

# COMMUNIQUE ISSUED AT THE 18<sup>TH</sup> NATIONAL LEASE CONFERENCE ORGANISED BY THE EQUIPMENT LEASING ASSOCIATION OF NIGERIA (ELAN), HELD VIRTUALLY ON THURSDAY, 19<sup>TH</sup> NOVEMBER, 2020

## 1.0 BACKGROUND

The 18<sup>th</sup> National Lease Conference “**ADAPTING TO THE NEW WORLD ORDER IN COVID 19 ECONOMY: THE LEASING INITIATIVE**”, organised by the Equipment Leasing Association of Nigeria (ELAN), was held virtually on Thursday, 19<sup>th</sup> November 2020. The event was essentially aimed at promoting the ideals of leasing in Nigeria and cross fertilisation of ideas to propel the development of the leasing industry and the national economy.

This year’s Conference came at a very interesting time - the Covid 19 pandemic being witnessed globally, which has become more challenging for Nigeria as a nation. Conference focused on this development, considering strategy and solution models that would be needed to enable the leasing industry forge ahead in this new direction and enhance its value proposition to the economy.

This year’s conference was highly memorable, graced by two Honourable Ministers: Otunba Richard Adeniyi Adebayo, CON, Industry, Trade and Investment and his counterpart in the Mines and Steel Development, Arc. Olamilekan Adegbite as Special Guests of Honour, Distinguished Guest Speakers and Panelists from around the globe, with Participants cutting across the Leasing Industry, Government, Business Community and high net worth individuals.

In his address, the Chairman welcomed Guests, participants especially the Special Guests of Honour. He stressed the developmental attributes of leasing to the revitalisation of the economy amidst the covid 19 pandemic and solicited the support of stakeholders especially, Government to ensure that leasing is placed on the right pedestals to contribute more to economic development, through appropriate policies and regulations, emphasising the urgent need for the formal inauguration of the Equipment Leasing Registration Authority.

The Honourable Minister of Industry, Trade and Investment, Otunba Richard Adeniyi Adebayo, CON, while declaring the conference open, encouraged the industry on increased investment to enhance contributions to the growth of the national economy, while his counterpart in the Mines and Steel Development, Arc. Olamilekan Adegbite remarked on the utilisation of leasing to develop the mining sector.

## 1.1 PAPER PRESENTATION/DISCUSSION

Two major papers were presented:

- Winning the Deal in a Volatile and Competitive Environment: Key Considerations and Strategies for Success – ***Ikenna Okafor, Managing Director/CEO Keves Global Leasing Limited***
- Imperatives of Leasing in Stimulating Domestic Economy – ***Rafael Castillo-Triana, CEO The Alta Group, Latin America Group***

The discussion dove tailed into the panel discussion on the topic: “**Leasing Industry in The Covid 19 Economy – Impact, Role and Opportunities Analysis**”. The Panelists were: Toki Mabogunje (Mrs), President, Lagos Chamber of Commerce and Industry; Chuka Onwuchekwa, Managing Director/CEO Aquila Leasing Limited; Riadh Naouar, Manager IFC Financial Inclusive Group Advisory Services, Middle East and Africa; Andrew Otike-Odibi, Managing Director/CEO C&I Leasing Plc and Dr. Godwin Ehigiamusoe, Chairman, LAPO Microfinance Bank Limited with Alfred Okugbeni, Director of ELAN and Chairman, Board’s Programme Committee, moderating the session.

## 2.0 OBSERVATIONS

Conference observed that:

1. The Covid 19 pandemic has caused health and economic emergencies globally – unprecedented loss of lives and disruptions in businesses and in government, leading to weakened revenue, loss of employment and forced recession etc. This situation has become more challenging for Nigeria and exacerbated by the #ENDSARS protest across the country that led to loss of lives and properties. However, the pandemic equally opened up new opportunities brought about by the changing environment.
2. The leasing industry is not insulated from the impact of the pandemic as it affects business volume and operations, these include: delayed rental payment due to slow business activities; increased cost of assets and operations resulting from recent “adjustment” of the Naira, demand shift to more productive and essential assets etc.
3. The challenges of the leasing industry notwithstanding, it has always proven to be strong and growing in emerging as well as developed markets through all stages of an economic cycle, contributing effectively to capital formation in the economy. The leasing industry continues to

deepen its penetration in the equipment finance market, delivering multiplicity of benefits to customers and meeting the world's equipment needs.

4. The Nigerian leasing industry remains an essential contributor to national economic development and continues to demonstrate innovation and flexibility in the face of economic turbulence. The industry maintained its growth trajectory - recording more than a decade of uninterrupted growth. Leasing has become more imperative in the present situation in Nigeria amidst the pandemic, where there is insufficient funding in various sectors of the economy.
5. Access to finance remains a major challenge to Micro, Small and Medium Enterprises (MSMEs), in spite of the intervention funds from Government. There is therefore the need for other viable financing sources such as leasing, to augment Government initiatives.
6. There is need for Lessors to design survival strategies that will ensure the sustainability of their organisations. For instance, to succeed in challenging and competitive environment requires good market intelligence and competitor's information, effective risk management system and innovations.
7. Key growth areas that provide opportunities for leasing include transport, clean energy, telecommunications, manufacturing and agriculture while areas to reduce focus are: oil but not gas, traditional hospitality but not innovative hospitality.
8. That technology is crucial in driving functions and providing solutions at this changing environment
9. To facilitate the developmental objectives of the Equipment Leasing Act 2015, the Equipment Leasing Registration Authority needs to be inaugurated and operational. The Equipment Leasing Act was enacted as part of the support framework for the leasing industry.

### **3.0 CONSEQUENTLY CONFERENCE RESOLVED AS FOLLOWS:**

1. Government at all levels should utilise leasing in driving their developmental agenda. The leasing industry should effectively engage with Government and other stakeholders to develop and implement plan that will bring the necessary integral support in order to deepen leasing penetration and contribution to economic activities in Nigeria.
2. Businesses should consider the leasing route for the much-needed capital assets, as they strive to overcome the disruptions and learn to live the new normal. This is to make it easier for them to

connect their payment obligations to their own revenues, providing minimum stress and maximum focus on operations.

3. Lessors should scale up their leasing activities in the Micro, Small and Medium Enterprises (MSMEs) segment and capacity, to support these businesses and entrepreneurs.
4. Lease practitioners must realign strategies and adopt innovative approach, such as creating niche market, building strategic alliance within and outside the industry to enhance capacity; strengthening internal capacity to improve processes and performance; staying close to customers, while adopting a win - win approach in addressing the challenges. Also, to concentrate on areas where they can impact and control, while identifying new opportunities.
5. Lessors should deploy more technology to improve operations and processes to succeed in today's market.
6. Security planning must be incorporated as a major factor of production, in all business plans, partnering with the host environment and taking corporate social responsibility (CSR) seriously.
7. Stakeholders especially the Government should continue to provide support for the leasing industry to enable it realise its full potential. This includes the full implementation of the Equipment Leasing Act (2015), specifically, the inauguration and commencement of operation of the Equipment Leasing Registration Authority, to give effect to the intent and purport of the Act.

Conference concluded in all, with the affirmation of Equipment Leasing as a major financing instrument, that could enhance growth and resuscitate the economy amidst the global pandemic. The industry must be supported by stakeholders to ensure that it delivers effectively its developmental attributes and contribute more to capital formation in the economy.



**ANDREW EMONUWA**  
**Executive Secretary**

*Dated this 19<sup>th</sup> day of **November**, 2020.*