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EQUIPMENT LEASING ASSOCIATION OF NIGERIA LTD/GTE
Creating Wealth & Growth Opportunities

# LEASING FOCUS

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# INDUSTRIALISING NIGERIA: THE LEASING OPTION









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LEASING FOCUS

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# FROM THE EDITOR'S *Desk*

## Making equipment access part of the industrial agenda

A productive economy needs businesses that can obtain and use the right equipment Industrialisation depends on investment reaching the factory floor, the farm, the processing line and the distribution network. For many Nigerian businesses, the immediate difficulty is obtaining suitable machinery without exhausting the funds needed to keep the business running.

Equipment leasing can help address that difficulty. It gives businesses access to assets under agreed payment arrangements and can preserve working capital. Its value depends on choosing equipment that meets a real operating need and structuring payments around credible cash flows.

Our cover story examines where leasing can support industrial development and what lessors, equipment suppliers, funding institutions and government can do to turn that opportunity into workable transactions. It also considers the limits: machinery alone cannot resolve weak demand, unreliable power or a shortage of skilled operators.

The industry review presents Q1 2026 new-lease figures and explains their implications for market development. The asset-management feature follows the equipment beyond delivery, looking at monitoring, recovery, refurbishment and resale. Together, these articles connect growth in leasing with the discipline needed to sustain it.

We have also included questions for prospective lessees and practical tools for industrial equipment appraisal. Our aim is to help readers make better decisions, whether they are financing equipment, supplying it or putting it to productive use.

We welcome contributions that bring documented experience, reliable data and practical lessons from Nigeria's leasing market.

Thank You.

***Olayemi Eniolawun***





# Nigerian leasing industry sustains growth in Q1 2026

*New business expands with opportunities to deepen productive equipment financing*

ELAN's Q1 2026 market report records new leases of ₦157.90 billion, compared with ₦115.02 billion in Q1 2025. Based on these rounded headline amounts, the increase is approximately 37.28 per cent. This is a comparison of new business for equivalent quarters, rather than a growth rate for outstanding leases.

| Sector | New leases (₦ billion) | Share of new leases % |
|---|---|---|
| Oil and Gas | 39.47 | 25.0 |
| Transport and Logistics | 34.74 | 22.0 |
| Consumer Leases | 23.68 | 15.0 |
| Manufacturing | 20.53 | 13.0 |
| Others | 17.37 | 11.0 |
| Telecommunications | 9.47 | 6.0 |
| Agriculture | 7.89 | 5.0 |
| Government | 4.74 | 3.0 |
| Total | 157.90 | 100.0 |

*Source:* ELAN, 2026 Q1 Lease Volume Story, Table 1. Values have been converted from ₦ thousands to ₦ billions. Sector shares are calculated from the reported new-lease amounts and rounded to one decimal place.

**What the distribution suggests**

Oil and gas and transport and logistics together account for 47 per cent of new leases. Manufacturing accounts for 13 per cent, while agriculture accounts for 5 per cent. These figures indicate where reported new business is concentrated; they do not establish the financing needs or performance of each sector.

The industrialisation opportunity is therefore broader than increasing overall lease volume. Lessors can explore equipment programmes in processing, manufacturing and agricultural services while maintaining credit standards. Smaller sector shares should prompt investigation of demand, funding, asset support and transaction economics rather than automatic expansion.

**Assets financed and the scale of lessors**

The report assigns cars and commercial vehicles at 52 per cent share of assets financed, followed by other assets at 15 per cent, plant and machinery at 14 per cent, computers and office equipment at 13 per cent, and aircraft, ships and trawlers at 6 per cent. These source-reported shares indicate the prominence of mobility assets. The report does not specify whether they measure financing value or asset numbers.

The report indicates that 51.4 per cent of responding lessors fall within its below- ₦500 million portfolio band. This suggests that smaller portfolios are common among respondents. The survey coverage and band definitions limit wider conclusions about the size of the national market.

**Reading the figures**

This review focuses on new business. The source reports an outstanding balance of ₦6.6983 trillion, approximately ₦6.70 trillion, but its sector balances and treatment of consumer leases require reconciliation. That balance is therefore a reported headline figure rather than a reconciled sector total. Consumer leases are separately identified in Q1 2026, while the source note also includes consumers within Others; comparisons involving these categories require care.

The underlying new-lease amounts sum to ₦157,898,567,000, which is ₦1,000 below the reported total. This minor difference does not affect the rounded figures or sector shares presented here.

**Outlook for practitioners**

Growth in new business creates an opportunity to finance more productive assets, but each lessor should assess whether its funding, staff capacity and supplier network can support the proposed expansion. Monitoring collections, equipment performance and concentration will help distinguish sustainable growth from an increase in commitments that is difficult to service.



