



DBN
Development
Bank of Nigeria

EQUIPMENT LEASING INITIATIVE

November 14, 2024

Bonaventure Okhaimo
Chief Operating Officer DBN

Our Corporate Philosophy



Our 5-Year Strategic Thrust

5 YEAR STRATEGIC PILLARS



OUTLINE

05- 06

Introduction

Overview of the Leasing Industry in Nigeria

11- 13

Why the equipment Leasing Initiative?

07

Economic Development:

MSMES Contribution And Challenges

13

The Equipment Leasing Initiative

Key stakeholders and Operating Model

08

Challenges Faced by MSMEs

Alleviating MSME Challenges & The roles of Leasing in alleviating these challenges

14

Impact of the Initiative

Expected Outcomes

09-10

About DBN

DBN at a Glance, Mandate and Key Sectors

15

Progress Update

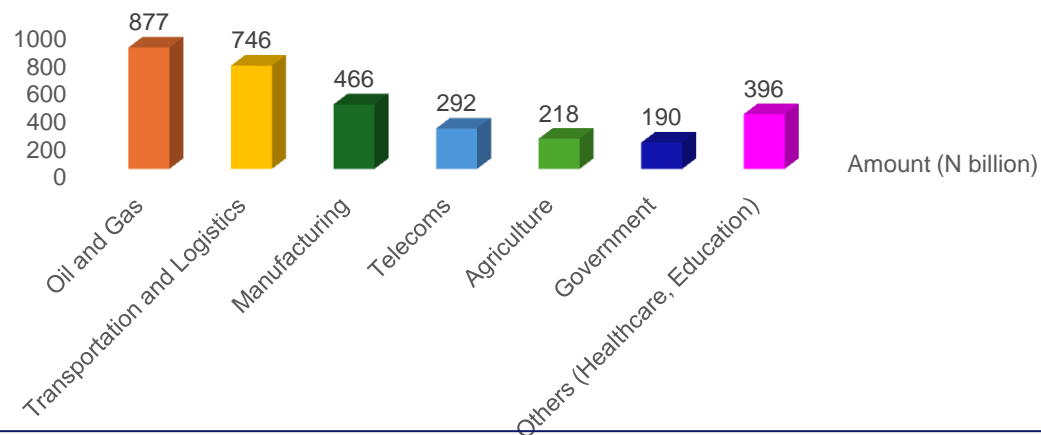
Updates and Key Challenges

THE LEASING INDUSTRY IN NIGERIA

•Overview

- Over 100 licensed finance companies as at 2023.
- Total Outstanding leases of N4.19 trillion representing a 28.7% growth rate.
- Major Sectors: Oil & Gas, Transportation, Manufacturing & Telecoms.
- Oils & Gas is the major sector contributing to about 23%
- Major contributor to the GDP by leasing equipments for productive use.
- On a continuous growth path

Amount (N Bn)



1.Challenges of Leasing companies in Nigeria

1.Funding Constraints

- Limited Access to Affordable Financing

Regulatory and Legal Issues

- Lack of Comprehensive Leasing Legislation
- Cumbersome Judicial Processes

Economic Factors:

- High Importation Costs
- Inflation and Currency Devaluation

Operational Challenges:

- High Cost of Operations particularly Power & Energy.
- Infrastructural Challenges

Market Dynamics and Competition:

