitation Agreement include:

### **1. Publication and availability of information**

*Article 1 of the WTO* Trade Facilitation agreement provides for publication and availability of information<sup>7</sup>. As a signatory to the agreement, the TFA requires Nigerian government to provide information on customs procedures, fees, and regulations in a timely, predictable, and transparent manner. The TFA requires Nigeria to make available and publish

---

<sup>4</sup> [https://www.wto.org/english/tratop\\_e/tpr\\_e/s356\\_sum\\_e.pdf](https://www.wto.org/english/tratop_e/tpr_e/s356_sum_e.pdf)

<sup>5</sup> Nigeria ratifies the Trade Facilitation Agreement. World Trade Organization, 2017  
[https://www.wto.org/english/news\\_e/news17\\_e/fac\\_20jan17\\_e.htm](https://www.wto.org/english/news_e/news17_e/fac_20jan17_e.htm)

<sup>6</sup> The political economy of enhancing trade facilitation in Nigeria, Cable, 2021  
<https://www.thecable.ng/the-political-economy-of-enhancing-trade-facilitation-in-nigeria>

<sup>7</sup> [https://www.wto.org/english/docs\\_e/legal\\_e/tfa-nov14\\_e.htm#art1](https://www.wto.org/english/docs_e/legal_e/tfa-nov14_e.htm#art1)

comprehensive and easily accessible information about customs procedures, fees, and regulations. This includes information on the submission of import and export documents, the requirements for obtaining licenses and permits, and the fees associated with customs clearance. Nigeria must also ensure that this information is available online and in a language that is easily understandable to traders. This information must be easily accessible to the public, such as through the internet or other means, and must be regularly updated. This provision aims to improve transparency and predictability in customs procedures, reduce uncertainty for traders, and increase trust in the trading system.

## **2. Advance Rulings**

*Article 3 of Trade Facilitation Agreement* requires WTO member countries to establish procedures for advance rulings on the classification and origin of goods<sup>8</sup>. An advance ruling is a decision by the customs administration on the tariff classification, customs value, or origin of goods, which provides traders with certainty about the customs treatment of their products before they are imported. This allows traders to obtain rulings from customs authorities on the classification of their goods before they are imported or exported. Advance rulings provide traders with greater certainty and predictability in their trade transactions, as they can be sure of the customs classification and origin of their goods before they are shipped. This provision aims to increase predictability and reduce the risk of disputes and delays in customs clearance.

## **3. Border Agency Cooperation**

*Article 8 of the Trade Facilitation agreement* make it obligatory for member state to ensure that its authorities and agencies responsible for border controls and procedures dealing with the importation, exportation, and transit of goods cooperate with one another and coordinate their activities in order to facilitate trade<sup>9</sup>. The TFA requires Nigeria to cooperate with other border agencies, such as those responsible for health, safety, and environmental regulations, to ensure that their procedures are coordinated and streamlined. As a member of the WTO, Nigeria is required to to establish a mechanism for coordinating customs and other border agencies, such as regulatory agencies, to improve efficiency and reduce delays at borders. This provision aims to promote cooperation between different government agencies, reduce duplication of procedures, and

---

<sup>8</sup><https://tfadatabase.org/en/tfatext/article/3#:~:text=Definitions%20and%20scope%3A,of%20imp%20with%20regard%20to%3A&text=the%20origin%20of%20the%20good>

<sup>9</sup> <https://tfadatabase.org/en/tfa-text/article/8>

expedite the clearance of goods. This can help to reduce delays and costs associated with customs clearance, as well as improve transparency and predictability.

#### **4. Risk Management**

One of the measures of trade facilitation that each member state of the TFA is required to adopt is to maintain a risk management system for customs control under Measure 7.4 of the Risk management established under Release And Clearance Of Goods the WTO Trade Facilitation Agreement<sup>10</sup>. The TFA requires Nigeria to establish and apply risk management techniques to target high-risk shipments, while expediting the release of low-risk shipments. Risk management involves the use of intelligence, data analysis, and other techniques to identify and target high-risk shipments for inspection, while minimizing the impact on low-risk shipments. This provision aims to enhance border security, reduce the time and cost of customs clearance, and facilitate legitimate trade.

#### **5. Single Window**

*Article 10.4* requires WTO Members to attempt to establish or maintain a SW system, which allows traders to submit through a single entry point documentation and/or data requirements connected to importation, exportation or transit of good<sup>11</sup> The TFA requires Nigeria to establish or maintain a "single window" system that allows traders to submit all necessary information and documentation for import, export, or transit in one place. A single window is a platform that enables traders to submit and receive all necessary documentation and approvals for their shipments, such as customs declarations, permits, and certificates, through a single entry point. It allows traders to submit all necessary information and documents through a single portal, rather than multiple agencies. This provision aims to simplify and streamline customs procedures, reduce administrative burden on traders and government agencies, and improve the efficiency and predictability of trade.

