

Press Release

COVID-19: DBN Urges MSMEs to Reinvent Business Model for Sustainability and Growth

In the light of prevalent economic realities of COVID-19 on businesses across the globe, Development Bank of Nigeria Plc has advised Micro Small and Medium Enterprises in the country to reinvent their current business models for sustainability during the pandemic to enable them leverage growth opportunities for their businesses in the post COVID-19 era.

This was the takeaway from the panelists' discussion at the DBN Webinar session which took place on Saturday May 9th, with the theme; **"Alternative Financing Options for Sustainable Growth Post COVID-19 Lockdown"**. The Webinar series is aimed at providing capacity building and advisory services for MSMEs through digital platforms to ensure they are empowered to remain in business through this unprecedented period.

Panelists on the session include: Immediate Past President and Chief Executive Officer of Africa Finance Corporation and presently CEO & Partner, South Bridge Group, Mr. Andrew Alli; CEO of Emerging Africa Capital, Mrs. Toyin Sanni; Head SME, FCMB, Mr. George Ogbonnaya; and MD/CEO, Urban Shelter, Hajiya Sa'adiya Aliyu Aminu. The session was moderated by Chief Economist, Development Bank of Nigeria, Prof. Joseph Nnanna.

While dissecting the current implications of the pandemic on the Nigerian economy, the panelists pointed out that MSMEs are the hardest hit by the crisis, as they have limited access to capital and now have to depend on few customer base. They however, stressed that this phase shall pass and only SMEs with innovative thinking and clear vision will be able to take advantage of the new normal.

"If you are an SME, the framework should be to survive the crisis period, have as much liquidity as you can and stem expenditure. You must stabilize the business by stabilizing your cost and reconfiguring your operations. For instance, a five-star hotel in Lagos has outsourced their laundry and restaurant. You can now order takeaway and pickup of your laundry. The crisis will end, and we will return to a period of growth. A lot of things will likely change because of this pandemic. So, you also need to prepare for that era. You have to be innovative, have a clear vision, be ahead of the curve to take advantage of the new normal," said Andrew Alli.

On alternative sources of funding for MSMEs, George Ogbonnaya stated that investors will be frugal in the post COVID-19 era and will only be attracted to businesses that align purpose with strategic direction. He listed alternative sources of funding to include: Crowdfunding, Venture lending, Data driven lending platforms and Risk-Sharing Guarantees.

On her part, Toyin Sanni admonished small business owners to 'COVID-Proof' their business, as quality and branded digital presence will stand as distinguishing factors in the present and post COVID-19 era. *"Quality and how you distinguish your brand from competitors will be very important. So, while saving as much as you can during this period, you should also invest in your brand and digitize your business. I would like to use the term 'COVID-Proof' for your business. Redesign your business such that you are able to do an end-to-end i.e. client acquisition, provision of services, and monitoring and evaluation should involve digital models,"* she said.

As an advisory, Sa'adiya Aliyu Aminu said being the major drivers, MSMEs will be crucial to reviving the Nigerian economy just like the sector did after the 2015 recession. She called on the Federal Government to reaffirm the made in Nigeria policy to promote local production and patronage and curb capital flight after the pandemic.

At the end of the webinar, it was adjudged by participants as one of the best in recent times as it touched and proffered solutions to most of the critical challenges facing MSMEs. More so, now in the COVID-19 era.

The Development Bank of Nigeria is a development finance institution, established by the Federal Government in collaboration with global development partners to address the major financing challenges facing Micro, Small and Medium Scale Enterprises (MSMEs) in Nigeria. DBN carries out this function by providing financial institutions, predominantly Deposit-Money Banks, Microfinance Banks and other financial institutions with funding facilities designed to meet the needs of MSMEs.