- Competition with Banks
- Lack of Awareness

OVERVIEW OF THE NIGERIAN LEASING INDUSTRY.....2

Importance Of Leasing For Economic Growth

Promotes entrepreneurship, Innovation and MSME growth



1

Facilitates access to capital goods



2

Enhances productivity and efficiency



3

Supports infrastructure development



4



5

Encourages foreign investment

Key players and stakeholders

Key Players

1. Leasing Companies
2. Banks
3. Other Financial Institutions
4. Equipment Suppliers
5. Insurance Companies

Stakeholders

1. Lessors
2. Lessees
3. Industry Associations
4. Regulators
5. Government Agencies

ECONOMIC DEVELOPMENT: MSMEs CONTRIBUTION AND CHALLENGES

OVERVIEW

MSMEs account for 96.7% of businesses

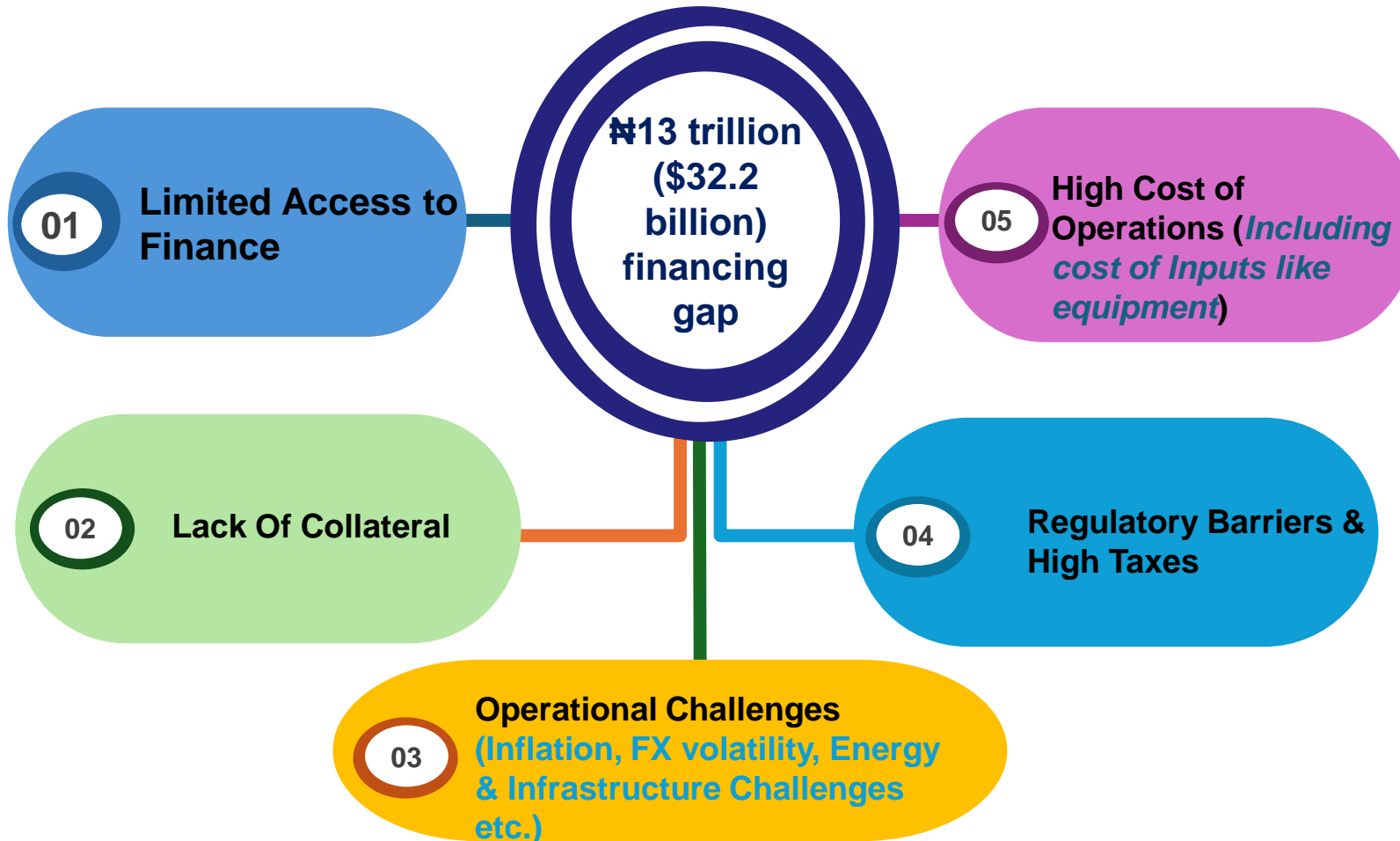
There are 41,543,02+ MSMEs In Nigeria

MSMEs Contribute about 49.78% to GDP

MSMEs Account for 76.5% employment

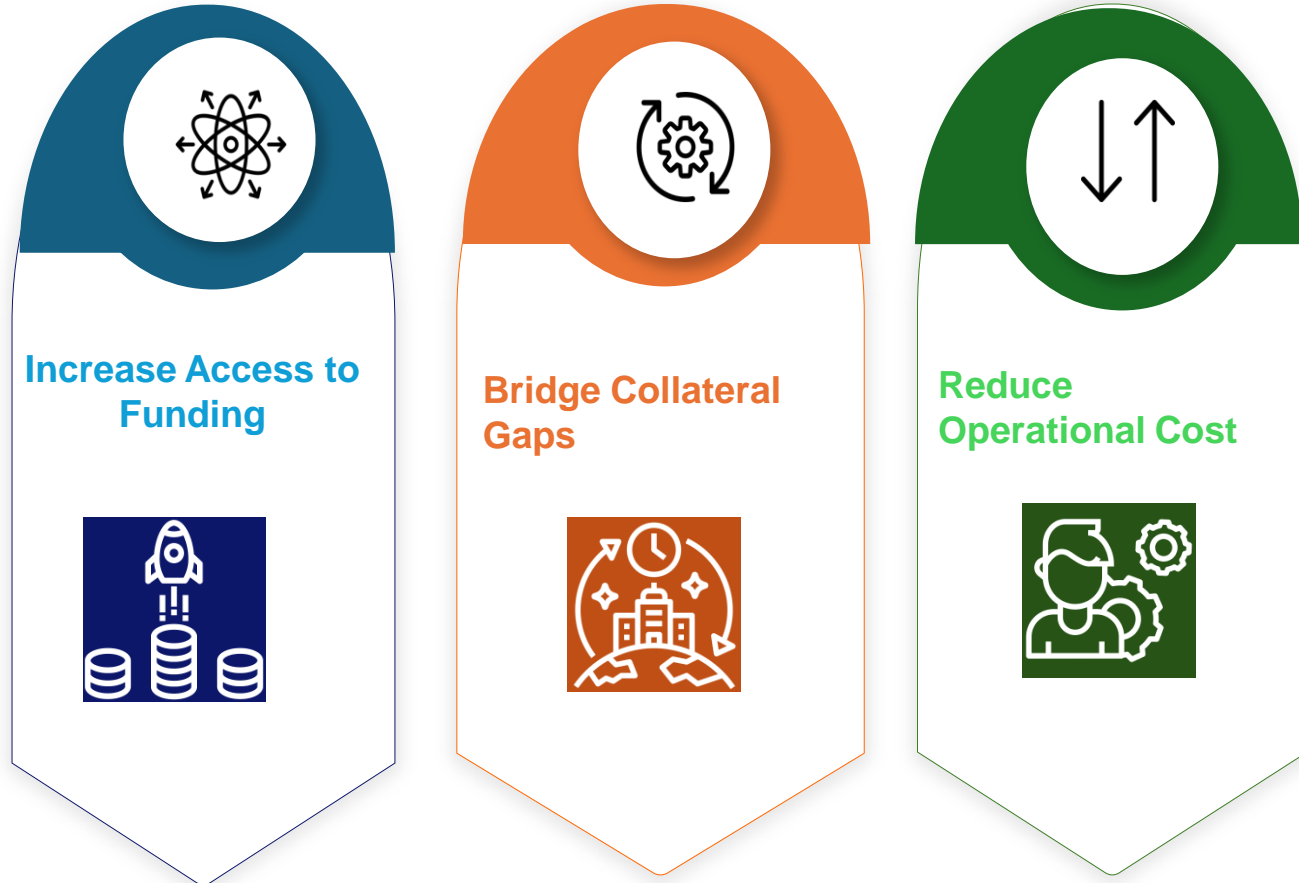
MSMEs Fosters innovation and economic diversification