#### **6. Simplified Procedures for Low-Value Shipments**

TFA makes provision for expedite article 7.8<sup>12</sup> of the WTA Expedited Shipments. The TFA requires Nigerian government to establish simplified procedures for the clearance of low-value

---

<sup>10</sup> <https://tfadatabase.org/en/tfa-text/measure/18>

<sup>11</sup> [https://unctad.org/system/files/non-official-document/wto-technical-note\\_ch10a10-04\\_en.pdf](https://unctad.org/system/files/non-official-document/wto-technical-note_ch10a10-04_en.pdf)

<sup>12</sup> <https://tfadatabase.org/en/tfa-text/measure/22>

shipments. Low-value shipments are usually defined as those with a declared value below a certain threshold, which varies by country. Simplified procedures may include reduced documentation requirements, expedited clearance processes, or deferred payment of duties and taxes. This provision aims to reduce the administrative burden on customs, increase the speed of clearance, and facilitate cross-border e-commerce. Nigeria has committed to establishing simplified procedures for low-value shipments, to reduce the burden on small and medium-sized enterprises (SMEs) and facilitate their participation in international trade.

### **7. Post-Clearance Audit**

Measure 7.5 - Post-clearance audit<sup>13</sup> Nigeria government under the TFA is required to establish a system of post-clearance audits to ensure compliance with customs regulations after the goods have been released. A post-clearance audit is an inspection or review of the customs declaration and supporting documentation after the goods have been released, to verify their accuracy and compliance with customs regulations. This provision aims to promote compliance with customs regulations, deter fraudulent activities, and provide feedback to traders on how to improve their customs compliance. Post-clearance audits will also help to identify areas where improvements can be made in the customs clearance process and reduce the risk of errors or non-compliance.

Overall, the WTO Trade Facilitation Agreement aims to simplify, harmonize, and streamline customs procedures and processes, and reduce trade costs and delays. By increasing transparency, predictability, and efficiency in customs clearance, the TFA seeks to promote international trade, economic growth, and development, particularly in developing countries. The agreement is based on three pillars: transparency, simplification, and harmonization. The TFA seeks to improve customs procedures, reduce transaction costs, and increase predictability and consistency in the trading environment. For SMEs in Nigeria, the TFA has the potential to increase access to international markets, reduce costs of doing business, and enhance competitiveness.

### **III. Importance of SMEs to Nigerian Economy**

Small and Medium Enterprises (SMEs) are the lifeblood of the Nigerian economy. They contribute significantly to the country's Gross Domestic Product (GDP) and provide employment opportunities for millions of Nigerians. According to the International Labour Organisation (ILO)

---

<sup>13</sup> <https://tfadatabase.org/en/tfa-text/measure/19>

African Development Bank (AfDB), SMEs account for over 96% of Nigerian businesses, contribute about 48% of GDP, and employ over 84% of the country's workforce<sup>14</sup>. Here are some of the contributions and importance of SMEs to the Nigerian economy:

### **1. Economic Diversification**

SMEs are playing a critical role in diversifying the Nigerian economy, which has historically been dependent on the oil sector<sup>15</sup>. SMEs are involved in a wide range of sectors, including agriculture, manufacturing, and services, and are contributing to the development of a more diversified and resilient economy. This is important for Nigeria, which is vulnerable to fluctuations in the global oil market.

### **2. Women Empowerment**

SMEs are playing a key role in empowering women in Nigeria. Women entrepreneurs are starting their own businesses, creating jobs, and contributing to economic growth and development. According to the International Finance Corporation (IFC), women-owned SMEs in Nigeria have the potential to create 3.9 million jobs and contribute \$12 billion to the economy<sup>16</sup>.

### **3. Technological Advancement**

SMEs are at the forefront of technological advancement in Nigeria. They are introducing new technologies and innovative business models, which are helping to transform the Nigerian economy. For example, fintech startups are using mobile technology to provide financial services to underserved populations, while e-commerce platforms are revolutionizing the way people shop and do business in Nigeria.

### **4. Access to Finance**

Access to finance is a major challenge for SMEs in Nigeria. However, there have been significant efforts by the government and other stakeholders to improve access to finance for SMEs. Initiatives such as the Central Bank of Nigeria's (CBN) intervention funds and the

---

<sup>14</sup> MSMEs Contribute 48% of Nigeria's GDP, Says ILO

<https://www.thisdaylive.com/index.php/2022/11/27/msmes-contribute-48-of-nigerias-gdp-says-ilo/>

<sup>15</sup>[https://www.researchgate.net/publication/339953305\\_DIVERSIFYING\\_THE\\_NIGERIAN\\_ECONOMY\\_ROLE\\_OF\\_SMALL\\_AND\\_MEDIUM\\_SCALE\\_ENTERPRISES](https://www.researchgate.net/publication/339953305_DIVERSIFYING_THE_NIGERIAN_ECONOMY_ROLE_OF_SMALL_AND_MEDIUM_SCALE_ENTERPRISES)

<sup>16</sup> IFC supports women-owned SMEs in Nigeria to create jobs and boost economic growth" published on the International Finance Corporation (IFC) website on September 19, 2019.

