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Small and Medium Enterprise Financing in Nigeria: Benefits, Challenges and Way Forward.

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Abstract
The study aimed at evaluating the direct implications of SME financing on the economic development of Nigeria. The paper discussed the imperative for government intervention in SME financing and the various schemes by the government to address lack of access to finance by SMEs in Nigeria. Using lessons learnt from various countries' SMEs scheme, the study concluded that SMEs in Nigeria has a long way to go for it to be relevant and play its crucial role in relation to contributing to the growth and development of the country.

Keywords: Nigeria, Small and Medium Enterprise, Financing,

1.0 INTRODUCTION

1.1 Background

In many countries, small and medium scale enterprises (SMEs) have provided the mechanism for driving indigenous industries, creating employment opportunities and aiding the development of indigenous technology (Sule, 1986; World Bank, 1995). SMEs have successfully been used as an instrument of poverty alleviation and a developmental tool globally. This assertion is based on the fact that they are seen as a source of dynamism, innovation and flexibility, and their contribution to productivity in an economy cannot be over-emphasised. The SMEs contribute more to employment generation, as they employ more than half of the total workforce in the US, and two-thirds in the EU (Takats, 2004). Also, some of them eventually transform to big industries that will stimulate economic development. The impact of SMEs on the industrialisation and development witnessed in the South East Asia has gone a long way in making most emerging economies to pay more attention to its development as an engine of growth and development. Hence, at present financing of SMEs is increasingly seen and used as a development strategy.

However, in Nigeria, SMEs have not been able to play these important roles. Given the importance of SMEs in economic development worldwide, an increasing supply gap in credit to the SMEs in Nigeria, as well as the quantum of challenges, posed severe threats to the industrialisation process of the country as it stalled the growth of enterprises in many countries. Bank lending to SMEs is important in modern economies as funds provided enhance capacity to raise investment and, thereby, increase productivity. Indeed, inadequate capital worsened by difficulty in accessing financing from banks, poor business environments as typified by the poor state of infrastructure, low entrepreneurial skills and inconsistent government policies continued to limit the capacity for SMEs to drive development.

1.2 Objective

For Nigeria to attain a decent level of desired economic growth and development in line with its vision to be among the leading twenty economies by the year 2020, the financial intervention strategy of the country must be revved up significantly. Against this backdrop, this study aims at evaluating the direct implications of SME financing on the economic development of Nigeria using lessons learnt from various countries. Also, various efforts of the Government via the CBN and other related agencies of the government aimed at increasing the financial support given to SMEs as well as macroeconomic implications of SME lending on the Nigerian economy would be discussed.

2.0 THEORETICAL AND EMPIRICAL EVIDENCE OF SME FINANCING.

Small and medium scale enterprises (SMEs) are a very heterogeneous group. They include a wide variety of firms– village handicraft makers, small machine shops, restaurants, and computer software firms – that possess a wide range of sophistication and skills and operate in very different markets and social environments (You Joung-Il, 1995). In some countries, SME owners and workers are (or are perceived to be) dominated by members of a particular ethnic group, such as the native *pribumi* in Indonesia or indigenous groups in Bolivia. SMEs usually operate in the formal sector of the economy by employing mainly wage-earning workers and participating more fully in organised markets with a propensity to grow and become competitive in domestic and international markets.

The statistical definition of SMEs is usually based on the number of employees or the value of the asset; and this characteristic varies from country to country, The lower limit for small-scale enterprises are generally set at between 5 to 10 workers and the upper limit at 50 to100 employees. The upper limit for "medium-scale" enterprises is generally set between 100 and 250 employees. The size of the economy also determines which firm is small. For instance, a 50-employee firm in the U.S is considered "smaller" (relative to the size of the U.S. economy) than a 50-man employee firm in Bolivia. Moreover, other features of the firm, like "the degree of informality or the level of technological sophistication, may matter more than the number of employees as a segmentation factor" (Hallberg, 1999).

However, in arriving at a working definition for SMEs, several criteria that cut across the majority of jurisdictions are used as benchmarks. Balunywa (2001) argued that the number of employees might not be sufficient for characterising enterprises small or big because development strategies vary from country to country. For instance, in countries that adopt a labour intensive approach to industrialisation as in India, a small-scale enterprise would have more employees than in any country where capital intensive policies are in vogue as in most developed countries.