CHALLENGES



ALLEVIATING MSME'S CHALLENGES TO ACHIEVE MAXIMUM POTENTIAL

Alleviating MSMEs Challenges



DBN recognizes leasing as another avenue to support the MSMEs in Nigeria in line with its mandate

The role of Leasing in bridging MSME

Increase access to capital for business operations

Lease assets for productive using reducing operational costs

Utilize assets as collaterals (Finance Lease)

DBN AT A GLANCE – WHO WE ARE

History

Established in 2014, as a public limited company and licensed as a wholesale development finance institution in 2017. Also commenced operations in 2017

Rationale

The MSME segment faces severe funding gaps despite being a major contributor to the GDP and economy.

Partners

Debt

World Bank
KfW (German)
AFD (French)
AfDB

Equity

Federal Government
AfDB
EIB (European)

Mandate

Alleviate financing constraints faced by Micro, Small & Medium enterprises in Nigeria through the following pillars:

On-lending facilities
Partial credit guarantees
Technical Assistance & Capacity Building.

MANDATE

On-Lending

- Wholesale lending to Financial Institutions for on-lending to MSMEs.
- Disbursed over **N787.5b** in loans.
- Over **494,819** MSMEs impacted
- **356,451** of **DBN end-beneficiaries** are women-owned businesses
- Focused on long term loans of **maximum 10yrs tenor.**
- Over **1,200,000** jobs created

Risk Sharing

- Conduct Risk Sharing through DBN's wholly-owned subsidiary – Impact Credit Guarantee Limited
- Issued over **₦228 billion** guarantees to **85,016** beneficiaries, **supporting about 152,803 jobs** since 2019.
- Risk sharing with PFIs up to **60%**

Technical Assistance and Capacity Building

- Provided technical Assistance Programme to **10 PFIs (9 Deposit Money Banks & 1 Merchant Bank)** through **the Frankfurt School of Finance & Management.**
- Provided Technical Assistance to **10 Microfinance Banks** through **A2F Consulting.**
- Provided **Capacity Building** to **5,000 MSMEs.**
- Developed the **Bizaid App for MSMEs** to support their business.

KEY FOCUS AREAS

Focus Segments

Women

Youth

Start up

Focus States

- Katsina
- Jigawa
- Sokoto
- Kebbi
- Zamfara
- Gombe
- Bauchi
- Yobe
- Adamawa
- Borno
- Taraba
- Ebonyi
- Nasarawa
- Niger
- Bayelsa

Focus Sectors



Why Equipment Leasing Initiative?



In line with DBN's five-year strategic pillars to increase our lending reach and explore innovative ventures



Support economic growth and sustainability



Overcome financial barriers to asset acquisition for MSMEs



Facilitate access to essential equipment



Enhance competitiveness and innovation



Alignment with National Economic goals and the Sustainable Development goals (SDGS)



Key Stakeholders of the MSME Equipment Leasing Initiative



1 DBN provides wholesale financing to leasing companies and risk-sharing facilities to support funding to MSMEs for acquiring productive assets,.