[https://www.ifc.org/wps/wcm/connect/news\\_ext\\_content/ifc\\_external\\_corporate\\_site/news+and+events/news/women-owned-smes-in-nigeria-create-jobs-boost-economic-growth](https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/women-owned-smes-in-nigeria-create-jobs-boost-economic-growth)

Development Bank of Nigeria's (DBN) lending programs have helped to provide much-needed finance to SMEs.

## **5. Regional Integration**

SMEs are helping to promote regional integration in West Africa. Nigerian SMEs are exporting their products and services to other countries in the region, contributing to regional trade and economic integration. This is important for Nigeria, which is seeking to position itself as a regional economic powerhouse.

## **6. Export Promotion**

SMEs are important for export promotion in Nigeria. They produce goods and services that are exported to other countries, contributing to foreign exchange earnings and the growth of the country's export sector. SMEs in Nigeria are involved in a wide range of export-oriented activities, including manufacturing, agriculture, and services. The Nigerian government has put in place policies and initiatives to support SMEs in exporting their products and services, including access to finance, market information, and business development services.

## **7. Employment Generation**

SMEs are the largest employer of labour in Nigeria. They provide employment opportunities for a large percentage of the workforce, especially for those who do not have formal education or formal job skills. This is particularly important in a country with a large youth population and high unemployment rates. SMEs provide opportunities for people to earn a living, which helps to reduce poverty in the country.

## **8. Economic Growth and Development**

Small and Medium Enterprises (SMEs) play a crucial role in the economic growth and development of Nigeria. According to the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), SMEs contribute about 50% of Nigeria's Gross Domestic Product (GDP) and employ about 80% of the country's workforce<sup>17</sup>. This demonstrates the importance of SMEs in driving economic growth and development in Nigeria. SMEs create new business opportunities, foster competition, and promote innovation and entrepreneurship.

Overall, SMEs are critical to the growth and development of the Nigerian economy. They contribute significantly to the GDP, provide employment opportunities, promote innovation and

---

<sup>17</sup> <https://fmic.gov.ng/smes-contribute-nearly-fifty-percent-of-nations-gross-domestic-product-amb-katagum/>



technological advancement, and support regional integration. However, SMEs in Nigeria face significant challenges, including access to finance, infrastructure, and business development services. The government and other stakeholders must continue to support SMEs to ensure their continued growth and success.

#### **IV. Challenges facing SMEs in TFA implementation in Nigeria**

Small and Medium-Sized Enterprises (SMEs) play a crucial role in Nigeria's economy, accounting for over 84% of the country's employment and contributing significantly to the gross domestic product (GDP). However, Despite the potential benefits of the TFA, SMEs in Nigeria face numerous challenges in implementation. Some of the challenges include limited awareness and understanding of the TFA, lack of adequate infrastructure and resources for implementing TFA requirements, weak institutional capacity for TFA implementation and enforcement, inefficient customs procedures, lack of transparency, inadequate access to finance and credit for SMEs, and limited participation in international trade and regional integration. These challenges pose a significant barrier to SMEs' ability to take full advantage of the benefits of the TFA. Some of the challenges that face SMES in Nigeria when it comes to trade facilitation, which can limit their ability to compete in the international market are:

##### **1. Limited access to information**

SMEs often lack the necessary information to navigate complex customs procedures and regulations. This is due to the lack of awareness and resources to acquire trade information. The cost of obtaining the necessary information can be high, and many SMEs do not have the financial resources to pay for such services. To address this challenge, the Nigerian government has established various initiatives to provide SMEs with access to trade-related information. These include establishing a trade information portal, training programs, and workshops. However, the government needs to intensify its efforts in creating awareness and providing information to SMEs on trade facilitation.

##### **2. Lack of infrastructure**

Many SMEs in Nigeria lack the infrastructure necessary to comply with the requirements of the TFA. For example, they may lack the technology necessary to participate in electronic customs clearance procedures or the resources to transport goods to and from ports and borders. To address this challenge, the Nigerian government has initiated various infrastructural development programs aimed at improving transportation networks and building necessary trade

infrastructure. These include the establishment of inland container depots, dry ports, and the ongoing development of railway and road networks. However, there is a need for more investment in infrastructure development for trade facilitation.

### **3. Limited financial resources**

Many SMEs in Nigeria lack the financial resources necessary to cover the costs associated with customs clearance procedures. These costs include customs duties, fees, and charges, which can be significant for small businesses. To address this challenge, the Nigerian government has established various funding schemes to support SMEs engaged in trade activities. These include the Nigerian Export-Import Bank (NEXIM), which provides financing to SMEs engaged in export activities. The government has also initiated policies to provide tax incentives, grants and other financial incentives to support SMEs. However, the funds available to SMEs are often inadequate, and accessing them can be a challenge.