Numerous studies highlight access to finance as one of the driving factors of an enabling economic environment for growth and development. The World Bank and the International Finance Corporation (IFC) rank economies according to their ease of doing business; in this framework, the ability for business to get credit is an important criterion (World Bank, 2017). The Global Entrepreneurship Monitor (GEM) Entrepreneurship Framework Condition also highlights entrepreneurial finance, defined as "the availability of financial resources for SMEs in

the form of debt and equity, as one of the key factors for stimulating and supporting entrepreneurial activity". Access to finance facilitates market entry, the growth of companies and risk reduction, as well as promotes innovation and entrepreneurial activity. Additionally, firms with greater access to capital are more able to exploit growth and investment opportunities. Put differently; aggregate economic performance will be improved by increasing the access to capital. The World Bank Enterprise Surveys reveal that, for example, in low-income countries, on average 43 percent of businesses with 20 to 99 employees rate, considered access to finance or cost of finance as a major restraint to current operations. In high-income countries, only 11 percent of businesses of the same size rate listed access to finance as a constraint (World Bank, 2014).

In the United Kingdom, SMEs have seen consistent Government intervention in the form of Tax incentives through schemes like the Enterprise Investment Scheme (EIS) and the Venture Capital Trust (VCT) to benefit those who provide direct investments in SMEs. There are also other government incentives in the form of Venture Capital Funds via schemes like the Enterprise Capital Funds (ECF) program and UK Innovation Investment Fund (IIF) all funded by the UK government to provide financial intervention to SMEs. The UK Government also has an agreement with major high street banks to make GBP 76billion of credit available to SMEs in 2011 (BIS, 2012).

Access to finance for innovation is very important for business development, and thus, for economic growth and development. A well-functioning financial system enables new businesses with innovative products or more efficient production processes to displace older less efficient businesses. This will contribute to improvements in productivity and initiates usage of underutilised resources within the economy. Aghion et al. (2007) find that higher finance development is associated with increased new firm entry in certain sectors and higher growth amongst those new firms. The role of government intervention to develop the financial system remains obvious and pertinent.

Kasekende and Opondo (2003) investigated the economic rationale for intervention in support of Small and Medium Scale Enterprises (SMEs) from both theoretical and empirical perspectives in Uganda. They argued that the inherent weaknesses of SMEs hinder access to financial services. Specifically, the reasons given for supporting SMEs are basically to increase access to financial markets and other services; and to reduce policy-induced bias against them. The Ugandan government and other institutions made significant strides to accelerate the development of markets for both the financial and non-financial services suited to SMEs through the promotion of innovation in products and delivery mechanism and by building institutional capacity. Despite the support, the SMEs have to do more, themselves, to overcome some of the challenges they face.

In a research paper "*European policy towards venture capital: Myth or reality?*" published in the International Journal of Entrepreneurial Finance (1999) the author, in reaction to the enormous lack of venture capital in Europe compared to the US, the European Union, (until now was relatively absent from the venture capital market); has launched new programs. These are focused on the direct financing of the setting up and development of venture capital funds (by capital participation or contribution to overheads) as well as on stimulating the general conditions for better access to finance. This is a classic case of financial intervention for SMEs by the government.

Cressy and Olofsson (1997) observed that in two critical sectors of Swedish industry in the early 1990s, the existence of (internally generated) finance *demand* rather than simply the familiar (externally generated) finance *supply* constraints on businesses are a significant empirical phenomenon. Its findings were that Firms still felt that it was better to rely on retained profits for their funds and to rely on the banks in the second resort. However, the owners of younger firms, especially in Business Services, regarding the added expertise of new owners very favourably, and indeed one in three such firms actively sought new owners. This finding emphasises the nature of equity finance as a 'package'. From the viewpoint of the smaller firm: control-loss is more acceptable if accompanied by a compensating gain in needed management skills and increased capital. The paper also encouraged greater financial intervention from the government.