2 GIZ Provide technical assistance and capacity building and also support linkages between MSMEs and leasing companies.

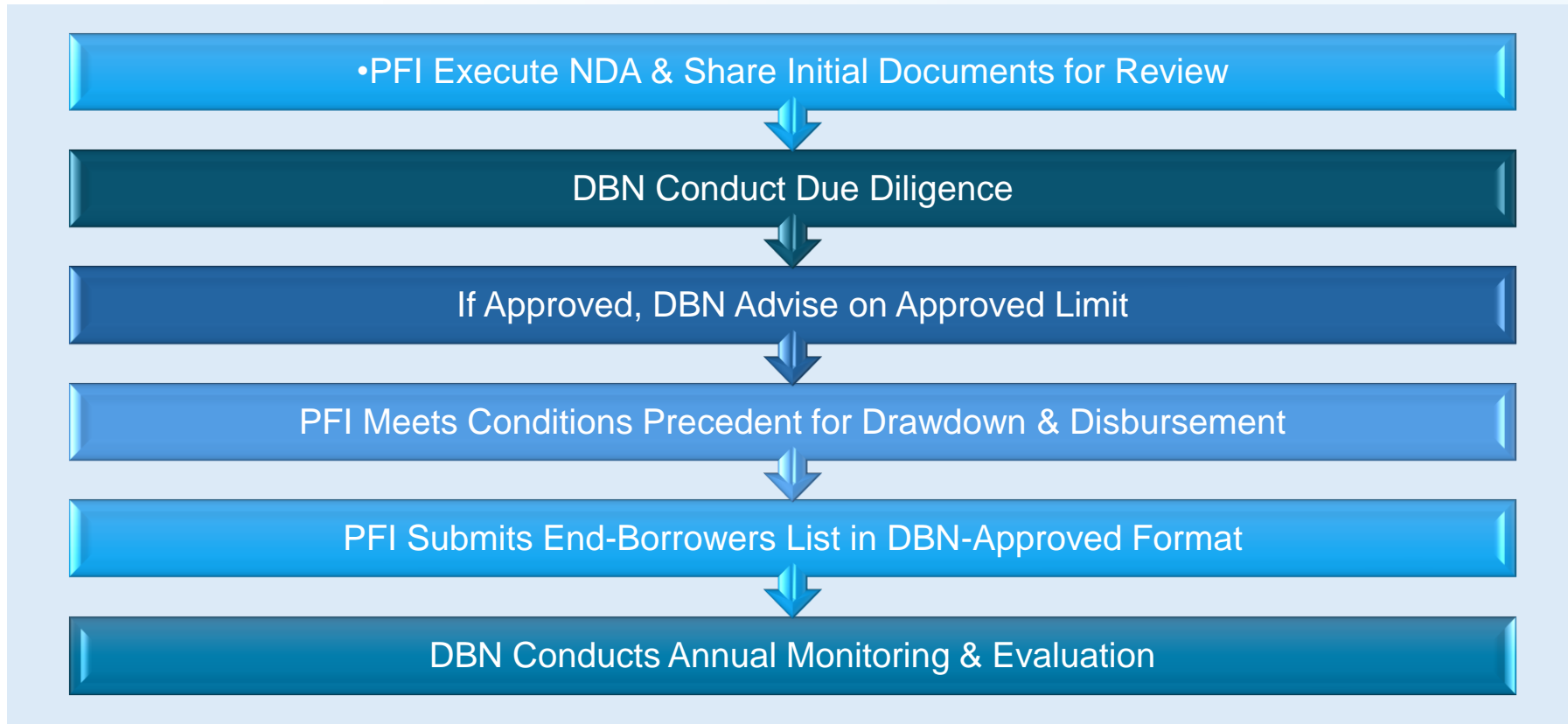
3 ELAN Represents the interests of equipment leasing companies and facilitates collaboration among stakeholders.