### **4. Insufficient human resource capacity**

Many SMEs lack the human resources necessary to navigate complex customs procedures and regulations. This includes both the lack of personnel trained in customs procedures and the lack of resources to pay for their services. To address this challenge, the Nigerian government has initiated training programs to enhance the capacity of SMEs in trade facilitation. These training programs cover topics such as trade regulations, customs procedures, and the use of technology in trade. However, the impact of these programs on SMEs is yet to be seen.

### **5. Informal trade**

Many SMEs in Nigeria engage in informal trade, which is not covered by the provisions of the TFA. Informal trade limits the ability of SMEs to take advantage of formal trade opportunities, as they may lack the necessary documentation or infrastructure to comply with formal trade regulations. To address this challenge, the Nigerian government has launched initiatives to formalize trade activities and reduce the cost of complying with trade regulations. The National Single Window (NSW) platform, established under the TFA, allows SMEs to submit all necessary trade documents electronically. However, the cost of complying with trade regulations remains a significant challenge for many SMEs.

In conclusion, the challenges facing SMEs in trade facilitation in Nigeria are significant. However, the Nigerian government has taken steps to address these challenges through various initiatives and programs. To fully support SMEs in trade facilitation, the government needs to

intensify its efforts and invest more resources in addressing the challenges faced by SMEs in Nigeria. This will enable SMEs to take advantage of trade opportunities and contribute to

## **V. Case studies of Nigeria's efforts to support SMEs in Trade Facilitation**

There have been several programs, projects, and efforts in Nigeria aimed at supporting Small and Medium Enterprises (SMEs) in trade facilitation. Here are some case studies of Nigerian government efforts and projects to facilitate trade in Nigeria:

### **1. Nigerian Single Window Trade Portal (NSW)**

The Nigerian Single Window Trade Portal (NSW) is an online platform established by the Nigerian government to facilitate trade and business transactions in the country<sup>18</sup>. The platform is designed to provide a single point of entry for all trade-related activities, including customs clearance, documentation, and payment processing.

The NSW platform enables importers and exporters to submit electronic documents and pay fees online, eliminating the need for physical visits to government offices. This simplifies and speeds up the trade process, reducing the time and cost associated with trade transactions.

The NSW platform has been instrumental in improving Nigeria's trade environment and making it more competitive. The platform has enhanced transparency, efficiency, and accountability in trade processes, and has reduced corruption and delays associated with manual processes. The NSW platform has also helped to improve the ease of doing business in Nigeria, making it more attractive to local and foreign investors.

Overall, the NSW platform is a significant development in Nigeria's trade facilitation efforts, and it has contributed to the growth and development of SMEs in the country by creating a more conducive environment for trade and business transactions. The platform has also helped to position Nigeria as a competitive and attractive destination for trade and investment.

### **2. Joint Border Post (JBP) between the Republic of Cameroon and Federal Republic of Nigeria.**

A Joint Border Post (JBP) between the Republic of Cameroon and the Federal Republic of Nigeria is a cooperative effort by both countries to manage the flow of people and goods across

---

<sup>18</sup> <https://trade.gov.ng/>

their shared border.<sup>19</sup> A JBP is a physical location where immigration, customs, and other border control agencies from both countries work side-by-side to streamline border procedures and improve cross-border cooperation.

The Cameroon-Nigeria border is one of the longest borders in Africa, spanning over 1600km<sup>20</sup>. Due to its length and porous nature, the border is often used for smuggling, human trafficking, and other illicit activities. To address these challenges, both countries agreed to establish Joint Border Posts (JBPs) at strategic locations along the border. The JBP initiative aims to improve cross-border trade, reduce illegal activities, and enhance border security. At a JBP, customs and immigration procedures are coordinated and harmonized, making it easier and faster for people and goods to cross the border legally. By working together, the border control agencies of both countries can also better identify and address security threats. The Cameroon-Nigeria JBP initiative has helped to simplify and speed up trade procedures between the two countries, reducing the time and cost associated with cross-border trade. This has contributed to the growth and development of SMEs engaged in trade between Nigeria and the Niger Republic.

### **3. Nigeria Customs Service (NCS) and Benin Customs Cooperation Agreement**

In 2018, the Nigerian government signed a cooperation agreement with the government of Benin to facilitate trade between the two countries<sup>21</sup>. The agreement is aimed at enhancing border security and improving trade procedures between Nigeria and Benin.

Under the agreement, the Nigeria Customs Service (NCS) and the Benin Customs Service are collaborating to implement common border procedures, including the establishment of a one-stop-shop for customs clearance procedures. The collaboration is also aimed at enhancing border security by sharing intelligence and conducting joint border patrols. The cooperation agreement between the NCS and the Benin Customs Service has helped to improve trade procedures between Nigeria and Benin, reducing the time and cost associated with cross-border trade. This has had a

---

<sup>19</sup> <https://www.premiumtimesng.com/news/more-news/563435-nigeria-cameroon-inaugurate-bridge-linking-both-countries.html>

<sup>20</sup> <https://ecowas.int/ecowas-in-collaboration-with-auda-nepad-trains-border-officials-towards-the-operationalization-of-ekok-mfum-joint-border-post-between-the-republic-of-cameroon-and-federal-republic-of-nigeria/>

<sup>21</sup> <https://shipsandports.com.ng/nigeria-benin-republic-border-pact/>

positive impact on SMEs engaged in trade between the two countries, enabling them to access new markets and grow their businesses.