3.0 BACKGROUND OF SME DEVELOPMENT IN NIGERIA

3.1 Critical elements of Nigeria's SMEs

In Nigeria, the national policy on micro, small and medium enterprises defines SMEs along the lines of international criteria. The policy mainly uses the employment base and asset size to categorize firms into micro, small and medium. Accordingly, for small-scale enterprises, the employment base should be between 10 and 49 with an asset base of over ₦5 million but less than ₦50 million. Medium scale enterprises are those that employ between 50 and 199 workers, with an asset base of over ₦50 million but less than ₦500 million. Importantly, the assets admitted for these classifications exclude land and buildings. Also, in case of conflict of classification between employment and asset size, the policy gives pre-eminence to the number of employees over asset size.

Overwhelming government support has characterised SMEs in Nigeria, sometimes even playing a dominant role both as the sole owner of the development finance institutions and the major provider of the finance. Since the attainment of political Independence in 1960, a major preoccupation of Nigerian Government has always been on how to support and promote Small and Medium Scale Enterprises to make them robust enough to be able to provide employment and contribute to economic growth. It is in the quest for this development that successive Nigerian Governments have consistently tried to devise ways of supporting the SMEs. The first post-independence attempt by the Government to directly provide for SMEs, in its quest to help accelerate the pace of development in the country, was in 1962 with the establishment of the Nigerian Industrial Development Bank (NIDB).

3.1.1 The Nigerian Industrial Development Bank (NIDB) Ltd

The primary mandate was to provide medium to long-term loans for investment in industrial activities. Although its loan portfolio covered mainly large-scale industries, the bank had a special unit that focused on SME's financial requirements. An attractive feature of NIDB's financing was its policy of equity participation in some of the projects it financed. It disbursed a total of ₦174.6 million to the SMEs between 1980 and 1988 and was also responsible for the bulk of credit delivery to the SMEs under the SME II loans scheme of the World Bank. It also accounted for more than 80 percent of the total number of disbursements under the scheme. Arising from

financial and other constraints, NIDB was merged with similar institutions in 2001 to form the new Bank of Industry (BOI) (Sanusi, 2003).

3.1.2 The Nigerian Bank for Commerce and Industry (NBCI)

The Federal Government established the NBCI in 1973 in the wake of its indigenisation policy in 1972 to promote the development of small and medium industries in the country. The principal function of the NBCI was the provision of long-term investment financing and equity funds to small and medium industries. The bank also engaged in share underwriting, project identification and feasibility studies. Sources of funds for NBCI included subventions from the Federal Government and the CBN through penalties imposed on commercial and merchant banks for credit shortfalls on loans to small and medium scale enterprises. The NBCI operated as an apex financial institution for the SME and thus, administered the SME I World Bank loan scheme. It approved a total of 797 projects with the project value amounting to ₦965.5 million between 1973 and 1989 and disbursed ₦141.82 million between 1987 and 1988 (Olorunshola, 2003). The NBCI suffered from operational problems, culminating in a state of insolvency from 1989 and was merged with another programme to form the Bank of Industry.

3.1.3 World Bank SME I Loan Scheme

As a result of the increasing financial needs of SMEs, government-sponsored funding programmes were evolved to promote the growth of SMEs with the support of multilateral development agencies. The Federal government signed an agreement with the World Bank for a US$41 million SME I loan in 1984 and was administered by the NBCI. A total of 126 projects were financed under the scheme with total disbursement amounting to US$21 million or 52 percent of the total projects fund. The projects covered a wide range of industries with agro-allied and manufacturing sectors receiving about 62 percent of the total funds disbursed under the scheme.

3.1.4 World Bank SME II Loan Scheme

With the adoption of the Structural Adjustment Programme (SAP) in mid-1986, the government negotiated and obtained the World Bank SME II Loan Scheme of US$270 million for the development of SMEs. The loan was managed by the CBN SME II Office and was disbursed through some participating banks (PBs), comprising commercial, merchant and development banks. It commenced operation in 1990, however, the loan was reduced to US$142 million in September 1992 due to poor patronage by PBs. About 187 projects received a disbursement from 27 PBs. The scheme enabled the establishment of 85 new SMEs, expansion, diversification and modernisation of 102 existing ones and, the creation of about 40,000 jobs (Ojiakor, 2007).

A major characteristic of all the above schemes is the fact that Government played a very dominant role both as the sole owner of these development finance institutions and a major provider of the financing for the SMEs which explains why the SMEs failed to develop adequately.