# Managing recovery remarketing and residual value

*Protecting asset value from origination to the next productive use*

A lessor's return depends on rental collections and, where the structure exposes it to asset value, on what can be recovered from the equipment. Monitoring, orderly return and effective resale should be planned at origination. The recommendations below are practical management guidance rather than a claim that all overseas lessors follow the same procedures.

**An international development perspective**

IFC's Africa Leasing Facility II describes support for leasing tools, equipment-supplier relationships, secondary-market equipment financing and longer-term funding. These are useful reference points for building leasing capacity in emerging markets. They do not prescribe a single recovery model for Nigeria.

**Build the recovery plan before delivery**

Asset recovery is the process of regaining possession of equipment when a lease ends or when default gives the lessor a contractual and legal basis to recover it. Delays, poor maintenance, unauthorised movement or weak documentation can reduce an asset's value and increase recovery costs.

Good practice begins with prevention: sound customer assessment, clear lease terms, effective monitoring and early intervention when payments are missed. Where difficulties arise, engagement with the lessee may identify a workable solution. If recovery becomes necessary, lessors should follow documented procedures for legal review, notices, inspection, collection, transportation, storage and security. All actions must comply with the lease agreement and applicable law.

Digital asset registers, maintenance records and suitable tracking systems can help lessors verify equipment location, monitor utilisation and plan recovery. The objective is not simply to repossess an asset, but to return it to productive use with minimum avoidable loss.

At origination, the asset-management team should record serial numbers, location, condition, access requirements and the cost of removal. The credit team should consider both normal rental performance and a default scenario. A specialised machine with a high invoice price may still be difficult to recover or sell if there are few alternative users.

**Prepare for return and sale**

Remarketing involves preparing and placing equipment back into the market for sale or re-leasing after the original lease ends or an asset is recovered. Equipment left idle in storage ties up capital and can continue to generate security, repair and storage costs. Effective remarketing should therefore be planned before lease maturity.

Lessors can develop several disposal channels, including direct sales, equipment dealers, manufacturers, specialist brokers, online marketplaces and auctions. Inspection reports, service history, operating hours and

maintenance records help prospective buyers assess an asset's condition. Refurbishment may improve marketability, but the cost should be compared with the expected increase in value.

Re-leasing may be preferable to an outright sale when equipment remains useful and demand exists for another user. Pricing should be based on market evidence and the net amount recoverable after refurbishment, transportation, commissions and storage costs. In Nigeria, a stronger market for inspected and maintained used equipment could help lessors recover value while giving smaller businesses access to more affordable machinery.

Before maturity, the servicing team should confirm the customer's intended end-of-term option and the applicable return conditions. On collection, an authorised inspector should record condition, hours or mileage, missing components and photographs. The asset-management team should compare the expected proceeds of sale, refurbishment and re-leasing after all associated costs.

**Forecast net recoverable value**

Residual value is the estimated value of an asset at the end of a specified period. It is particularly important when a lessor expects to retain the equipment after the lease. If the value is overestimated, rental pricing and expected returns may be inadequate, leaving the lessor exposed to a shortfall when the asset is sold.

Residual values are influenced by age, operating hours, maintenance, technological change, spare-parts availability, market demand and currency movements. Lessors should use transaction data, independent valuations, equipment specialists and resale-market evidence rather than relying only on manufacturers' estimates. Estimates should also be reviewed when market conditions change. Where commercially available, buy-back agreements, third-party residual-value guarantees or other contractual protections may reduce exposure. Such arrangements require careful review of their cost, enforceability and the financial strength of the party providing the protection. Residual value should be considered when a transaction is priced, not only when the lease ends.

Residual estimates should reflect the market in which the equipment will actually be sold. Economic conditions, industry demand, market perception of the brand, spare-parts supply and competing technologies can change that market. A dealer's asking price is weaker evidence than a recent completed sale of comparable equipment.

**An illustrative recovery decision**

Assume a recovered machine can be sold for ₦4 million. Transport and removal cost ₦250,000, storage and inspection ₦150,000, repairs ₦400,000 and selling costs ₦200,000. Estimated net proceeds are ₦3 million. If a disposal delay reduces the sale price by ₦300,000 and adds ₦100,000 in storage costs, net proceeds fall to ₦2.6 million. These hypothetical figures show why gross resale value is an inadequate recovery measure.

Refurbishment should proceed only where the expected improvement in proceeds or re-leasing income justifies the cost, delay and risk. Any residual-value guarantee or repurchase undertaking should be assessed for clear triggers, enforceability and the counterparty's ability to perform.

## A lifecycle control framework

| Stage | Responsible Function | Key Record |
|---|---|---|
| Origination | Credit and asset management | Equipment appraisal and downside net recovery estimate |
| Delivery | Operations and customer | Identification and signed acceptance record |
| During the lease | Servicing and asset management | Location, maintenance, utilisation and arrears records |
| Return of defaults | Legal and authorised recovery team | Approved action plan and condition report |
| Remarketing | Asset management and sales | Comparable prices, channel choice and net proceeds |
| Review | Risk and finance | Actual recovery compared with forecast |

## Applying the lessons in Nigeria

Nigeria's leasing companies can strengthen performance by treating credit assessment, contract administration, asset monitoring, recovery and remarketing as connected activities. The industry would also benefit from reliable equipment valuation, resale information and secondary-market channels. Partnerships with manufacturers, vendors, maintenance providers and dealers can improve access to technical expertise, spare parts and potential buyers.