#### **4. Pre-Arrival Assessment Report (PAAR)**

The Pre-Arrival Assessment Report (PAAR) is an electronic document that is generated by the Nigeria Customs Service (NCS) to assess the compliance of importers with import regulations and to determine the correct customs duty payable on goods<sup>22</sup>. The PAAR system is designed to improve customs clearance procedures and reduce the time and cost associated with import transactions. The PAAR system enables importers to submit electronic documents and make duty payments online before their goods arrive in the country. This simplifies and speeds up the customs clearance process, reducing delays and the risk of demurrage charges. The PAAR system has contributed to the growth and development of SMEs engaged in import trade by providing a more efficient and predictable customs clearance process. This has enabled SMEs to import goods more quickly and at a lower cost, improving their competitiveness in the market.

#### **5. Authorized Economic Operator (AEO) Program**

The Authorized Economic Operator (AEO) Program is a risk management initiative that is aimed at enhancing trade security and facilitating legitimate trade in Nigeria<sup>23</sup>. The program is designed to identify and certify operators in the supply chain that have implemented secure and compliant processes and procedures. The AEO program provides certified operators with benefits such as reduced inspection and clearance times, priority treatment, and simplified procedures. This encourages operators to implement secure and compliant processes, which reduces the risk of security breaches and facilitates trade. The AEO program has contributed to the growth and development of SMEs engaged in trade by providing a more secure and predictable trade environment. This has enabled SMEs to access new markets and grow their businesses, as they can rely on secure and compliant supply chain partners.

#### **6. Small Package and Mail Center (SPMC)**

The Small Package and Mail Center (SPMC) is a customs clearance facility that is designed to facilitate the clearance of low-value shipments, such as parcels and letters. The SPMC is located at the Murtala Muhammed International Airport in Lagos and is equipped with modern technology

---

<sup>22</sup> [https://customs.gov.ng/?page\\_id=3145](https://customs.gov.ng/?page_id=3145)

<sup>23</sup> <https://www.wcoomd.org/en/media/newsroom/2018/september/wco-supports-enhancing-aeo-validation-techniques-in-nigeria.aspx>

to enable the speedy clearance of low-value shipments<sup>24</sup>. The SPMC is designed to provide a simplified customs clearance process for low-value shipments, reducing the time and cost associated with customs clearance. This has made it easier for SMEs engaged in e-commerce and international trade to import and export low-value goods.

### **7. Nigerian Export Promotion Council's (NEPC) Export Development Fund (EDF)**

The Nigerian Export Promotion Council established the Export Development Fund (EDF) to support SMEs engaged in export activities<sup>25</sup>. The fund provides financial support for pre-shipment inspection, packaging, and labeling, among others, and is managed by a committee of representatives from various sectors, including banks, chambers of commerce, and government agencies.

One successful project under the EDF was the NEPC's partnership with the Lagos State Ministry of Commerce, Industry, and Cooperatives to organize an export summit in 2018. The summit aimed to provide a platform for SMEs to network with stakeholders in the export industry and learn about export opportunities in different sectors.

### **8. Nigerian Shippers' Council's (NSC) Cargo Tracking Note (CTN) System**

The Nigerian Shippers' Council developed the Cargo Tracking Note (CTN) system to address the challenge of cargo theft and improve trade facilitation<sup>26</sup>. The system aims to track all cargo entering and leaving Nigerian ports and provides real-time information on the location and status of the cargo.

Under the program, the NSC partnered with the Nigerian Ports Authority and other stakeholders to implement the CTN system. The system has improved cargo tracking and reduced the incidence of cargo theft, which has had a positive impact on trade facilitation and the operations of SMEs engaged in international trade.

### **9. Nigerian Export-Import Bank's (NEXIM) Export Stimulation Facility (ESF)**

The Nigerian Export-Import Bank established the Export Stimulation Facility (ESF) to provide financial support to SMEs engaged in export activities<sup>27</sup>. The facility provides low-interest

---

<sup>24</sup> <https://www.valuehandlers.com/clearing-processes-in-nigeria-airports>

<sup>25</sup> <https://nepc.gov.ng/blog/export-incentive/export-development-fund/>

<sup>26</sup> <https://guardian.ng/business-services/fg-adopts-electronic-cargo-tracking-to-curb-insecurity/>

<sup>27</sup> <https://neximbank.com.ng/wp-content/uploads/2020/02/IMPROVING-ACCESS-TO-NEXIM%E2%80%99S-PRODUCTS-AND-EXPORT-DEVELOPMENT-FACILITIES-NEXIMpptx.pdf>

loans to SMEs for export production and export value-chain activities, such as packaging, labeling, and quality certification.

