Commercial Microfinance & Sustainable SMEs

Spectra Nigeria Limited Experience
By
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Introduction

• Spectra Nigeria Limited was formally incorporated in 1991 as a Private Limited Liability Company. We subsequently commenced food processing in 1992 at 3, Oludayo Street, Iju Ishaga, Agege, Lagos.

• We enrolled in the Technology Business Incubation Scheme under the auspices of the Federal Ministry of Science and Technology in 1994. One of the objectives of the centre is to nurture ideas into a viable business venture. We completed a five-year incubation program in 1998 and emerged as the best TENANT BUSINESS OF THE YEAR and Throughout our stay at the Centre.
Thereafter, we relocated to our present site, leased from the Lagos State Ministry of Agriculture and Cooperatives at Plot 1, Suco Road (formerly called Abisola Alimi Crescent), beside new Abattoir Market, Oko-Oba in Agege, Lagos State.

The first product of the company is named ‘Instant Suco Cocoa Drink’ and it is remarkable that the company has been able to expand and maintain its market share in the food, tobacco and beverage sector in spite of strong competition from the multinationals.
Today it has become a multi-product company producing the following products that are readily acceptable in the market place:

- Instant Suco Cocoa drink
- Cocoa beverage
- Frute pineapple juice
- Frute pineapple/ginger juice
- Soya instant drink
- Soya bakes
- Sesame oil
Vision & Mission

- VISION
  - To be one of the global market leaders in the processing and marketing of functional foods by the year 2015.

- MISSION
  - We will satisfy the market’s need for quality and affordable food products, that offer beneficial opportunities as related to the consumers’ well being and health while also reduce the risk of diseases, in a way that adds value to all our stakeholders.
Our Products
Cocoa Drinks

Discover the Health Benefits of

...the ideal cocoa drinks

Spectra
NIGERIA LIMITED

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How we started

• Fabrication of mixer and pulverizer for the processing of Suco cocoa drink (our first product)
• Making of the 50g sachets
• Making of refill in packs of 450g Suco
• Packaging Suco in 450cans.
Initial Funding

• Saving from plantain chips business
• We started with the simplest tools available to us as we did in the case of plantain chips production
First Loan to finance Spectra

- Leasing of 36kva Generator from Panat Nig. Ltd
- Equipment leasing from Eko International Bank Ltd now Skye Bank Plc. to buy packaging machine.
- Equipment leasing through Triumph Bank to buy horizontal form fill and seal machine.
- Supplier credit and distributors’ deposit
Challenges

- Competition from multinationals
- Change in Technology
- Delay in machine fabrication by the suppliers
- Lack of understanding of SMEs by Nigerian banks
- Microfinancing as being practised in Nigeria can only support traders and working capital to very micro and small scale manufacturers.
- Electricity supply and cost of fuelling generating sets
- Lack of adequate infrastructure
- Mad rush to Microfinance is driven by the profit and not the interest they have in developing SME
Way Forward

• The MFIs should reduce their interest rate and extend the repayment period to 12 months.
• Allow SMEs to import their machines if they are not available locally.
• Another flexible window should be opened for the SMEs to allow between N5M-10M as loan.
• Assisting the SMEs in the area of capacity building for the operators and their workers.
• Provision of functional industrial parks by public-private initiative.
• Setting up of SME financing model that will work.
Craft Development & Microfinance
Lady bag made from Water Hyacinth