Digital asset records and appropriate tracking technologies can improve visibility over leased equipment. Industry collaboration can support professional standards, training and the sharing of non-confidential market intelligence. These measures are particularly relevant for commercial vehicles, construction machinery, agricultural equipment, generators and industrial processing machines, where condition and resale demand strongly influence recovery outcomes.

Recovery officer should act within the agreement and applicable law, following legal advice on notices, access and any required court process. Ownership of an asset does not remove the need for a lawful recovery procedure. Equipment handling, data removal, safety and the rights of third parties also require attention.

## Conclusion

Asset management connects the original financing decision with the equipment's next use. Better records, realistic valuations and planned remarketing can reduce avoidable losses. Lessors should use actual sale results to improve future pricing and residual assumptions, rather than treating each recovery as an isolated event.

Source: IFC, Africa Leasing Facility.

# Industrialising Nigeria through equipment leasing



*Financing productive assets while preserving the capacity to operate them*

**Equipment access and the industrial financing gap**

Industrialisation remains one of the most important pathways to sustainable economic development. For Nigeria, it represents an opportunity to move beyond dependence on the export of raw materials and the importation of finished products towards an economy that produces more of what it consumes, creates productive employment, develops local capabilities and competes effectively in regional and global markets.

Yet, despite its enormous market, abundant natural resources, entrepreneurial population and strategic position in Africa, Nigeria continues to face significant industrialisation challenges. Many businesses struggle with high production costs, inadequate electricity supply, infrastructure deficits, limited access to affordable long-term finance and dependence on imported machinery and equipment. These constraints affect their ability to expand production, improve efficiency and compete with imported products.

The Federal Ministry of Industry, Trade and Investment describes the Nigeria Industrial Policy as a framework for industrial transformation, priority sectors and enabling reforms. Equipment financing should be considered alongside those priorities: businesses need a workable means of obtaining the assets required to produce.

**The cost of machinery**

Modern industrial production depends on specialised equipment. Manufacturers require processing machines, production lines, generators and energy systems, material-handling equipment, packaging machinery and quality-control instruments. Agricultural enterprises need tractors, harvesters, irrigation systems, storage facilities and processing equipment. Construction companies depend on excavators, bulldozers, cranes, concrete equipment and heavy-duty vehicles.



For many businesses, acquiring these assets outright represents a substantial financial commitment. This is particularly challenging for micro, small and medium-sized enterprises (MSMEs), which may have viable business opportunities but insufficient capital to finance the equipment needed to exploit them.

When a business cannot afford the right equipment, it may continue operating with outdated machinery, outsource essential processes at a higher cost, produce below capacity or abandon expansion plans altogether.

**Finance that fits productive investment**
Traditional lending remains an important source of business finance, but the structure of available credit may not always align with the needs of industrial enterprises.

Manufacturing equipment and heavy-duty machinery often require substantial investment, while the benefits accrue over several years. Businesses therefore need financing arrangements that reflect the useful life of the asset and the period required to generate sufficient revenue from its deployment.

Where financing is expensive, short-tenured or dependent on collateral that businesses cannot readily provide, investment in productive equipment becomes difficult.





**Power logistics and imported equipment**
Even when equipment is available, industrial productivity can be undermined by unreliable electricity, poor roads, logistics bottlenecks and inadequate supporting infrastructure.

Businesses may need to invest in generators, solar power systems, battery storage, industrial cooling, water treatment and other supporting equipment simply to sustain operations.

Leasing can facilitate the acquisition of this equipment without heavy initial capital outlay. Its effectiveness depends on whether the expected savings, increased output, or improved operational efficiency are sufficient to support the lease payments.

Access to modern equipment remains important for productivity, product quality and international competitiveness. Yet, where machinery is imported, businesses face exposure to foreign-exchange movements, shipping costs, customs procedures, spare-parts shortages and long equipment-delivery periods.

Leasing does not eliminate these risks, particularly where lessors also depend on imported equipment. Nevertheless, leasing companies can help businesses manage asset acquisition and deployment more systematically through supplier partnerships, equipment selection,

maintenance arrangements and replacement planning.

**What leasing can contribute**

Equipment leasing is a contractual arrangement under which a lessor provides a lessee with the right to use an asset for an agreed period in return for payments, subject to the terms of the lease.

Leasing arrangements differ in their allocation of ownership rights, maintenance obligations, residual-value risks, contractual flexibility and end-of-term options. These differences make it important to structure each transaction according to the nature of the asset, the lessee's operating requirements and the commercial risks involved.

