

MSMIE Catalyst

FOURTH EDITION | JULY 2022



Q2 DBN MD/CEO's Media Parley with Business Editors – Interview Questions

PAGE 18

Social and Economic Implications of Climate Change Around the World

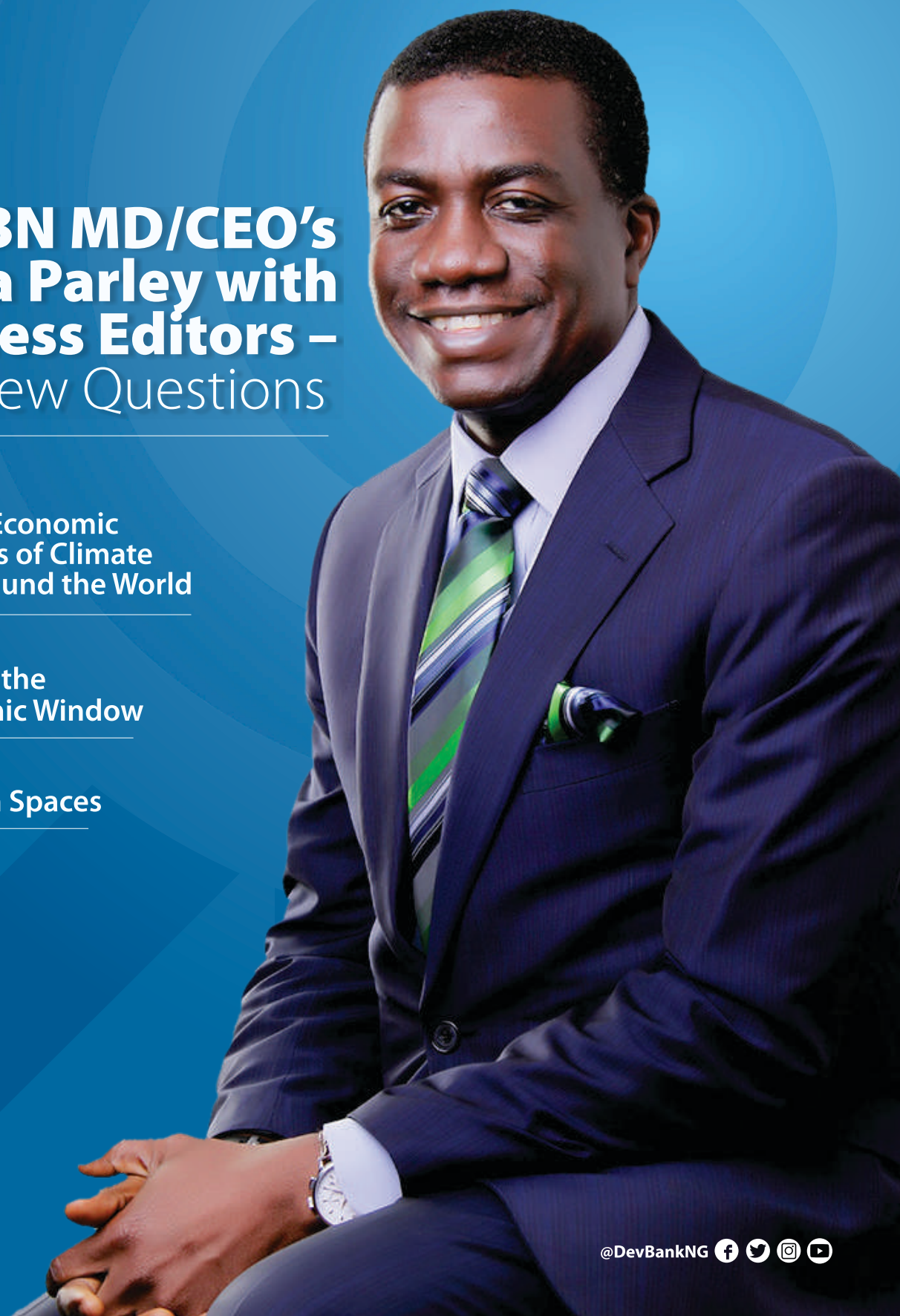
PAGE 6

Harnessing the Demographic Window

PAGE 15

More Green Spaces

PAGE 28



**MSME BANKABILITY
IS A CHALLENGE.
BIZAID CAN FIX IT.**

**DOWNLOAD THE DBN BIZAIID
APPLICATION TO**

LevelUp



In solving some of the most difficult challenges MSMEs face, DBN has developed BIZAID, an innovative tool to provide business support in areas such as bookkeeping, documentation and preparing business plans. With BIZAID, you're in good hands.

We are Nigeria's primary development financial institution; promoting growth and sustainability.

Available on Apple App Store & Google Play Store



DBN

Development
Bank of Nigeria

RC 1215724

...Financing Sustainable Growth

www.devbankng.com

@DevBankNG



Contents

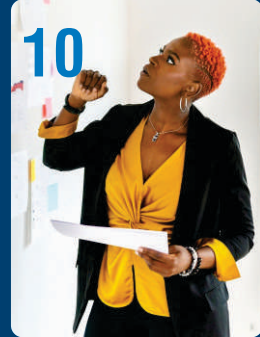
18



06



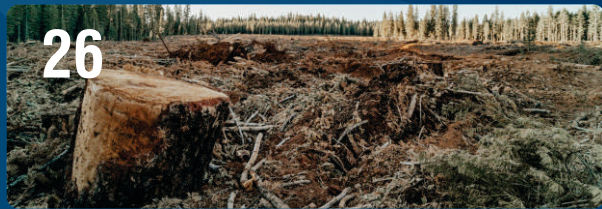
10



22



26



16

Cover Story:

Q2 DBN MD/CEO's Media Parley
with Business Editors

Interview with Dr. Tony Okpanachi,
MD/CEO, Development Bank of Nigeria

06

Social & Economic
Implications of
Climate Change
Around the World

22

Learning from
Failure &
Disappointment
or Are You Afraid of Failing

10

Financing
Decisions/Policy
for Nigerian MSMEs

26

More Green
Spaces (Part 1):
Costs Of Human
Progress To Nature

Head Office:
The Clan Place
Plot 1386A Tigris Crescent,
Maitama,
Abuja, Nigeria

Liaison Office:
Plot 952/953 Idejo Street,
Victoria Island,
Lagos, Nigeria

Telephone:
+234-9-904-0000,
+234-811-3841-699,
info@devbankng.com


@DevBankNG

**BUSINESS GROWTH
IS A CHALLENGE.
LONG TERM FINANCING
CAN SOLVE IT.**

**GET FINANCING TO
LevelUp**



With over 40 million MSMEs in Nigeria, DBN exists to provide sustainable wholesale financing through commercial banks, microfinance banks and other development finance institutions for on-lending to this segment. With longer repayment tenor on loans, we are more than committed to providing sustainable financing to this critical segment of Nigeria's economy.