3.2 The Role of SME in Economic Development

There is growing recognition of the important role small and medium enterprises (SMEs) play in economic development. They are often described as the engines through which the growth objectives of developing countries can be achieved. The SMEs are potential sources of employment and income in many developing countries. They majorly contribute to a country's national product by either manufacturing goods of value, or through the provision of services to both consumers and/or other enterprises. This encompasses the provision of products and, to a lesser extent, services to foreign clients, thereby contributing to overall export performance.

According to the Nigeria Bureau of Statistics 2004, SMEs represent about 96 percent of firms in the Nigerian industrial sector. Despite the dominance of SME in the country, however, they contribute as low as one percent of the nation's Gross Domestic Product (GDP). This is in contrast to countries like Indonesia, Thailand and India where SMEs contribute almost 40 percent. Also, the micro and small enterprises sector provide, on average, only about 50 percent of Nigeria's employment and 50 percent of its industrial output. No government can afford to ignore such a high contributor to its economy. The proportion of Nigeria micro and small enterprises and their impact on the economy are pretty much similar to those of other countries of the world, especially in advanced economies. These altogether employed more than 50 percent of the private workforce, and generate more than half of the nations.

The 2012 Enterprise Baseline Survey revealed that there are over 17 million Small and Medium Scale Enterprises in Nigeria, employing over 32 million people and contributing 46.54 percent of the nation's Gross Domestic Product in nominal terms.

While SMEs are an important part of the business landscape in the country; they are faced with huge challenges that compromise their ability to function and to contribute optimally to the economy. The reasons for this include poor funding; low managerial skills; unfriendly business environment; failing infrastructure; bureaucratic bottlenecks and lack of access to modern technology (CBN 2011). Among all the constraints that affect the performance of SMEs, access to capital occupies a central position (Lader, 1996). Lack of adequate financial resources places significant constraints on SME development, especially in developing countries like Nigeria. A large portion of the SMEs does not have access to adequate and appropriate forms of credit and equity, or indeed to financial services more generally (Parker et al., 1995). The small-scale entrepreneurs are forced to provide virtually all the facilities at their industrial sites like roads, electricity, water and sometimes security. Many who could have engaged in small or medium scale enterprises were deterred because of the huge capital outlay required to provide the infrastructure before the commencement of their businesses.

4.0 SME FINANCING AS A DEVELOPMENT STRATEGY

Governments in both industrialised and developing countries provide a wide variety of programs to assist SMEs. Despite the success of these SME strategies in a few countries (e.g., Taiwan, Italy, Ireland), the majority of the developing countries have found that the impact of their SME development programs on has been less than satisfactory. Stiglitz (1993) noted that the role of the government in financial market development is one of the

long-standing and unresolved debates engaged by economists around the world. Nevertheless, until recently a very few have discussed the role of the government in small and medium scale enterprises (SMEs) development and issues relating to financial services for the smaller companies. The factors determining the rationale for intervention mainly include level of macroeconomic stability; stage of development of the banking system; level of basic infrastructure facilities, stage of development of the Micro Finance Industry; size of the potential SMEs, conflict situation such as wars and natural disasters; geographical diversity of the country; and population density (Ojiakor, 2007). This section attempts to discuss the role of the government and the need for their intervention in the development of sustainable financial services to reach the majority of the poor and their micro and small enterprises. Different schools of thought on the role of the government that is either Laissez-faire school, or Interventionist school, or Moderate interventionist school recognise different levels of government interventions on the development of SMEs. Nevertheless, the most appropriate role for the government varies depending on a variety of country-specific conditions and on the levels of financial development.

The inadequacy of rural infrastructure hinders access to markets and technology. The road network is in disrepair, while the provision of power, water, and communications is inadequate, even in the urban areas, and absent in the rural areas in the country. All these factors tend to increase the costs of doing business or result in low-quality, uncompetitive products and by extension hinder SME development in Nigeria. The absence of an enabling regulatory framework and legislation for MFIs by the government has hindered financial intervention for SMEs.