For industrial development, the central advantage is that a business may obtain the use of productive equipment without having to make heavy initial capital outlay.

Leasing can spread the cost of accessing equipment across an agreed period, potentially allowing businesses to preserve more of their available funds for day-to-day operations.

The actual benefit depends on the lease terms, upfront payments, interest or implicit financing costs, fees and other contractual obligations. A business must compare the total cost of leasing with the cost of purchasing the asset, including maintenance, insurance, financing and eventual disposal.

Modern equipment can improve production speed, reduce manual errors, support precision and lower unit costs. Leasing can facilitate access to such equipment, particularly for businesses that cannot easily finance an outright purchase.

The resulting productivity gains may support business growth, although the outcome will also depend on electricity supply, workforce skills, equipment maintenance and the availability of raw materials.

Depending on the contractual structure, leasing may provide greater flexibility to upgrade or replace equipment at agreed intervals. This can be particularly useful where technology changes rapidly or where equipment requirements vary with production demand.

Such flexibility should not be assumed in every lease. It must be negotiated and reflected in the contract, including provisions for maintenance, early termination, replacement and end-of-term options.

Where feasible, payment schedules may be designed to reflect the lessee's operating cycle and expected cash flows. Seasonal agricultural operations, for instance, may require a different payment structure from a factory operating throughout the year.

Such arrangements must remain commercially viable for the lessor and affordable for the lessee. Proper cash-flow analysis, asset valuation and risk assessment are therefore essential.

A lease should be appraised as an operating investment as well as a financing transaction. The customer needs sufficient demand, working capital, site readiness and technical capacity to use the equipment. The lessor needs a credible rental stream and a realistic plan for the asset if the transaction ends early.

## Priority opportunities across industrial value chains

Sector opportunities should be tested against customer demand, equipment suitability and servicing capacity. The following examples are a guide to product development, rather than a prediction that every transaction in these sectors will succeed.

| Sector | Equipment opportunities | Main appraisal question |
|---|---|---|
| Manufacturing and agro-processing | Processing lines, dryers, mills, packaging machines and cold rooms | Will input supply and confirmed demand support the planned throughput? |
| Agriculture and mechanisation | Tractors, harvesters, irrigation and shared-use machinery | Can seasonal collections and realistic utilisation cover the rentals? |
| Construction and infrastructure | Excavators, cranes, compactors and concrete equipment | How certain are project payments and what happens between projects? |
| Transport and distribution | Trucks, delivery vans, forklifts and refrigerated vehicles | Do route margins cover rentals, maintenance and downtime? |
| Healthcare and pharmaceuticals | Diagnostic, laboratory, production and quality-control equipment | Are installation, calibration, skilled operation and servicing available? |
| Industrial power | Solar systems, batteries and energy-management equipment | Are savings supported by a site assessment and performance assumptions? |
| Technology and automation | Industrial controllers, computing equipment and monitoring systems | Can the equipment be supported, secured and upgraded on agreed terms? |

## MSMEs need an operating package

MSMEs are essential to Nigeria's productive economy. They operate across manufacturing, agriculture, transport, construction, trade and services, often supplying larger businesses and serving local markets.

Yet smaller enterprises frequently face barriers to formal finance. Some lack sufficient conventional collateral; others have limited financial records or operate with cash flows that make standard loan structures difficult to sustain.

Equipment leasing provides an alternative approach because the transaction is linked to a specific productive asset. The equipment, its expected economic life, its resale value and its contribution to the lessee's operations can form part of the credit assessment.



This does not eliminate credit risk. Lessors must still assess the enterprise's management capacity, financial position, market demand, repayment ability and the practical possibility of recovering and remarketing the equipment if necessary.

A small bakery, for instance, may require industrial ovens, mixers and packaging equipment to increase production. A garment manufacturer may need automated sewing and cutting machines. A furniture producer may require woodworking machinery, while a local food processor may need drying and packaging equipment.

Leasing can also support enterprise formalisation. Where transactions are properly documented, businesses may develop clearer records of their financing commitments, asset utilisation and operating performance. Over time, this may strengthen their relationships with financial institutions and other commercial partners.

For smaller firms, the proposed equipment should fit the scale of the business. A machine with greater capacity is not necessarily the better investment if demand, power supply or available operators cannot support it. Lessors should establish what the customer can operate profitably before agreeing the equipment specification.

**An illustrative packaging investment**

The following example is hypothetical and is not a quotation or a market benchmark. A food processor considers a packaging machine costing ₦12million. Assume advance rentals of ₦2million and 36 monthly rentals of ₦400,000, with no terminal payment. Total contractual rentals are ₦16.4million. The quotation must explain how the advance rentals are applied and when the monthly payments commence.