We are Nigeria's primary finance institution, promoting growth and sustainability.



DBN

Development
Bank of Nigeria

RC. 1215724

...Financing Sustainable Growth

SOCIAL AND ECONOMIC IMPLICATIONS OF CLIMATE CHANGE AROUND THE WORLD

Ayobami Onakomaiya

Today, climate change continues to be one of the most defining issues of our time. It poses a threat to the progress of nations around the world, and more worrying is that its impact is most severe among developing countries, which collectively contribute only about four percent to global emissions but are the most vulnerable to its impact.

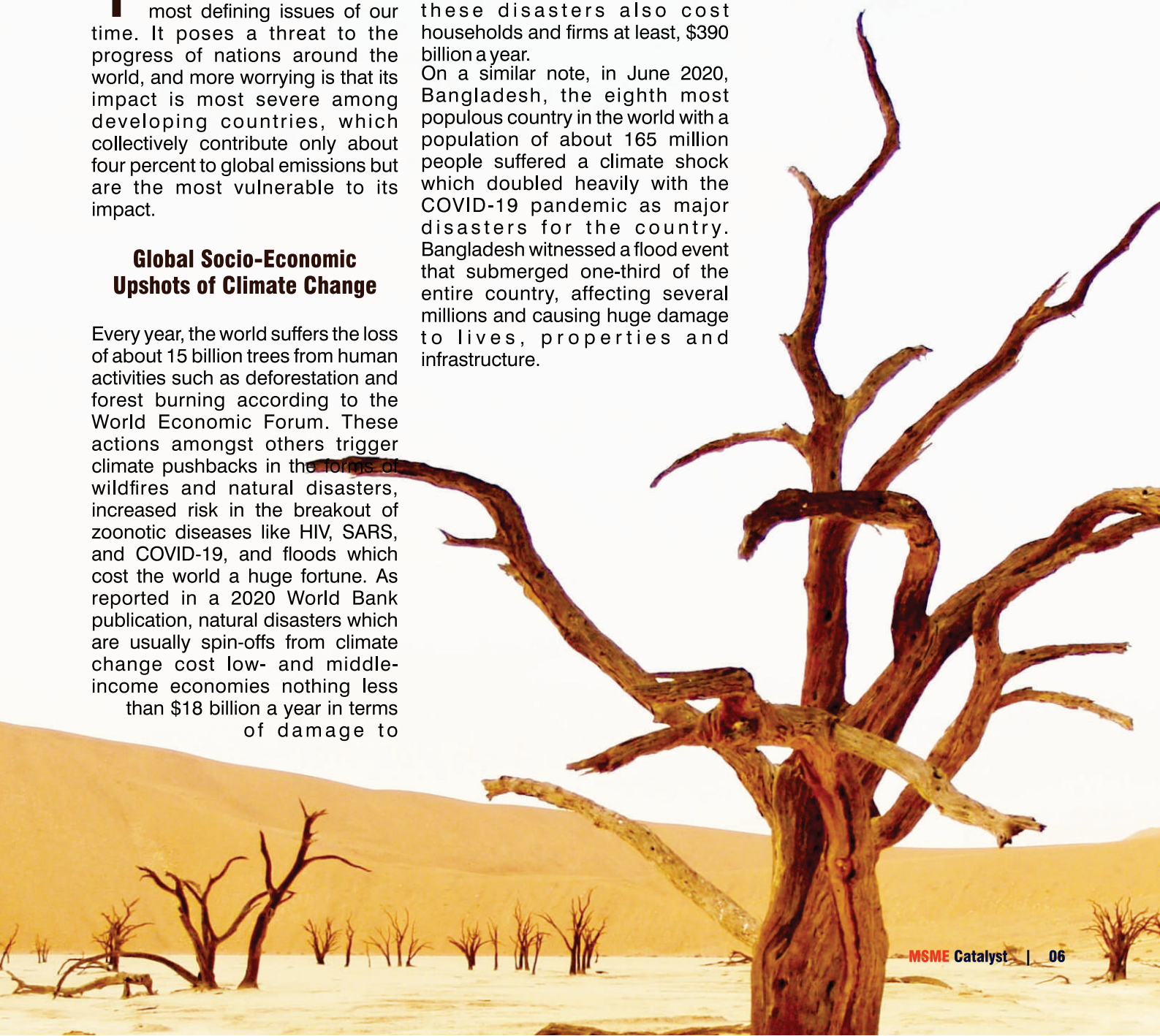
Global Socio-Economic Upshots of Climate Change

Every year, the world suffers the loss of about 15 billion trees from human activities such as deforestation and forest burning according to the World Economic Forum. These actions amongst others trigger climate pushbacks in the forms of wildfires and natural disasters, increased risk in the breakout of zoonotic diseases like HIV, SARS, and COVID-19, and floods which cost the world a huge fortune. As reported in a 2020 World Bank publication, natural disasters which are usually spin-offs from climate change cost low- and middle-income economies nothing less than \$18 billion a year in terms of damage to

power generation and infrastructure alone. The same report reveals that these disasters also cost households and firms at least, \$390 billion a year.

On a similar note, in June 2020, Bangladesh, the eighth most populous country in the world with a population of about 165 million people suffered a climate shock which doubled heavily with the COVID-19 pandemic as major disasters for the country. Bangladesh witnessed a flood event that submerged one-third of the entire country, affecting several millions and causing huge damage to lives, properties and infrastructure.

Every year, the world suffers the loss of about 15 billion trees from human activities such as deforestation and forest burning according to the World Economic Forum.