4.1 Government intervention in SME financing

In an attempt to improve the operational performance of the SMEs and aid their development, the government, post-independence, established various schemes such as Industrial Development Centers (IDCs) in 1962, Small Scale Industries Credit Scheme (SSICS) in 1971, Small Scale Industries Fund (SSIF). The government issued policy initiatives aimed at addressing the peculiar needs of the SMEs through existing commercial banks. Such among others include:

- The Rural Banking Scheme (1977);
- National Economic Reconstruction Fund (NERFUND) was established in the mid-1980s to assist SMEs to adjust to the Structural Adjustment Programme. The Fund provided a long term loan support (5-10 years) to SMEs at concessionary interest rates;
- Established the community banking scheme in 1991 with the objective of rural development and providing start-up facilities for smallholders;
- Establishment of Bank of Industry (BOI) with the principal objective of providing credit to the industrial sector including SMEs at an interest rate of 10 percent;
- The Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB) were also established with the objective of financing the rural sector with particular interest in the SME sub-sector;

- The Community Banking Scheme (1992) which gave mandates to commercial banks to provide finance to the SMEs.

These initiatives failed mainly because of political instability, lack of fiscal discipline, inconsistent macroeconomic policies, by the government who established them. Despite the failures of most of the initiatives mentioned above, the need to put in place a policy framework that will help promote the development of a robust SME sector remains ever-present. These issues necessitated the formulation of new policies and attitudes towards the growth and development of SMEs in Nigeria. The schemes include:

4.1.1 Small and Medium Enterprises Equity Investment Scheme (SMEEIS)

This scheme commenced operation in 2001, under the supervision of the CBN. The objective of this scheme was to facilitate finance and management expertise to small and medium scale industries in Nigeria. Banks were to set aside 10 percent of their Profit after Tax annually in support of equity investment in small and medium enterprises. The arrangement eliminates the interest burden and other associated charges on SME financing. This innovative Scheme affords SMEs access to long-term funding, disciplined approach to business and management as well as the opportunity to integrate into the formal financial sector among others.

4.1.2 Small and Medium Enterprises (SME) Credit Guarantee Scheme (SMECGS)

The Small and Medium Enterprises (SME) Credit Guarantee Scheme (SMECGS) was introduced in April 2010 to fast-track the development of the manufacturing and SME sub-sector by providing 80.0 percent guarantee for bank credits. The purpose of the intervention is to create more jobs and to provide ₦100 million maximum loan facility with five (5) years tenor for each project. As at end-September, 2017 the total number of applications guaranteed from inception was 88 (Eighty-eight), valued at ₦4.251 billion. Also, cumulatively, the total number of fully repaid loans stood at 40 valued ₦2.228 billion since inception to date.

4.1.3 ₦200 Billion Refinancing/Restructuring Facilities to Small and Medium Enterprises/Manufacturing (RRF)

The Scheme was introduced in April 2010 to fast-track the development and revitalisation of ailing SMEs in the country through refinancing and restructuring of Deposit Money banks' (DMBs) existing loan portfolio. The facility has a tenor of 15 years and an annual interest rate of 7.0 percent repayable quarterly. From the inception of the program to end-September, 2017, the cumulative disbursements to clients through the Bank of Industry (BOI) stood at ₦381.99 billion in respect of 604 projects. Also, a total of ₦186.542 billion has so far been repaid by the DMBs.

A total of 344 projects valued ₦85.148bn have so far been fully liquidated under the Scheme from inception to date.

4.1.4 Real Sector Support Facility (RSSF)

The CBN had in November 2014 approved the establishment of an ₦300 billion Real Sector Support Facility (RSSF) to address the funding needs of large ticket SMEs in Nigeria. It is aimed at closing the short-term and

high- interest financing gap for SME/Manufacturing and start-ups, as well as create jobs through the Real Sector of the Nigerian economy. Cumulatively, a total of ten (10) projects valued ₦35.581bn have so far been disbursed under RSSF. The cumulative repayment by the DMBs to CBN from inception to September 2017 under RSSF is ₦357.0mn.

4.1.5 The Micro Small and Medium Enterprises Development Fund (MSMEDF)

In recognition of the considerable contributions of the Micro, Small and Medium establishments (MSME) sub-sector to the Nigerian economy and the huge financing gap in the country, the CBN launched the MSME improvement Fund on August 15, 2013, with a share capital of ₦220 billion. Ten (10) percent of the Fund has been devoted to developmental goals while ninety (90) percent to commercial components to be released to Participating Financial Institutions (PFIs) at 2% interest rate for on-lending to MSMEs at a maximum of 9% per annum. Eligible activities to be financed consist of the agricultural value chain, services, cottage industries, artisans, and any income generating business as can be prescribed by the CBN now and then. As at end-August, 2017 the cumulative wholesale amount disbursed stood at ₦115.178 billion.