Assume the machine is expected to produce incremental monthly cash contribution of ₦650,000 after additional materials, labour, power and servicing costs, but before lease rentals. That gives rental cover of 1.63 times and leaves ₦250,000 before other obligations. If that contribution falls by 30 per cent, rental cover falls to 1.14 times and the remaining amount to ₦55,000. The narrow margin in the downside case deserves attention before approval.

These figures exclude taxes, insurance, fees and other business commitments. Appraisal must also address the upfront payment, installation and ramp-up period, working-capital requirements and the consequences of downtime. Cash contribution must be evidenced; it should not be inferred from machine capacity alone.



## Turning industrial opportunities into viable portfolios

### Suitable funding

Leasing companies require sustainable funding to acquire equipment and provide it to businesses under lease arrangements.

Where their funding costs are high or available facilities are short-term, they may struggle to offer affordable and appropriately structured leases, particularly for capital-intensive industrial equipment.

Funding structures should reflect the nature of the assets being financed, their useful lives and the expected cash flows from lease portfolios.

There is also scope to explore carefully designed credit guarantees, co-financing arrangements and risk-sharing mechanisms that encourage financing for viable industrial projects, especially those involving smaller businesses.

Such mechanisms must be transparent, properly governed and supported by rigorous appraisal rather than used to conceal weak credit quality.

### Supplier and service partnerships

Agricultural machinery may require seasonal payment schedules. Manufacturing equipment may need longer tenors that reflect the period over which productivity gains are expected. Fleet arrangements may benefit from maintenance support and replacement provisions, while technology leases may require more frequent upgrade options.

There is also potential for partnerships with equipment manufacturers, vendors and



distributors. These arrangements can improve equipment sourcing, technical support, maintenance and the availability of spare parts.

Vendor finance and equipment leasing programmes may be particularly useful where suppliers understand the equipment and can help identify businesses with credible demand.

Where commercially viable, these partnerships may incorporate maintenance support, insurance coordination, technical training and equipment replacement planning.

### Asset management and secondary markets

The value of leased equipment depends partly on its condition, durability and resale prospects.

Weak remarketing markets can increase the cost and risk of leasing, ultimately affecting the terms available to lessees.

Investment in equipment valuation, inspection, maintenance records, asset tracking, repossession procedures and remarketing platforms can help improve market confidence.

A stronger secondary market would also support the circulation of used equipment to smaller businesses that may be unable to afford new machinery.

**Transparent customer decisions**

Many businesses are familiar with conventional loans but may have limited understanding of leasing and its commercial applications.

This can create missed opportunities. Some enterprises may assume that equipment leasing is relevant only to large corporations or vehicle fleets, while others may focus exclusively on the monthly payment without considering the total cost and contractual obligations.

Businesses need to understand how to compare leasing with outright purchase and borrowing, evaluate cash-flow implications, assess residual-value risks and select suitable contractual terms.

Greater awareness should be accompanied by transparent pricing and responsible product design. The objective is not to promote leasing in every situation, but to help businesses choose the financing arrangement best suited to their needs.



**The wider operating environment**

Leasing can facilitate access to equipment, but it cannot compensate indefinitely for unreliable electricity, poor transport infrastructure, excessive regulatory burdens or weak market demand.

A business that acquires modern machinery but cannot obtain raw materials or maintain adequate power supply may struggle to generate sufficient returns from the asset.

Industrial policy must therefore align equipment financing with investments in infrastructure, energy, skills, trade facilitation, technology and access to markets.



## A practical agenda for stakeholders

| Stakeholder | Priority action | Evidence of progress |
|---|---|---|
| Lessors | Pilot a defined asset class with clear customer criteria, supplier support and downside appraisal | Collections, arrears, uptime and net recovery results |
| Banks and funding partners | Match funding terms to lease cash flows and review concentration risks | Tenor fit, refinancing exposure and portfolio performance |
| Equipment suppliers | Provide itemised quotations, warranties, installation and service commitments | Acceptance tests, spare-parts availability and repair response |
| Government and relevant agencies | Connect equipment financing with infrastructure, skills and market-access programmes | Equipment commissioned and sustained productive use |
| ELAN | Support sector knowledge, professional training and consistent market reporting | Reconciled statistics and documented practitioner experience |

### Measuring productive impact

Lease value measures financing activity; it does not by itself establish industrial impact. Portfolio reporting can also track equipment commissioned, operating uptime, changes in output, customers served and sustained employment where reliable records exist. Claims about jobs, productivity or local sourcing should distinguish observed results from forecasts.

### Conclusion

Leasing can widen access to the machinery and supporting assets businesses need to produce. Its strongest contribution comes when suitable equipment, affordable payment structures, reliable servicing and viable customer demand are brought together. For the industry, the next step is to develop well-appraised sector programmes and measure what the financed assets actually achieve.

Source: Federal Ministry of Industry, Trade and Investment, Publications, Nigeria Industrial Policy listing.