Copyright: Adekunle Ajayi/NurPhoto

The 2012 flood disaster in Nigeria was the worst to hit the country in 50 years, causing direct infrastructural damages up to the tune of \$9.5 billion (N1.48 trillion), and indirect losses of about \$16.9 billion (N2.6 trillion).

Climate Change Implications on Africa

While 48 of the 54 countries in Africa contribute only about one percent to global greenhouse emissions, Africa remains the most vulnerable region on earth to the effects of climate change. Without adequate measures, Africa stands the risk of losing decades of development progress already achieved, posing more serious implications for development prospects in the continent.

Based on data from the United Nations Department of Economic and Social Affairs (UNDESA), more than one in three Africans - 422 million people - currently live below the global poverty line. This figure could rise even further as unpredictable or harsh climatic conditions impact Africa's agricultural sector, of which 96 percent is rain-fed. In the same vein, unemployment conditions could worsen since 65 percent of the continent's labour force depend on agriculture, which remains a climate-vulnerable sector. Erratic weather conditions also result in higher food prices which lead to currency depreciation. All these are key risk factors impeding economic growth in Africa.

Cross-Sectoral Impact of Climate Change in Nigeria

1. **Agriculture:** This sector is the largest employer of labour in Nigeria as it employs more than 36 percent of its labour force. It also accounts for more than a quarter of national GDP and is the main source of income for 80 percent of the rural poor. Yet, climatic conditions such as floods, erosion, soil loss, unpredictable rainfalls and increased temperatures remain key factors that threaten the productivity of the agricultural sector - crops and livestock alike.
2. **Water Resources:** One-third of Nigerians do not have access to potable water, and surface water bodies in the country are under pressure from the impact of climate change. For example, Lake Chad which used to provide a lifeline to nearly 30 million people across four countries (Nigeria, Cameroon, Chad and Niger) has shrunk from a surface area of about 45,000km² in 1960 to a mere 1,300km² in 2020. Thus, scramble for control over the remaining water in the drying lake has fueled repeated conflicts among nationals of the different countries, seriously aggravating insecurity in the

region.

3. **Human Health:** Climate change will likely exacerbate health challenges related to respiratory infections, which already account for 19 percent of deaths in Nigeria, since air pollution worsens with rising temperature. Flood events also result in the loss of lives, water contamination, and increased risk of vector or waterborne diseases.
4. **Infrastructure and Human Settlements:** Nigeria's infrastructural capital underpins its economic and social development but is at risk due to flooding. The 2012 flood disaster in Nigeria was the worst to hit the country in 50 years, causing direct infrastructural damages up to the tune of \$9.5 billion (N1.48 trillion), and indirect losses of about \$16.9 billion (N2.6 trillion). The same flood displaced 2.1 million Nigerians and claimed 361 lives, based on publicly disclosed figures. Today, many parts of the country, including Lagos, are still at high risk of flooding.
5. **Energy:** In Nigeria today, approximately 93 million people are without access to electricity due to insufficient production

capacity. More extreme rainfall events are likely to increase flood damage to dams and turbines, while increased reservoir evaporation and fluctuating in-flows into dams pose severe challenge to hydro-electric power generation.

6. **Security:** Growing desertification owing to hot temperatures in some regions have been known to result in the forced migration of thousands of herdsmen, giving rise to conflicts with farmers who also have limited resources. This has culminated in the death of several hundreds, if not thousands.

Salvaging the World's Climate: The Role of Governments, Institutions, and Individuals

Below are some mitigative action steps that could be taken by each of these groups:

A. Governments & Policy Makers

- Enhance national capacity to promote a low carbon economy and build resilient infrastructure to

enhance the adaptation capacity of citizens to climate change.

- Raise climate change related research and development to a new level that will enable the country to better participate in international scientific and technological cooperation on climate change.
- Invest in Early Warning Signal systems.
- Involve private sector participation and strategically leverage investments to tackle climate change.
- Increase public awareness and champion thought leadership through discussion forums to address climate issues.

B. Institutions

- Adjust bottom line metrics to not just focus on financial indicators but to include environmental and social impact of business activities.
- Adopt sustainability measures across all internal processes and business value chains.
- Begin a transition towards full renewable energy options and set targets such as “No use of fossil

fuel generators by December 20XX”.

- Recognize and commemorate key sustainability dates to demonstrate support for sustainability or climate action.
- Support sustainability initiatives such as trees planting as part of corporate social responsibility.

C. Individuals

- Begin the transition to alternative and sustainable energy sources, especially solar and inverter.
- Embrace a culture of sustainability as a personal lifestyle.
- Use personal platforms and influence to promote advocacy on climate action.
- Join efforts at recycling recyclables.

Conclusion

Climate change is impacting our lives at such rapid pace that if not tackled with a sense of urgency, will topple the world over in the years ahead. Action is required everywhere and there seems to be no better time than NOW.

Climate change is impacting our lives at such rapid pace that if not tackled with a sense of urgency, will topple the world over in the years ahead.



World Environment Day Awards



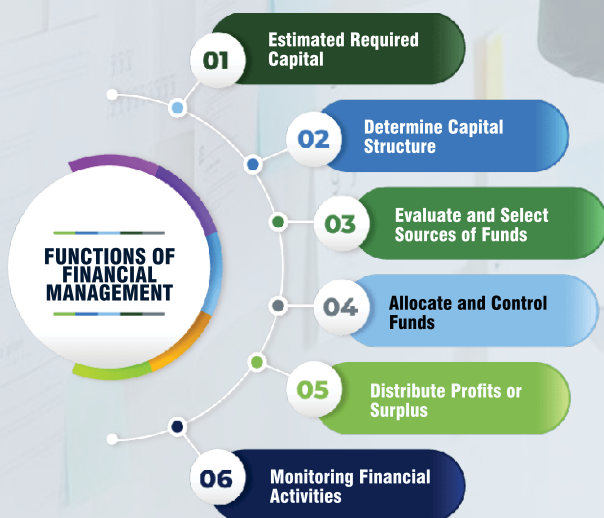
FINANCING DECISION/POLICY FOR NIGERIAN MSMES

PART ONE

ADEDAMOLA ADEDOTUN

Critical to the success, longevity and financial sustainability of a business, particularly MSMEs, is an effective financial management process. Financial Management is the process of planning funds, organizing available funds and controlling financial activities to achieve the goal of an organization. Its importance cannot be over-emphasized; and embedding appropriate financial management processes and procedures is good business practice.