4.1.6 N50 Billion Textile Sector Intervention Fund

The Central Bank of Nigeria in a bid to resuscitate the Textiles Industry has put in place a ₦50 billion special mechanisms for the restructuring of existing facilities and provision of further facilities for textile companies with a genuine need for intervention. This was the result of the meetings between the Governor and owners of textile mills in Nigeria on August 7, and September 29, 2015. Among the resolutions reached were that the Textile Mills articulate the status of their BOI CTG Loans stating their outstanding loan balances, tenure, interest rate, interest payment and the assistance being sought from CBN. Cumulatively, the sum of ₦26.386 billion has been disbursed in favour of thirty-one (31) projects from inception to date.

4.1.7 Establishment of Entrepreneurship Development Centres (EDCs)

This initiative was aimed at developing strong SMEs that can complete globally and contribute to national growth and development. Three EDSs were established in Kano, Lagos and Onitsha. Three new EDCs in Maiduguri, Makurdi and Calabar were later established, followed by Kano, Ibadan and Umuahia, and one outreach Centre located in the Minna. Cumulatively from inception, 30,262 participants were trained out of the total target of 28,500. 23,592 jobs were created while 11,809 accessed a total of ₦2.595bn as loan to start their businesses.

4.2 Implications of SME Financing to Development

Access to finance aids in the increased growth of SMEs, which also has a direct effect on GDP growth due to increased output, value-add and profits. According to Eluhaiwe 2012, the ₦200 billion special intervention funds for small businesses in Nigeria have assisted the SMEs in making unprecedented yearly earnings of ₦35.30 billion since its establishment in 2010. This was made possible due to the relatively cheap loans they accessed from the government intervention fund at single digit interest rate. The government intervention scheme has also generated over 16,422 new jobs, sustained the operations of 347 projects and resuscitated more

than nine moribund companies, thus, increasing capacity utilisation in companies from a pre-intervention level of 25 percent to 36 percent. Financing SMEs lead to increased revenues and profits of SMEs, thus, increasing government income from taxation.

5.0 CHALLENGES TO SME FINANCING STRATEGY IN NIGERIA

SMEs have been fully recognized as the main engine of economic growth and a major factor in promoting private sector development and partnership. Some of the financing challenges they encounter include:

- Accessibility to sustainable funds has perennially constituted a hindrance to adequate funding of Small and Medium Enterprises (SMEs), leading to the premature collapse of these industries.
- Majority of the SMEs do not keep records for fear of tax obligations. The prevailing corrupt tendency in Nigeria, which has permeated the fabric of the society including Nigeria entrepreneurs, has prevented most small and medium enterprises operators from keeping adequate records. This makes it difficult to translate general policy framework into efficient and sustainable intervention programmes for the benefit of the SMEs in the country.
- Most SMEs operators prefer to get the funds as a loan rather than an equity contribution. They are averse to going into partnership schemes with banks under the SMIEIS programme, thus, setting back most SMEs in the country.
- A good number of SMEs in Nigeria are not aware of the existence of the different sources of funds for SME development; the incentives available for them, as well as how to source funds from banks.
- The poor governance structure is another factor preventing the small and medium enterprises from accessing funds easily from banks and other specialised financial institution.

6.0 CONCLUSION & POLICY RECOMMENDATION

The issue of lack of finance to SMEs in Nigeria continues to inhibit economic growth and development. Thus, the paper discussed the imperative for government intervention in SME financing and the various schemes by the government to address lack of access to finance by SMEs in Nigeria. The study concluded that SMEs in Nigeria has a long way to go for it to be relevant and play its crucial role in contributing to the growth and development of the country. Thus, the paper recommends the following;

- Need to develop policy, regulatory and legal frameworks that are essential to the development of innovative financial institutions;
- There is need for the promotion of specialised lending technologies that will reduce the administrative costs associated with credit application, monitoring and payment;

- The need to monitor the schemes constantly and make changes when necessary. It should also be noted that these changes, should only apply to future commitments in order not to undermine confidence in the scheme;
- Other recommendations to be considered include client-focus, comprehensive, customised, coordinated, capacity building, connected and consistent quality services for the SMEs.

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