# 2027

## TRAINING CALENDAR

| | | |
|---|---|---|
| FEBRUARY 25TH - 26TH<br>MODERN MARKETING SOLUTIONS AND NEGOTIATION STRATEGIES IN LEASING | MEMBER: ₦125,500 |
| MARCH 25TH - 26TH<br>LEASE PRICING AND STRUCTURING TECHNIQUES | MEMBER: ₦125,500 |
| APRIL 28TH - 30TH<br>FLEET MANAGEMENT | MEMBER: ₦175,500 |
| MAY 26TH - 28TH<br>LEASING SCHOOL | MEMBER: ₦220,500 |
| JUNE 24TH - 25TH<br>OPERATING LEASE | MEMBER: ₦125,500 |
| JULY 29TH - 30TH<br>RISK MANAGEMENT IN LEASING | MEMBER: ₦125,500 |
| AUGUST 26TH - 27TH<br>CONTEMPORARY APPROACH TO LEASE ACCOUNTING AND TAXATION | MEMBER: ₦125,500 |
| SEPTEMBER 22ND - 24TH<br>ADVANCED FLEET MANAGEMENT | MEMBER: ₦175,500 |
| OCTOBER 29TH - 30TH<br>LEASE DOCUMENTATION & COMPLIANCE CONSIDERATIONS | MEMBER: ₦125,500 |
| NOVEMBER 11TH<br>25TH NATIONAL LEASE CONFERENCE | |
| DECEMBER 9TH - 10TH<br>LEASE ADMINISTRATION: FROM ORIGINATION TO TERMINATION | MEMBER: ₦125,500 |



# LEASING TITBITS

## Questions businesses should ask before signing a lease

Compare the full arrangement and the cash flows it requires

**Does the equipment solve a real operating problem**
Identify the expected increase in output, improvement in quality or reduction in cost. Confirm that demand, power, inputs and trained operators can support those benefits.

**What is the complete payment commitment**
Request a schedule showing advance rentals, periodic rentals, fees, insurance responsibilities, applicable taxes and any terminal payment. Establish when rentals begin and how advance rentals are applied.

**What does the supplier undertake to provide**
Check the equipment specification, delivery date, installation, acceptance tests, warranty, operator training and local servicing. Record who is responsible if delivery is delayed or the equipment fails acceptance.

**Who pays when the asset is unavailable**
Read the provisions on breakdown, maintenance and rental obligations during downtime. Do not assume that inability to use the asset automatically suspends rentals.

**What happens after damage or total loss**
Confirm who arranges insurance, the insured risks, deductibles and uninsured losses. Establish how claims proceeds are applied and whether replacement is possible under the agreement.

**Can the business upgrade or leave early**
Upgrade, substitution and early termination depend on the contract. Request a clear explanation of any charges, settlement calculation and required consent.

**What happens at the end of the term**
Confirm whether the agreement provides for return, renewal or an option to purchase. Ownership transfer should not be assumed. Check return location, condition standards and removal costs.

**How will difficulties be handled**
Know the contact for complaints, payment difficulties and disputes. Raise problems early and record any revised arrangement in writing.

**A useful comparison**
Compare leasing, purchase and borrowing over the same period and on consistent assumptions. Include the equipment's usable life, operating costs, financing charges, taxes, fees and expected disposal value where applicable. A lower monthly payment may reflect a longer term, a larger upfront payment or a terminal obligation.

# Extra

## PRACTICAL TOOLS FOR INDUSTRIAL LEASING

*Working prompts for appraisal monitoring and market development*



**Before approval**

- The relationship manager records the customer's equipment need, order pipeline, operating history and existing commitments.
- The credit team tests base and downside cash flows, including the upfront payment, working capital, installation delays and downtime.
- The technical or asset-management team checks specification, site readiness, useful life, service support, serial identification and resale prospects.
- Operations verifies the supplier, itemised quotation, delivery arrangements and acceptance procedure.
- Legal reviews ownership, access, obligations, guarantees, end-of-term options and dispute provisions.
- The authorised approver records the conditions for funding and the evidence required before supplier payment.

**At delivery and acceptance**

- Match the delivered asset to the approved specification and invoice; record serial numbers and photographs.
- Obtain documented installation and commissioning results, with identified defects and agreed remedies.
- Confirm that warranty documents, manuals and operator training have been supplied.
- Confirm insurance arrangements, asset location and the rental commencement trigger.
- Retain acceptance evidence and authorise payment under the agreed disbursement process.

**Monitor performance after deployment**

Agree reporting that is proportionate to the transaction. In addition to rental collections and arrears, relevant measures may include operating hours, machine uptime, maintenance completion and output. Record who receives exceptions and who can authorise remedial action. Tracking arrangements should be proportionate and respect applicable data requirements.

**A pilot programme for a new asset class**

Start with an asset class the lessor can understand and support. Set exposure limits, minimum customer criteria, approved suppliers, service standards and a monitoring timetable. Review results from the first transactions before increasing commitments. Include installation failures, arrears, maintenance costs and recovery experience in that review.