Golam Azam identified the six (6) core activities within the financial management



Generally, financing has been identified as one of the major obstacles faced by MSMEs. Despite the enormity of this challenge, there are still a few financial options available to MSMEs.

Financial Management Function	Description	Decision/Policy Requirement
Estimate Required Capital	Forecasting the amount of capital required. At this stage of financial management, the MSME develops its business plan detailing the business or investment activities and the funding required to execute this plan. The capital and funding requirement is usually phased in line with the growth trajectory of the business – from seed capital to growth capital. This also clearly spells out the timing of these funding.	Investment Decision/Policy
Determine Capital Structure	After determining the capital need, decision must be made on the capital mix. To determine the appropriate capital mix, three factors are considered:	Financing Decision/Policy
Evaluate and Select Sources of Funds	<ul style="list-style-type: none"> ► Which Capital is appropriate? Equity OR Debt ► How much of Equity OR Debt is appropriate? ► What duration is appropriate? Short Term vs Long Term 	
Allocate and Control Funds	The main reason for determining appropriate and optimal capital structure is to maximize shareholders wealth	
Distribute Profits or Surplus	At the time when the MSME generates profit, decision must be made whether to distribute the profits or retain for future use; and how much to distribute or retain.	Dividend Decision/Policy
Monitoring Financial Activities		

By exploring Financing Decision/Policy for MSME, the author seeks to answer the following questions as they relate to MSMEs operating or planning to operate in Nigeria.

- What Capital is available to a Nigerian MSME?
- What is the Optimal Mix i.e Optimal Capital Structure for a typical MSME in Nigeria?

This article focuses on addressing question one.

CAPITAL OPTIONS FOR A NIGERIAN MSME

Generally, financing has been identified as one of the major obstacles faced by MSMEs. Despite the enormity of this challenge, there are still a few financial options available to MSMEs. The OECD Scorecard on Financing SMEs and Entrepreneurs 2020 which analysed the trends in SME and entrepreneur finance from 2007-18 identified a number of financing options as predominant globally:

SME Loans: represent lending from financial institutions

Asset-based finance: comprises all forms of finance that are based on the value of specific assets, rather than on the cash flow/creditworthiness or debt capacity of firms. Most common in this category are

leasing, hire purchase, factoring and invoice discounting

Self financing: represents use of internally generated funding for day to day operations and investments. Both start-up and matured MSMEs use self financing; however, its more prevalent in start-ups.

Equity instruments and private debt:

comprises venture capital investments, listings on stock exchanges, private debt and business angel investments

Online alternative finance: soliciting for funds from the public for a firm or project through an online platform. The broad activities can be categorized into three (debt-based, equity-based, and non-investment)

Most of the sources of capital identified above also apply to the Nigerian MSME. Per the PwC MSME Survey 2020, all of the sources of capital above have been utilized by MSMEs in Nigeria in the past 12 months. Of the samples surveyed, Family & Friends as source of capital represented 48%. Other are Credit Facilities 15%; Trade Credit 8%; Co-operatives 6%; Grants 6%; Vendor Financing 6%; Private Equity Fund 4%; Other sources 4%; Venture Capital 3%; and Listing



Financial Management Function	Description	Decision/Policy Requirement
Equity	<ul style="list-style-type: none"> ► Self financing ► Equity instrument ► Online alternative finance* 	<ul style="list-style-type: none"> ► Family and Friends ► Co-operatives ► Grants ► Private Equity Fund ► Venture Capital ► Listing on the stock market
Debt	<ul style="list-style-type: none"> ► SME Loans ► Asset-based finance ► Private debt 	<ul style="list-style-type: none"> ► Family and Friends ► Credit Facilities ► Trade Credit ► Co-operatives ► Vendor Financing ► Private Equity Fund

on the stock market 1%.

The range of financing options identifies by OECD and PwC fall into 2 broad classification: Equity and Debt.

Despite the availability of various sources of capital, the MSMEs still suffer from lack of access to finance; which is largely attributable to the peculiarity of the MSME space and inability of the available finance to meet the needs. Stakeholders globally continuously develop structures, programmes and products to improve MSME's

access to finance. Similarly, various programmes and structures have been and are being set up in Nigeria to alleviate these constraints. However, the existing financing gap for Nigerian MSMEs estimated at about N617.3billion annually by PwC will also require innovation, adaptation of unconventional approaches, as well as an agile financing strategy by the MSMEs to close.

To further alleviate this financing constraint experience by Nigerian MSMEs, the author suggests the following approaches as

complementary to the current efforts towards closing the financing gap:

- i. Adoption of a phased approach to growth (gradual and methodically scaling up); enabling the MSME raise capital only when needed and necessary;
- ii. Adoption of deliberate profit retention as a financing strategy.





NEED BUSINESS EXPANSION? NO WORRIES.

1 LOAN : 33 BANKS
UNLIMITED GROWTH FOR YOUR BUSINESS



DBN
Development
Bank of Nigeria
PL 1219724

...Financing Sustainable Growth

Development Bank of Nigeria exists to alleviate financing constraints faced by Micro, Small and Medium Scale Enterprises (MSMEs) in Nigeria.

To access a DBN loan,

Visit your Participating Financial Institution (PFI)

Call: +234 1 906 4000 | Email: info@devbankng.com



www.devbankng.com

@DevBankNG



Q2 DBN MD/CEO's Media Parley with Business Editors Interview Questions

...in terms of providing financing support for MSMEs, from inception to end of 2021, DBN disbursed N482 billion to more than 208,000 MSMEs. The Bank's profitability has also remained resilient despite the challenging environment and the impact of COVID-19.

How would you evaluate the performance of DBN since its creation?

Since its inception, the institution has fared exceptionally well across various areas and this underscores our drive for Sustainability, which is one of our core values. For us, this means that while we are in business to provide financing support for MSMEs, we strive to be financially sustainable while ensuring we create social impact for MSMEs and the communities around us, and also ensuring our activities do not adversely affect the state of our environment but rather contributing to its resilience and sustainability.