Under the program, NEXIM partnered with the National Agency for Food and Drug Administration and Control (NAFDAC) to provide support to SMEs in the agricultural and food processing sectors. The project involved the provision of financial support and technical assistance to SMEs to enable them to meet international quality standards and export their products. The project has had a positive impact on the growth and development of SMEs in the agricultural and food processing sectors.

### **10. Nigerian Investment Promotion Commission's (NIPC) One-Stop Investment Center**

The Nigerian Investment Promotion Commission established the One-Stop Investment Center to simplify the investment process and provide support to foreign and local investors<sup>28</sup>. The center provides a range of services, including company registration, visa facilitation, and business advisory services, to enable investors to set up and operate their businesses in Nigeria.

Under the program, the NIPC partnered with the Ogun State Government to establish a One-Stop Investment Center in the state. The center has facilitated the investment process and provided support to local and foreign investors, including SMEs, interested in investing in Ogun State.

### **11. Nigerian Export Promotion Council's (NEPC) Zero Oil Plan**

The Nigerian Export Promotion Council developed the Zero Oil Plan to diversify Nigeria's export earnings away from oil and towards non-oil products<sup>29</sup>. The plan identifies 22 priority sectors, including agriculture, solid minerals, and services, and provides a roadmap for the development of these sectors.

Under the program, the NEPC partnered with the Bank of Industry to provide financial support to SMEs engaged in the production and export of non-oil products. The program provided loans at a low-interest rate to SMEs in the priority sectors identified under the Zero Oil Plan. The project has had a positive impact on the growth and development of SMEs in the priority sectors and contributed to the diversification of Nigeria's export earnings.

### **12. Nigerian Export-Import Bank's (NEXIM) Non-Oil Export Stimulation Facility (NESF)**

---

<sup>28</sup> <https://www.nipc.gov.ng/iguide/getting-started/>

<sup>29</sup> <https://nepc.gov.ng/cms/wp-content/uploads/2020/01/NEXIM-South-South-presentation-final-min.pdf>



The Nigerian Export-Import Bank established the Non-Oil Export Stimulation Facility (NESF) to provide financial support to SMEs engaged in the production and export of non-oil products.<sup>30</sup> The facility provides loans at a low-interest rate to SMEs for export production and export value-chain activities, such as packaging, labeling, and quality certification.

Under the program, NEXIM partnered with the Nigerian Association of Small and Medium Enterprises (NASME) to provide financial and technical support to SMEs in the agricultural and agro-processing sectors. The project involved the provision of loans, training, and capacity building to SMEs to enable them to meet international quality standards and export their products. The project has had a positive impact on the growth and development of SMEs in the agricultural and agro-processing sectors.

### **13. Nigerian Investment Promotion Commission's (NIPC) Enabling Business Environment Secretariat (EBES)**

The Nigerian Investment Promotion Commission established the Enabling Business Environment Secretariat (EBES) to improve the business environment in Nigeria and make it easier for SMEs and investors to do business in the country<sup>31</sup>. The secretariat works with various government agencies to identify and address bottlenecks in the business environment.

Under the program, the NIPC partnered with the Federal Ministry of Industry, Trade and Investment to implement a series of reforms aimed at improving the ease of doing business in Nigeria. The reforms included the implementation of an online business registration system, the streamlining of customs procedures, and the simplification of tax payment procedures. The reforms have had a positive impact on the business environment in Nigeria and facilitated the operations of SMEs and investors in the country.

### **14. Standards Organisation of Nigeria's (SON) Product Certification Scheme**

The Standards Organisation of Nigeria developed the Product Certification Scheme to ensure that products manufactured in Nigeria meet international quality standards<sup>32</sup>. The scheme provides certification services to manufacturers, importers, and exporters to enable them to demonstrate compliance with international quality standards.

---

<sup>30</sup> <https://neximbank.com.ng/export-development-facility/>

<sup>31</sup> <https://www.nipc.gov.ng/2019/03/15/fg-launches-pebec-reportgov-ng-app-to-improve-nigerias-business-environment/>

<sup>32</sup> <https://www.exports-to-nigeria.com/en/about>



Under the program, SON partnered with the Nigerian Association of Small and Medium Enterprises (NASME) to provide certification services to SMEs engaged in the production and export of non-oil products. The project involved the provision of training and capacity building to SMEs to enable them to meet international quality standards and obtain product certification. The project has had a positive impact on the growth and development of SMEs in different sectors, enabling them to access international markets and compete with other products.

### **15. Low-Value Shipment (LVS) Procedure**

The Low-Value Shipment (LVS) Procedure is a simplified customs clearance process for low-value shipments that meet certain criteria, such as a value below a specified threshold. The LVS Procedure is designed to reduce the time and cost associated with customs clearance for low-value shipments, making it easier for SMEs to engage in cross-border trade. Under the LVS Procedure, low-value shipments are subject to simplified documentation requirements and are cleared on a first-come, first-served basis. This simplifies the customs clearance process and reduces the risk of delays, enabling SMEs to import and export low-value goods more easily. The SPMC and LVS Procedure have contributed to the growth and development of SMEs engaged in cross-border trade by providing a simplified and efficient customs clearance process for low-value shipments. This has enabled SMEs to access new markets, reduce costs, and grow their businesses.