**An African funding example**

IFC's African Lease Togo project describes a financing package of up to US$30 million equivalent in euros with a five-year maturity. Its stated purpose includes expanding finance for SMEs, and its assessment identifies longer-term funding as a way to reduce maturity mismatch. The lesson for Nigerian lessors is to seek funding that fits lease cash flows; the Togo transaction is a reference example, not a facility available to Nigerian readers.

Source: International Finance Corporation (IFC)



# Creative Thinking: The Key to Innovation and Problem-Solving



Creative thinking is an essential skill that helps people develop new ideas, solve problems, and discover better ways of doing things. In a world that is constantly changing, the ability to think creatively is becoming increasingly important in education, business, science, technology, and everyday life.

**What Is Creative Thinking?**

Creative thinking is the ability to look at situations from different perspectives, generate original ideas, and find innovative solutions to challenges. It involves going beyond traditional methods and exploring possibilities that may not be immediately obvious.



Creative thinking does not necessarily mean creating something completely new. It can also involve improving an existing idea, combining different concepts, or finding a simpler way to accomplish a task.

For example, a student who develops a new method of remembering difficult lessons is demonstrating creative thinking. Similarly, a business owner who discovers an affordable way to attract more customers is using creativity to solve a practical problem.

**The Importance of Creative Thinking**

Creative thinking plays an important role in personal and professional development. Its benefits include:

**Problem-solving:** It enables individuals to examine challenges from different angles and identify effective solutions.

**Innovation:** It encourages the development of new products, services, technologies, and processes.

**Decision-making:** It helps people consider different alternatives before making important decisions.

**Adaptability:** It allows individuals to respond more effectively to change and unexpected situations.

**Personal growth:** It builds confidence, curiosity, independence, and a willingness to learn.

In the workplace, creative employees can help organisations improve productivity, overcome challenges, and remain competitive. In schools, creative thinking encourages students to ask questions, explore ideas, and develop a deeper understanding of what they learn.

## How to Develop Creative Thinking Skills

Although some people may naturally be more imaginative than others, creative thinking is a skill that can be developed through practice.

**1. Ask questions.** Instead of accepting everything as it is, ask why things happen and how they could be improved. Questions stimulate curiosity and open the door to new possibilities.

**2. Embrace different perspectives.** Listen to other people's opinions and experiences. Exposure to different viewpoints can help you discover ideas you might not have considered independently.

**3. Read and explore.** Books, articles, documentaries, conversations, and new experiences can provide inspiration and expand your knowledge.

**4. Brainstorm ideas.** When facing a problem, write down as many possible solutions as you can before judging them. Sometimes, an unusual idea can lead to a practical breakthrough.

**5. Learn from mistakes.** Not every idea will succeed. Instead of viewing failure as the end of the process, use it as an opportunity to learn, make adjustments, and try again.

**6. Make time for reflection.** Taking a break from routine activities can help you organise your thoughts and approach problems with a fresh perspective.

## Challenges That Limit Creative Thinking

Several factors can prevent people from thinking creatively. Fear of failure, lack of confidence, rigid rules, excessive criticism, and unwillingness to consider new ideas can limit creativity.

For instance, a person may avoid sharing a useful suggestion because they are afraid others will laugh at them or criticised. Similarly, an organisation that refuses to change its traditional methods may miss opportunities for improvement.



These barriers can be reduced by creating an environment where questions are welcomed, ideas are considered fairly, and mistakes are treated as opportunities for learning. Confidence and an open mind are important foundations for creative development.

**Creative Thinking in Everyday Life**

Creative thinking is not limited to artists, inventors, or scientists. It is useful in ordinary situations.

A parent may find an engaging way to teach a child a difficult concept. A farmer may discover a more efficient method of conserving water. A student may develop a study timetable that makes better use of limited time. An entrepreneur may use social media creatively to reach customers without spending large amounts of money on advertising.

These examples demonstrate that creativity is not simply about imagination; it is about applying ideas to produce meaningful results.