Now, more specifically, in terms of providing financing support for MSMEs, from inception to end of 2021, DBN disbursed N482 billion to more than 208,000 MSMEs. The Bank's profitability has also remained resilient despite the challenging environment and the impact of COVID-19. Profit before tax and profit after tax stood at N22.7 billion and N15.7 billion respectively, translating to return on assets and return on equity of 4.8% and 12.8% respectively for 2021 which was our last audited financial period.

Across other metrics such as environmental sustainability, DBN has taken major steps to ensure that its processes and operations align with the global standards on environmental sustainability. A major feat in this direction is the achievement of the highest global rating of the Sustainability Standards and Certification Initiative (SSCI) by the European Organisation for Sustainable Development in 2021. In the same year, the Bank clinched the highest credit rating, Triple 'A' from Augusto & Co, and GCR.

How have the

We will also continue to build our internal capacity to drive the growth ambition of the institution.



distortions in the global and national economy impacted the performance of the facility of the bank given that the CBN had to grant a moratorium for its facilities?

The headwinds from the global and national economy impacted DBN as much as they did to many other organizations within and outside the country. Consequently, these distortions made the pricing of DBN loans less attractive to financial intermediaries. Nevertheless, we keep broadening our funding base to make financing more available for MSMEs in line with our overarching mandate to alleviate financing constraints for MSMEs in Nigeria. In addition, DBN has various products and programs targeted at meeting the needs of MSMEs. For instance, DBN has an interest drawback program for its PFIs through which they grant rebates on loans to MSMEs playing within sustainability sectors such as renewable energy, waste management, etc.

The interventions of the CBN for Nigerian MSMEs did not disrupt the impact of DBN within the MSME space in that the financing needs of MSMEs within the system are enormous. And although DBN is poised and committed to solving these challenges especially as it relates to bridging financing gaps, MSMEs in Nigeria need several players to intervene in alleviating these constraints, which underscores the imperative for the CBN and other financial institutions to play their role in this area.

How would you assess the various

intervention within the system, would you rather the DBN becomes the channel for these series of interventions especially those that border on the SMEs?

The challenges within the MSME space are quite substantial, especially as it relates to accessing finance. In light of this, these issues are best addressed when several players can provide support to this space. Therefore, part of our role at DBN is to assess the objectives of these other institutions and collaborate with them to provide financing support to MSMEs. In many cases, DBN also offers technical assistance programs to these institutions to augment their capacity to lend to MSMEs.

What is the bank's short, medium, and long-term focus?

In the short term, we plan to strengthen our catalytic role in the Nigerian economy by expanding our reach to more MSMEs in underserved regions such as crisis-impacted areas and enhancing development impact in other key areas such as women- and youth-owned enterprises, startups, and first-time borrowers.

We will also continue to build our internal capacity to drive the growth ambition of the institution. In addition, we plan to amplify our sustainability drive through the implementation of our green finance strategy, leveraging our SSCI certification, and exploring Green Climate Fund (GCF) accreditation as a direct access entity.

We also plan to crowd in more social and impact funding to build our balance sheet resilience amidst the challenging macro and business landscape.

Finally, to continue providing capacity building for MSMEs and technical assistance to our participating financial institutions to strengthen their lending capacity to MSMEs.

In the medium term, we plan to complete the digital transformation efforts currently underway within the Bank and expand our channels of disbursement to MSMEs, which speaks to our drive for increased collaboration with other players within the space.

In the long term, our focus is for DBN to be recognized locally and internationally as the foremost institution driving the growth and sustainability of the Nigerian economy through the provision of financing support to MSMEs.

There have been all sorts of economic projections by the IMF and the World Bank about the Nigerian Economy, what is your perspective?

The respective economic forecasts by the World Bank and IMF are broadly in line with the economic fundamentals in the country. Notwithstanding, the economy is set for a recovery phase driven by several government policy support programs, reforms and interventions and rising crude prices. Nigeria exited the pandemic induced recession in the fourth



quarter of 2020 and output rose by 4.1% year on year in the third quarter of 2021, with broad-based growth except for the oil and gas sector which has experienced security and technical challenges such as pipeline vandalism, downtime of refineries due to repairs and of course reduced oil production.

The concern I see in terms of the macro-economic environment has to do with the headline inflation which rose sharply during the pandemic peaking at 18.2% year on year but has since declined to 15.6% in December 2021 aided by the new harvest season and re-opening of the land borders. As you may be aware, the Micro, Small and Medium enterprises have a lower savings propensity, so when there is an economic shock such as the Covid-19 pandemic, players in the MSME ecosystem are the first to be hit hard which then affects household income. The level of unemployment is another critical area of great concern. Notwithstanding, the fiscal

authorities' proactive approach in containing the Covid-19 infection rates and subsequent fatalities has proven sustainable given the growth levels this far.

There's been a certain clamor that DBN's capital should be raised. Do you need more money? Any plans to raise funding from any source - Maybe from the capital market or getting equity investors to expand their investments?

As a DFI that is not just sustainability-conscious but has it interwoven into the fabric of the organization which is reflected in our core values, it is important we continue to strengthen our capital base. Also, this is one of our strategic initiatives which requires our continuous effort to crowd in more investments. To this end, we are on that pathway. We continue to expand our funding base both in terms of capital and debt as may be appropriate to meet the needs of MSMEs.

As Nigeria's foremost Development

“As a DFI that is not just sustainability-conscious but has it interwoven into the fabric of the organization which is reflected in our core values, it is important we continue to strengthen our capital base.”

Finance Institution, the DBN has received several awards and positive ratings. One of such is the level 5 rating, the highest possible rating in the Sustainability Standards Certification Initiative (SSCI) Project. The rating makes DBN the first DFI in the country to attain such a high-level rating under the Initiative. What does this mean for the DBN and Nigerian economy?

Sustainability is one of our core values at DBN and part of our DNA. As proof, it is the first core value we espouse as an institution; and this is reflected across our structure inclusive of people, process, and technology.

The SSCI rating was an important step in integrating core sustainability principles into our policies, processes, and procedures. We are already seeing the advantages in the refinement of key processes across our general operations, products business model, and technology but allow me to speak about three major areas that stood out for us as an institution. Immense value from the SSCI process was realized in the creation of DBN's Purpose Statement and High Impact Goals. These have helped to re-focus our attention on using sustainability as a driver. Secondly, we have a newly created Innovation Framework which has caused a resurgence of creative thinking across our operations. We expect that this new model will help drive improved financial and non-financial performances across our institution. Finally, our newly developed Stakeholders Management Framework has enabled us to think creatively about how best to keep a continuous loop of communication with the individuals and groups that matter to us the most.