### **16. Post-Clearance Audit to facilitate trade**

Nigeria has made significant efforts towards implementing post-clearance audits to facilitate trade. The country's post-clearance audit program is aimed at verifying the accuracy and authenticity of declarations made by importers after goods have been cleared through customs. The Nigerian Customs Service (NCS) is responsible for the implementation of the post-clearance audit program. The NCS has developed a risk-based approach to select which imports to audit, based on criteria such as the value of the goods, the nature of the goods, and the compliance history of the importer. One specific project that Nigeria has undertaken to support post-clearance audit is the Nigeria Customs Modernization Program (NCMP). The NCMP is a comprehensive project aimed at modernizing and automating the operations of the Nigerian Customs Service (NCS), including the implementation of a risk-based post-clearance audit system. The NCMP is being implemented in three phases, with the first phase focused on the implementation of a new customs management system. The system, called the Nigeria Customs Information System II (NICIS II),

is a web-based platform that automates customs processes and enables electronic clearance of goods. It also provides real-time access to customs data, which can be used for risk analysis and post-clearance audit.

The second phase of the NCMP involves the implementation of a risk management system to support the selection of imports for post-clearance audit. The system will use data from NICIS II and other sources to identify high-risk imports for audit, with the aim of reducing the overall cost and time required for customs clearance while also enhancing compliance with customs regulations.

The final phase of the NCMP is focused on capacity building for customs officials and other stakeholders, including importers and exporters. This includes training on risk management, post-clearance audit, and other customs procedures.

## **22. Advance Ruling system**

Advance Rulings (ARs) are an essential tool to facilitate international trade by providing clarity and predictability to traders. Nigeria, like many other countries, has recognized the importance of ARs and has implemented a system to provide them<sup>33</sup>. The Nigerian Customs Service (NCS) is responsible for administering the AR system in Nigeria. The NCS issues ARs to importers and exporters who request them. An AR is a written decision by the NCS that provides the importer or exporter with certainty as to the classification, origin, and value of goods before they are imported or exported. To obtain an AR in Nigeria, the importer or exporter must submit a written request to the NCS. The request must include a description of the goods, the tariff classification, the country of origin, and the proposed transaction value. The NCS will review the request and issue an AR within 30 days of receipt of the request. The AR system in Nigeria is designed to promote trade facilitation by providing certainty to traders and reducing the risk of customs-related disputes. By providing clear and predictable rulings, the AR system helps to promote a more efficient and transparent trading environment in Nigeria.

Overall, these case studies demonstrate Nigeria's commitment to supporting SMEs in trade facilitation through various programs, projects, and efforts. These initiatives have had a positive impact on the growth and development of SMEs in Nigeria, enabling them to access finance, develop production capabilities, and compete in international markets.

---

<sup>33</sup> <https://www.wcoomd.org/en/media/newsroom/2020/february/nigeria-takes-advance-rulings-to-the-next-level.aspx>

## **VI. Best practices for Nigeria in supporting SMEs in Trade Facilitation**

Small and Medium-sized Enterprises (SMEs) are an essential part of Nigeria's economy. They play a vital role in creating jobs, generating revenue, and driving economic growth. However, SMEs often face significant challenges in international trade, such as lack of access to finance, limited knowledge of trade procedures, and difficulty in meeting regulatory requirements. To support SMEs in trade facilitation, Nigeria can adopt the following best practices:

### **1. Access to Finance**

SMEs in Nigeria often face significant challenges in accessing finance, which can limit their ability to engage in international trade. To support SMEs in trade facilitation, Nigeria can adopt the following measures:

- ***Create special financing schemes:*** The Nigerian government can create financing schemes that provide low-interest loans, guarantees, and credit lines specifically for SMEs engaged in international trade.
- ***Partner with financial institutions:*** The government can partner with financial institutions to provide financial education and training to SMEs on topics such as trade finance, foreign exchange risk management, and trade insurance.

### **2. Simplification of Trade Procedures**

SMEs in Nigeria often face complex and time-consuming trade procedures, which can increase the cost and time of doing business. To support SMEs in trade facilitation, Nigeria can adopt the following measures:

- ***Reduce the number of documents required:*** Nigeria can reduce the number of documents required for import and export processes, and promote the use of electronic documentation.
- ***Streamline customs clearance procedures:*** Nigeria can streamline customs clearance procedures by implementing risk-based approaches, improving coordination between different government agencies, and reducing the time required for inspection and release of goods.
- ***Implement electronic systems:*** Nigeria can implement electronic systems for trade documentation, such as the Nigerian Single Window, which enables traders to submit and receive trade-related documents electronically.