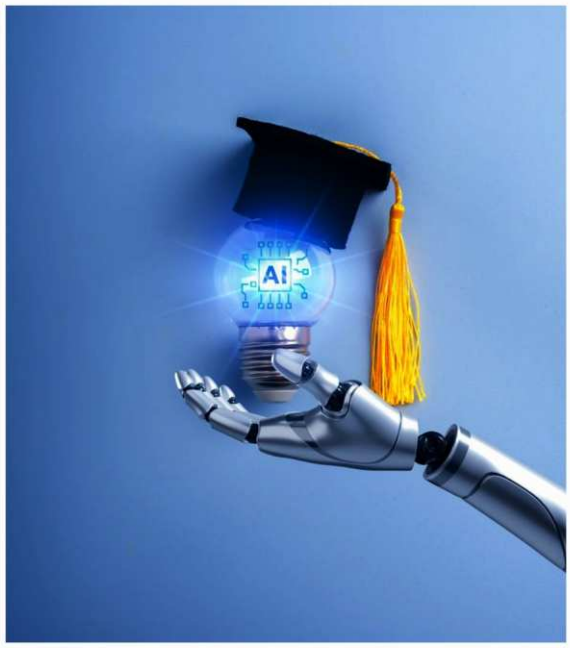
**Conclusion**

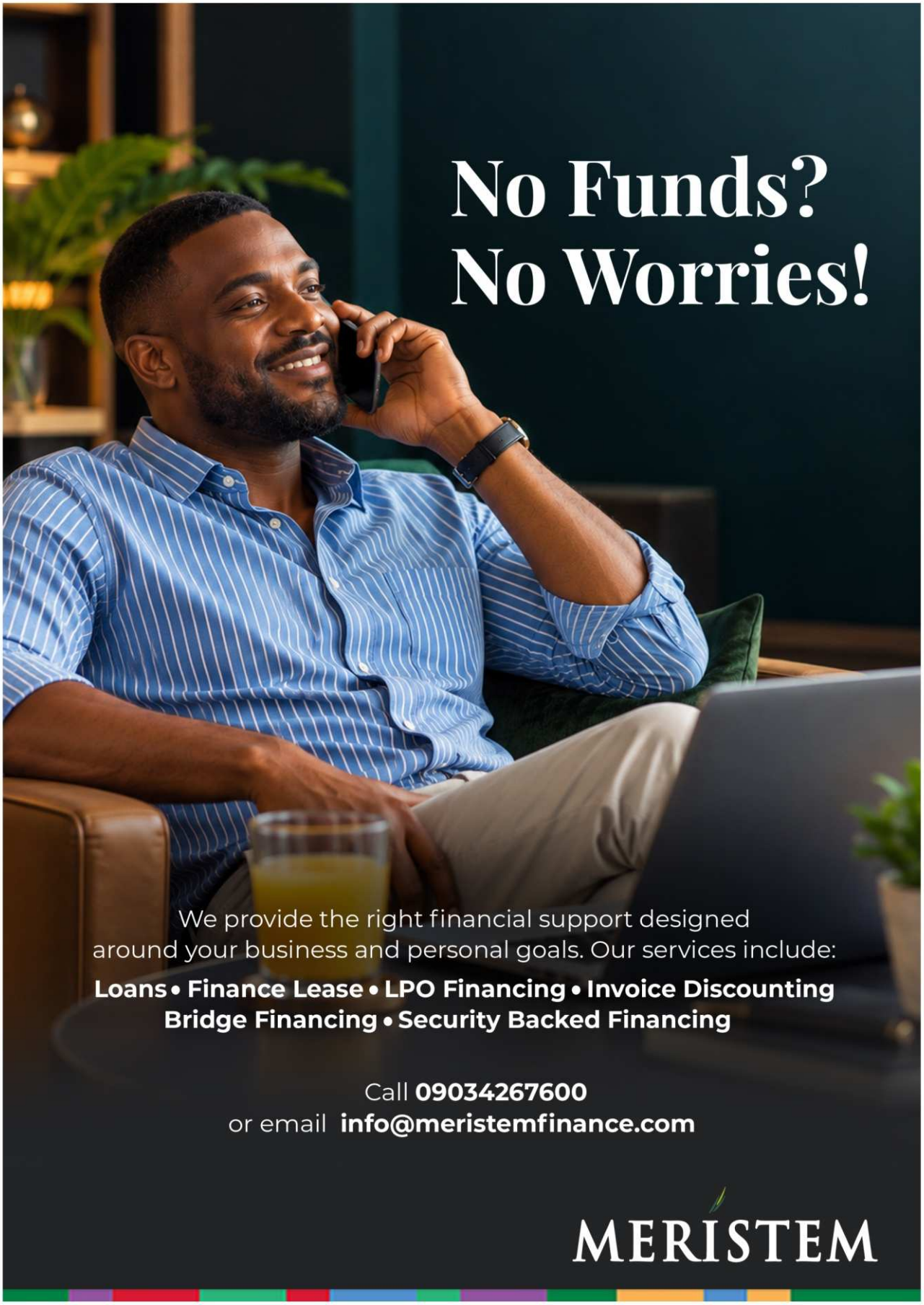
Creative thinking is a powerful skill that encourages innovation, strengthens problem-solving abilities, and helps individuals adapt to a changing world. It requires curiosity, open-mindedness, persistence, and the courage to explore unfamiliar possibilities.

Everyone has the potential to become a more creative thinker. By asking questions, learning continuously, welcoming different perspectives, and treating mistakes as learning opportunities, individuals can improve their ability to generate useful ideas.

Ultimately, **creative thinking begins when we stop asking only what is and start asking what could be.**

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