For the Nigerian economy, this rating means a national DFI is taking conscious decisions today on behalf of the country that will secure lives and livelihoods for the future. This is the essence of sustainability, and we believe DBN has become a

custodian of this promise for our country. The future of our country is hinged on being conscious of our environment as well as creating the enabling structure for MSMEs to thrive. DBN will be providing the much-needed support to catalyze the growth of MSMEs and by extension, the country.

The latest data from the National Bureau of Statistics put the total asset of MSMEs in 2020 at N8.41 trillion, while their total number was 39,654,385. Of this figure, over 34 million enterprises are informal. What's then your thought on having these huge number of MSMEs still operate as informal businesses?

The formalization of these enterprises is of utmost importance because of the attendant benefit to the economy and the government. The government has done considerable work in promoting the importance of MSMEs however, more needs to be done for obvious reasons. Policies that encourage the informal sector operators to formalize, for example, and of course this should be time-bound

but the reduction of fees for business registrations and deferred taxes on all businesses would surely encourage the formalization of some of these businesses. MSMEs formal or informal are already having a tough time staying afloat. Some of the most pressing problems they face include obtaining finance, irregular power supply, infrastructure deficit, multiple taxations, rent, cost of capital, and so on. Giving the plethora of challenges and having already a lowered saving propensity lends credence to why formalization is not a priority to them.

What is the implication for our economy?

It has been shown that formal businesses have a higher survival rate as well as an enhanced capacity to run profitably and to use debt more efficiently. This boost in financial sustainability has significant impact on economic activities, employment and government revenues by way of taxes and levies.

How can these businesses be formalized?

Policies that encourage businesses with the ease of registration would go a long way in formalization. As I earlier mentioned, an example could be a time-bound policy that allows free business registration, especially for businesses that make less than a predetermined annual revenue. Conversely, stronger enforcement of illegal businesses would deter new entrants into the informal sector.

Despite having an AAA rating why have the activities of the DBN not been felt across the country? I know DBN facilitates credit for SMEs through the banks but your activities have remained largely unknown?

DBN is a wholly wholesale development finance institution. This means our key activity which is providing finance to MSMEs is carried out through financial intermediaries which we refer to as



Sustainability is one of our core values at DBN and part of our DNA. As proof, it is the first core value we espouse as an institution; and this is reflected across our structure inclusive of people, process, and technology.

Participating Financial Intermediaries (PFIs). Therefore, one of the major nuances of this model is that the PFIs become the face of DBN since the bank cannot interface directly with the end-borrowers. This, to a great extent, limits the level of knowledge even the end-borrowers have about the institution but not our impact. However, in addition to the information we share from the lending activities through our PFIs, we shall continue with our other strategic initiatives for public engagements not only to create awareness of DBN's catalytic role, but most importantly, to advocate for the MSME segment, the main drivers of the Nigerian economy..

SMEs are complaining that accessing credit from PFIs is cumbersome, made worse by the high-interest rates and hidden charges from banks despite your insistence that there is no hidden charge. What is the DBN doing to ensure credit is accessible to SMEs at affordable rates?

To start with, without a drive on our part to alleviate these highlighted issues of accessing credit within the system, it will be difficult to describe DBN as a development finance institution. We are well aware of the high-interest rate within the environment. Hence, as an institution, we strive to crowd in more social and impact funding to make financing more accessible for MSMEs amidst the challenging macro and business landscape and in line with our overarching mandate to alleviate financing constraints for MSMEs. In addition, DBN has various products and programs targeted at improving accessibility to MSMEs. The issue of high interest rate is a reflection of the Macroeconomic environment and crowding in several financing sources would lead to competition and ultimately, ensure market determined pressure to lower interest as we see in other climes..

Many SMEs especially start-ups have the problem of articulating business plans that are acceptable to PFIs. What is the DBN doing to stand in the

gap for SME owners with genuine intentions but who lack the know-how of writing business plans?

DBN has three broad mandates which are on-lending, risk-sharing, and technical assistance to the participating financing institutions. However, as a Bank, we observed that there was also a need to ensure that the MSME operators are equipped to manage their business judiciously. As a result, we introduced at the onset of our operations, capacity building to the end-beneficiaries. In this regard, we have trained over 1300 businesses operating in diverse sectors all over the country. We deliver this through partnerships such as collaborations with Google Africa, Enterprise Development Center of the Lagos Business school, and Wider Perspective Limited to train MSMEs on different modules ranging from accounting and record-keeping, marketing, management, negotiations, to green financing, sustainability, business planning. We have witnessed immense success at these trainings as the beneficiaries have demonstrated an improved understanding of the industries they operate, as well as how to develop and implement their business plans.

There is the issue of bookkeeping. Will the DBN consider sponsoring or executing a program designed to educate our SME owners on proper bookkeeping practices?

Yes. As earlier stated, we offer a full range of courses, and accounting and recording keeping is a featured module.

Our bouquet of courses in the Entrepreneurship Programme is tailor-made to meet the needs of the MSMEs in the different aspects of entrepreneurship including finance, operations, marketing/sales and customer service.

We typically do a call for application on our website, social media handles as well as some national newspapers. Afterward, we shortlist the candidates based on set criteria

before we implement the training. This year, however, we are launching the DBN Learning Management System which will permit many more MSMEs to access training on our website and our Bizaid app. Once concluded and successful, the Bank issues a certificate that should demonstrate the holder's competence in the courses taken. At the end of the training, we also provide advisory sessions which take place three months after the training. This is to ensure the learnings are entrenched in their respective businesses.

How much of the credit facilitated by DBN is considered nonperforming and what is the DBN doing to recover this credit.

To date, the Bank has not recorded any NPL in its portfolio, which gives credence to our strong risk management system and the great work of the entire team at DBN and our Participating Financial Institutions.

“

Our bouquet of courses in the Entrepreneurship Programme is tailor-made to meet the needs of the MSMEs in the different aspects of entrepreneurship including finance, operations, marketing/sales and customer service.