### **3. Trade Information**

SMEs in Nigeria often lack up-to-date information on trade regulations, requirements, and procedures, which can increase the risk of non-compliance. To support SMEs in trade facilitation, Nigeria can adopt the following measures:

- ***Establish trade portals***: Nigeria can establish trade portals that provide up-to-date information on trade regulations, requirements, and procedures, and promote the use of these portals among SMEs.
- ***Establish hotlines***: Nigeria can establish hotlines that provide SMEs with a point of contact for trade-related questions and concerns.
- ***Promote trade fairs***: Nigeria can promote trade fairs that bring together SMEs, government officials, and other stakeholders to share information and build relationships.

#### 4. **Capacity Building**

SMEs in Nigeria often lack the skills and knowledge required to engage in international trade successfully. To support SMEs in trade facilitation, Nigeria can adopt the following measures:

- ***Provide training programs***: Nigeria can provide training programs on trade-related topics, such as trade procedures, regulations, and standards, delivered through workshops, seminars, and mentorship programs.
- ***Partner with industry associations***: Nigeria can partner with industry associations to develop training programs tailored to the needs of specific sectors.
- ***Establish a certification system***: Nigeria can establish a certification system for SMEs that demonstrates their knowledge and competence in trade-related topics.

#### 5. **Public-Private Partnerships**

Public-private partnerships can provide SMEs with access to finance, trade information, and capacity building programs. To support SMEs in trade facilitation, Nigeria can adopt the following measures:

- ***Establish partnerships between the government***, financial institutions, and private sector organizations: These partnerships can provide SMEs with access to finance, trade information, and capacity building programs.
- ***Establish SME support centers***: Nigeria can establish SME support centers that provide a one-stop-shop for SMEs to access trade-related services and support.
- ***Establish a business incubation program***: Nigeria can establish a business incubation program that provides start-up and growth support to SMEs engaged in international trade.

In conclusion, supporting SMEs in trade facilitation is critical to promoting economic growth in Nigeria. Nigeria can adopt a range of measures to support SMEs, including providing access to finance, simplifying trade procedures, providing trade information, capacity building, and promoting public-private partnerships. These measures will help to reduce trade barriers, increase SMEs' participation in

## 6. **Regulatory and Institutional Framework**

The regulatory and institutional framework plays a crucial role in supporting SMEs in trade facilitation. To support SMEs, Nigeria can adopt the following measures:

- ***Develop and implement trade policies that promote SMEs:*** Nigeria can develop and implement trade policies that promote SMEs' participation in international trade, such as preferential treatment for SMEs in public procurement and trade agreements.
- ***Strengthen institutional capacity:*** Nigeria can strengthen the capacity of institutions responsible for trade facilitation, such as customs, regulatory agencies, and trade promotion agencies.
- ***Enhance regulatory coherence:*** Nigeria can enhance regulatory coherence by ensuring that trade-related regulations are consistent, transparent, and non-discriminatory.

7. **Export Promotion:** Export promotion can help SMEs expand their markets and increase their competitiveness. To support SMEs in export promotion, Nigeria can adopt the following measures:

- ***Develop export promotion strategies:*** Nigeria can develop export promotion strategies that target specific sectors and markets, and provide SMEs with the necessary support to enter these markets.
- ***Provide trade promotion services:*** Nigeria can provide trade promotion services such as market research, trade missions, and buyer-seller matching services to SMEs.
- ***Provide export credit guarantees:*** Nigeria can provide export credit guarantees that reduce the risk of non-payment by foreign buyers.

## 8. **Access to Technology**

Access to technology can enhance SMEs' competitiveness and reduce the cost of doing business. To support SMEs in access to technology, Nigeria can adopt the following measures:

- ***Provide access to e-commerce platforms:*** Nigeria can provide access to e-commerce platforms that enable SMEs to sell their products online and reach a global market.

- **Promote digital literacy:** Nigeria can promote digital literacy among SMEs to ensure they are equipped to use technology effectively.
- **Provide access to technology infrastructure:** Nigeria can provide SMEs with access to technology infrastructure, such as broadband internet and mobile devices, to enable them to use technology effectively.

#### 9. **Support for Women-Owned SMEs**

Women-owned SMEs face specific challenges in accessing trade-related information, finance, and markets. To support women-owned SMEs, Nigeria can adopt the following measures:

- **Develop gender-responsive trade policies:** Nigeria can develop trade policies that take into account the specific needs and challenges faced by women-owned SMEs.
- **Provide gender-specific trade information:** Nigeria can provide gender-specific trade information to women-owned SMEs, such as trade regulations, requirements, and procedures.
- **Provide gender-sensitive financial services:** Nigeria can provide gender-sensitive financial services that meet the specific needs of women-owned SMEs, such as collateral-free loans and microfinance.

#### **Conclusion**

In conclusion, supporting SMEs in trade facilitation requires a comprehensive approach that addresses their specific needs and challenges. Nigeria can adopt a range of measures to support SMEs, including enhancing the regulatory and institutional framework, promoting export, providing access to technology, and supporting women-owned SMEs. These measures will help to reduce trade barriers, increase SMEs' participation in international trade, and promote economic growth in Nigeria.