MSME Equipment Leasing Initiative Operating Model

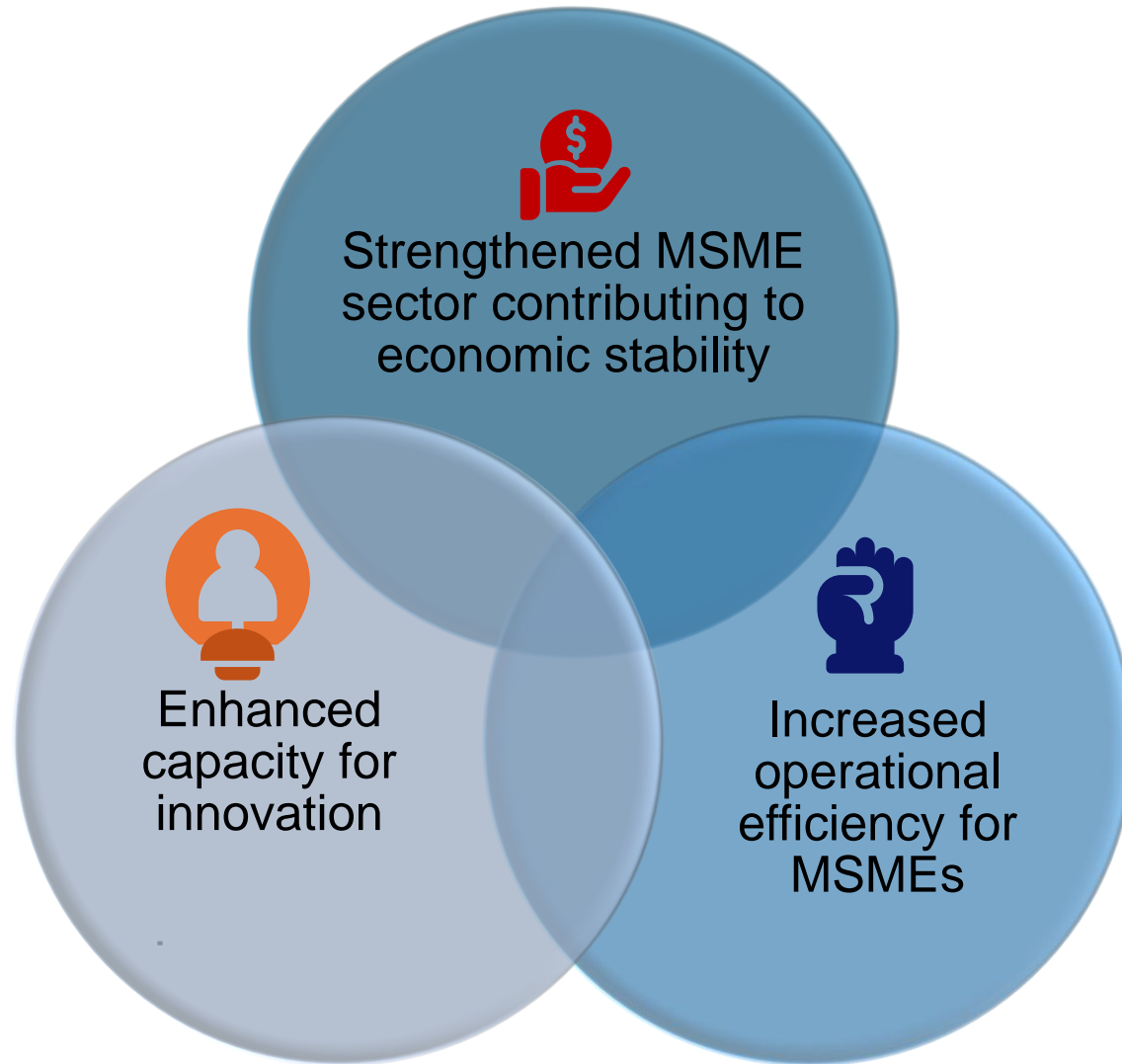
Highlights



Framework



IMPACT OF THE INITIATIVE: EXPECTED OUTCOMES



PROGRESS UPDATE ON DBN EQUIPMENT LEASING SCHEME

Update On the Scheme



2 Onboarded and engagements ongoing for disbursement.



Engagements with others ongoing to resolve challenges.



Key Challenges Hindering Onboarding

Documentation

Incomplete documentation

Submission

Documentation not submitted



CHALLENGES



Regulation

Inability to meet regulatory requirement

Examination Report

Unfavorable CBN examination report



Thank You.