MSME FINANCE SEMINAR 2022



LEARNING FROM FAILURE AND DISAPPOINTMENTS

or Are you Afraid of Failing?


By Ese Atakpu

The year is 1879 and the location is Menlo Park, New Jersey, USA, where Thomas Edison is locked in with his team of 40 researchers. His goal, to perfect the recently invented electric bulb, an alternative to the unsafe gas lanterns used in those times.

The then relatively-unknown scientist would try—and fail—more than a thousand times, before finally getting a spark. A spark of light, a spark of hope.

More than a century later and billions around the globe would have safe lighting, because one man was not afraid to fail.

In the 21st century organization, failure is taboo. A word, that if mentioned too many times, has the ability to send even the most seasoned professionals into a conniption. This fear of failure, in itself, is what drives many employees and employers alike, with business models built around perfectionism and the constant race against failure.



"Genius is
1% inspiration
and 99%
perspiration."

- Thomas Edison

“ A fear of failure directly translates to a fear of risks. A healthy amount of risk is necessary for success ”

However, what if we turned our perspectives around. And instead of viewing failures as exits, we viewed them as flyovers? Instead of dreading the feeling of another failed project, why don't we approach it with a mind-set of making the most of our opportunities? What if we learned from our failures? And instead of playing the blame game after a mishap, discussed constructive solutions?

In this article, we will examine the fear of failure, its causes, and how to make the most of your next failure.

What is the Fear of Failure?

The Fear of Negative Evaluation (Atychiphobia) or the fear of failure is the unwarranted and persistent fear of failing. The term atychiphobia comes from the Greek phóbos, meaning "fear" or "morbid fear" and atyches meaning "unfortunate". It is a usually irrational fear, which may even be related to mental health conditions like anxiety. Although extreme atychiphobia is not common, at least 80% of adults are estimated to be afraid of failure.

What Causes the Fear of Failure?

- **Traumatic experiences:** People who've been through harrowing experiences because of personal or collective failure may be afraid of reliving their experiences. For example, a pupil who is ridiculed in class for missing a question, may grow up to hate speaking in public.
- **Harsh Upbringing:** A number of people develop this fear of failure early in life as a result of the highly critical or unsupportive upbringing they experienced while growing up. A mind-set that would go on to define their experiences for rest of their lives.
- **High-standards:** Some people set high-standards for themselves. These people define success as expecting a particular situation to go exactly as they want it. Any minor setback is a failure to them and is unacceptable.
- **Impact of the Fear of Failure**
- **Perfectionism:** Individuals afraid to fail tend to ensure every task is

completed perfectly, and would rather not handle a project if they know they cannot finish it perfectly.

- **Aversion to risks:** A fear of failure directly translates to a fear of risks. A healthy amount of risk is necessary for success. However, people who are afraid of failure are more likely to forego the opportunity for success, because of the fear of failure.

- **Low self-esteem:** One major impact of this fear is on the self-esteem of those who experience it. These people, because they focus on their failures, are less likely to believe in themselves or consider themselves for opportunities involving increased responsibilities.

How to Make the Most of Failure?

- **Change your perspective:** A excerpt from a book about Edison mentions this conversation he had with a friend who said: 'Isn't it a shame that with the tremendous amount of work you have done you haven't been able to get any results?' To which Edison replied: 'Results! Why, man, I have gotten lots of results! I know several



thousand things that won't work!' It is clear from this statement that his extraordinary perspective on failure is what pushed him to success in the end. We must adapt this mind-set and realize that a setback is just an opportunity to do it better.

- **Shake it off:** Undisputed Heavyweight Champion boxer, Lennox Lewis after losing all his belts in a surprise defeat to Hashim Rahman, had this to say: "Sometimes success needs interruption to regain focus and shake off complacency." He then went on to avenge his defeat and regain all his titles. Sometimes failure is a necessary interruption to help shake off complacency.

- **Review what went right:** There is nothing like total failure. Even the most terrible disasters can provide a positive lesson. While it may be hard to escape the negative mind-set that the failure could cause, there are multiple things that could be learnt from a failure if we are not afraid to look.

- **Assess what went wrong:** Manufacturers invest millions of dollars in error-testing. In some industries, there are professional beta-testers who test products before release. The results from this test are almost as important as the product itself. This goes to show that a failure is also useful, and instead of beating yourself up when it occurs, you should assess

what went wrong, actively search out where the failure began and what lessons you can learn. Ensuring that you make the most of that failure, as a learning opportunity.

- **Persevere:** Often times we tend to settle into despair after a failure, sometimes it seems impossible to start up again after a seemingly disastrous failure. However, we must remember that in the end, success only comes to those who absolutely refuse to give up. The secret to success – as true in Edison's time as it is today – is perseverance. As Edison himself said, "Genius is 1% inspiration and 99% perspiration."

DBN MSME SUMMIT

KANO



MORE GREEN SPACES (PART I): COSTS OF HUMAN PROGRESS TO NATURE

By **AYOBAMI ONAKOMAIYA**

“This article about 'green spaces' is a contribution to the ongoing global conversations on Nature and Climate Change, as well as an urgent call to, and guide for action in the UN Decade on Ecosystem Restoration (2021 – 2030).”



Over the last 50 years, the world has experienced a tremendous pace of change at a scale never seen in human history. Human population has doubled, the global economy has expanded four times, and more than 1 billion people have escaped extreme poverty. More than ever, the world is producing more food, machines, energy and other goods that make life easier for humanity. Estimates from the new Economics of Biodiversity report reveal that “between 1992 and 2014, while produced economic capital per person doubled and human capital per person grew by 13% globally, natural capital per person has declined by nearly 40%”.

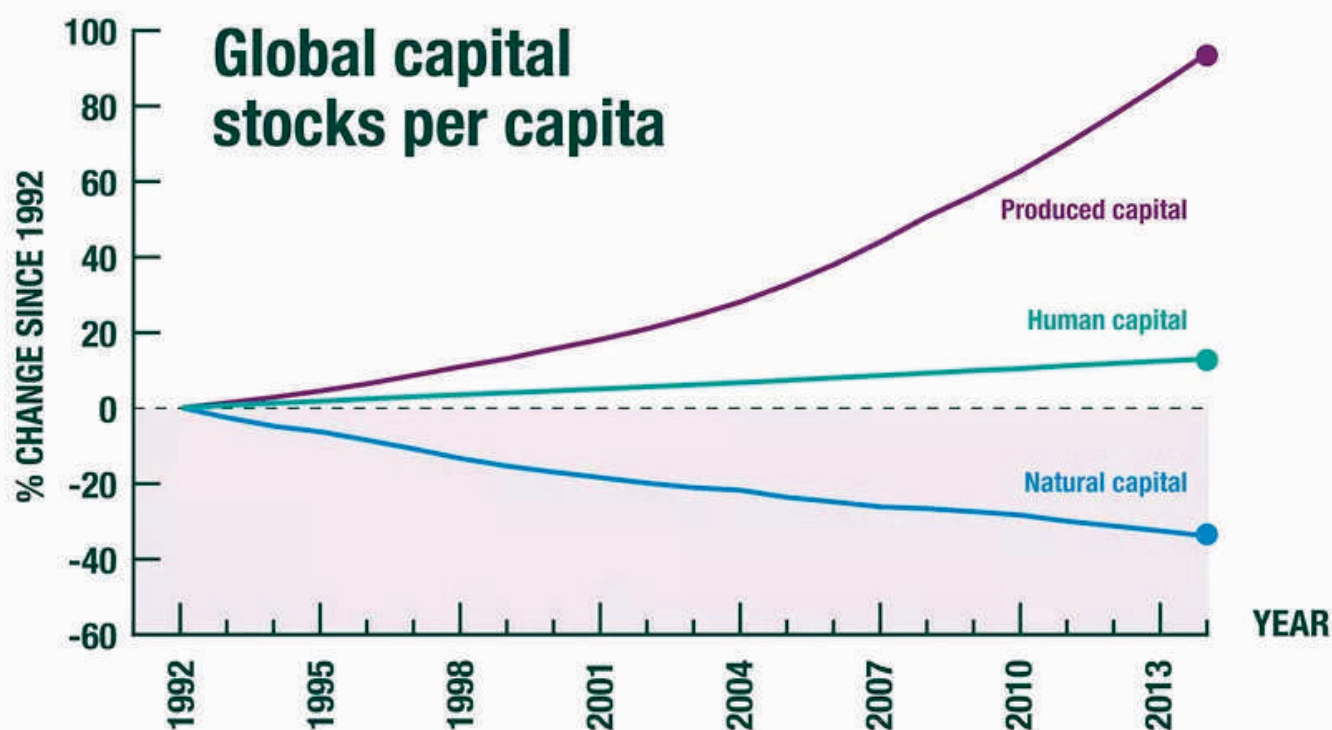
In other words, while humanity has made great strides in achieving economic progress over the past century, this has come at a

devastating cost to the natural environment which underpins the fundamental fabrics of our lives – health, livelihoods, and economies. Imagine how governments, economic experts, and policy makers around the world would respond if the world were experiencing a global economic crisis, with GDPs of countries sharply spiraling downwards. Yet, this is the same kind of crisis that nature currently suffers without a corresponding urgency of action.

As the 2020 World Economic Forum's New Nature Economy report points out, more than half of the world's GDP is highly or moderately dependent on nature. This means as humanity keeps engaging unsustainably with nature, drawing from it more than it has the capacity to supply, and yet without regulatory checks or restoration mechanisms in place, we are taking enormous risks damaging nature to an irreversible

tipping point. At that level, nature breaks down and the impact on biodiversity, livelihood, human settlements, and global economies spirals out of control.

Today, the earth is nearing its tipping point. A third of the world's topsoil needed to sustain green life has already been degraded, 32% of the world's forest ecosystem has been destroyed, and the earth has lost 83% of all wild animals and about half of all plants. These, among several other human activities are weighing heavily on the world's climate. In effect, the earth's temperature continues to rise at an unprecedented scale, with unpredictable weather patterns becoming a natural norm around the world. Glaciers are melting in the arctic regions, severe famines and droughts in many parts of the world are impacting on water availability, agricultural yields and food security, and over 340 million hectares of the world's terrestrial ecosystem are annually consumed by wildfires.





Source: World Atlas | Human activities increase global warming which also endangers the lives of arctic animals that live on ice.

A third of the world's topsoil needed to sustain green life has already been degraded, 32% of the world's forest ecosystem has been destroyed, and the earth has lost 83% of all wild animals and about half of all plants

These and many more are all proofs that the world's climate is at the brink of toppling over. Worse still, data from the World Meteorological Organization has shown that the past six years leading to 2021 on earth have been the warmest years in history, with 2016, 2019 and 2020 being among the top three.

The Need for More Green Spaces

To salvage the current global climate situation, many countries are instituting various mitigative measures. However, of crucial importance among all measures is the need to adopt nature-based solutions such as protection or regeneration of natural ecosystems like forests to fight climate change and sustain life on earth. Accordingly, this would imply the need for intensified efforts in the proliferation of green spaces by planting trees, restoring degraded forest areas, and cultivating new forest ecosystems.

The world's forests are generally economic assets which drive growth for countries, and as reported by the World Wide Fund for Nature, forests directly support the livelihoods of more than two billion people, and are strong mechanisms for regulating the climate underpinning the global economy. Also, worth noting is that forests are the only currently available large-scale, proven, and cost-effective technology for carbon capture and sequestration. Thus, the global goals on climate action (SDG 13), sustaining life on land (SDG 15), and the Paris Climate Agreement cannot be met without aggressively slowing down, halting and reversing global deforestation. Estimates show that conserving forests could even cut down carbon emissions as much as getting rid of every car on earth.



ACCESS TO FINANCE IS A CHALLENGE FOR MSMEs.

**DBN IS SOLVING IT THROUGH
PARTNERSHIP WITH FINANCIAL
INSTITUTIONS.**

**SPEAK TO YOUR BANK TO
LevelUP**



DBN offers longer tenure loans to its Participating Financial Institutions (PFIs) with longer repayments options for end beneficiaries, thereby encouraging funding for Nigeria's MSME segment.

We are Nigeria's primary development financial institution; promoting growth and sustainability.



DBN
Development
Bank of Nigeria

RC 1215724

...Financing Sustainable Growth