MSME Catalyst

THIRD EDITION | DECEMBER 2021

@DevBankNG

DBN Development Bank of Nigeria

...Financing Sustainable Growth

DBN LECTURE SERIES

THEME

Resilient Innovation: MSMEs' Adaptability in Uncertain Times

KEYNOTE SPEAKER

PROF. BENEDICT ORAMAH
President, AFREXIM BANK

HOSTS

DR SHEHU YAHAYA
Chairman, DBN PLC

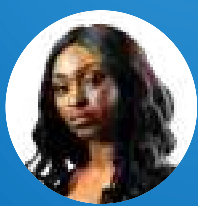
MR TONY OKPANACHI
MD/CEO, DBN PLC

MODERATOR

PROF. JOSEPH NNANNA

PANELLISTS

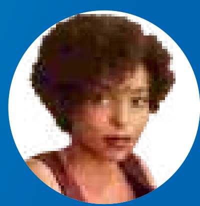
HABIBA ALI



DR. OLA BROWN

IYINOLUWA ABOYEJI

AISHA IBRAHIM



DR. AMY JADESIMI

THIRD EDITION | JUNE 2021

CONTENTS

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

Editor-in-Chief's Note

Dear Reader,

It gives me great pleasure to present the third edition of the DBN Newsletter – MSME Catalyst.

This edition is themed "Resilient Innovation: MSMEs' Adaptability in Uncertain Times". You will agree with me that 2021 has been a turnaround year for everyone irrespective of your status as individuals, business owners or as a nation. As we try to recover from the effect of the Covid19 pandemic, we must not let our guard down now.

In this edition, we cover several topics across financing decisions, business development, climate change, attitude at work, and career development. Specifically, we will be looking at how DBN is helping MSMEs adapt in uncertain times.

The MSME sector in Nigeria, like in most other countries, is referred to as the engine room of the economy. Anyone who wants to succeed in business must have a solid grasp of entrepreneurship principles. This knowledge will be of great relevance in helping the business succeed and scale. Consequently, we would be looking at how to boost the Nigerian MSME sector through Capacity Building.

Women are emerging as prominent players across political, civil and entrepreneurship sectors. This increasing influence is the cornerstone for sustainable economic growth and development.However, discrimination, gender inequality and lack of economic resources undermine the potentials of outstanding Nigerian women entrepreneurs. Nevertheless, women have chosen to challenge the norm and break forth. A full article on the stories of selected women entrepreneurs is incorporated in this edition.

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 as it exacerbates health challenges related to respiratory infections, which already accounts for deaths in Nigeria, since air pollution worsens with rising temperature. Hence, you would find in this edition an article highlighting the social and economic implications of climate change around the world.

The number of economically dependent people in Nigeria presents one of the highest dependency ratios in the world. It is expected that the ratio of the working-class segment will continue to rise throughout this century as that of young dependents drop. Consequently, to increase employability ratio in Nigeria, certain measures need to be taken by policy makers so as to identify the most in-demand skills and thus create programs that focus on skill acquisition. A full article on harnessing the demographic window is incorporated in this edition.

Diversity and inclusion have increasingly become leading topics in the corporate world in the last few decades. Inclusion in the workplace means that the workforce reflects the diversity of the business environment in terms of ethnicity, gender, economic situation, disability, age and religion. Studies have shown that empathy-based training programs encourage participants to take on roles so they can learn to see from the perspective of others as this can significantly change people's attitude towards others. Empathy as a necessary culture in workplaces is exquisitely detailed in this edition.

One thing is certain, there is a sizable pool of cash available for sustainability and social impact ventures. According to a 2018 AVCA research, 53% of limited partners surveyed said they plan to expand their allocation to private equity in Africa over the next three years–thus indicating their belief in Africa's long-term attractiveness, especially when compared to developed markets. This is exciting because it indicates that the continent's growth, which has been on the rise will continue to expand. This will hopefully result in a multiplier effect in other sectors. The import of this is beautifully elaborated by Lolade Awogbade in her article "I'm Trying to Save the World".

IDRIS SALIHU
Head, Corporate Services

Nigeria's digital economy has continued to show significant promise in the last quarter of 2020, bringing the country out of recession. While other important sectors of the economy, such as agriculture and crude oil, had negative growth in that quarter, the digital economy is on track to more than double the value of crude oil. An interesting article highlighting the Next Driver of Economic Growth is also incorporated in this edition.

On a final note, permit me to thank our Board of Directors, the Management team led by Mr. Tony Okpanachi MD/CEO, all our staff and contributors for making this third edition a reality.

Enjoy the read.

BEYOND INCLUSION: THE NEED FOR EMPATHY IN THE WORKPLACE

Grace Olabisi

Diversity and inclusion have increasingly become leading topics in the corporate world in the last few decades. They are part of the Sustainable Development Goals – goals 5, 8, 10, and 16: gender equality, decent work and economic growth, reduced inequality, and peace, justice & strong institutions. Companies are also engaging in various forms of diversity and inclusion initiatives with innovative structures to ensure compliance. For example, Carlyle Group Inc. and Wells Fargo have tied executive compensation and year-end bonuses to diversity targets.

Inclusion in the workplace implies that the workforce reflects the diversity in the business environment in terms of ethnicity, gender, economic status, disability, age, religion, etc. This inclusion does not necessarily consider the specificities that come with each of these diverse groups. For example, when a company hires a physically disabled person, it satisfies the requirement for the inclusion of a member of this group into its workforce. However, the company should not just stop at this, but should ensure that its environment, policies, processes, and procedures accommodate this individual and make it easier for them to carry out their responsibilities. This article discusses the importance of empathy as a tool for diversity and inclusion in corporate spaces.

According to Oxford Languages, empathy is defined as *the ability to understand and share the feelings of another*. In his article on the new cycle of thinking for Corporate Performers, Joan Marques (2010), defines empathy as *the ability to relate to others' feelings, and therefore understand their troubles and predicaments better*. Goleman (1995), mentions empathy as one of the ingredients of emotional intelligence and defines empathy as *the emotional sensitivity to others; a talent for tuning into others' feelings and reading their unspoken messages*.

Empathy makes a critical difference in human relations as it allows for more beneficial and effective interactions. High empathy level mean that there is an increased willingness to listen, to understand, and be compassionate with the other party. Empathy is also a critical leadership skill as possessing empathy helps a leader identify with his/her team members (Rahman 2016). In the workplace, it increases the buy-in of employees into the organisation's vision and goals.

Studies have shown that empathy-oriented training programs can significantly change people's attitudes towards others as participants of empathy-oriented programs are encouraged to engage in role taking so they can learn to view from the perspective of others (Stephan & Finlay, 1999). The crucial skill developed in these programs is the ability of individuals to remove themselves from their personal and lived experiences and immerse themselves in the experiences of others. This allows for a greater understanding of the needs of others and informs their approach to engaging others.

For organisations to incorporate a culture of empathy, certain behaviours have to be encouraged and taught. It is important to identify existing differences and to understand and accommodate the specific needs recognised from the process of acknowledging the differences. The following are some of the ways to improve empathy in the workplace:

1. Creating an environment that encourages openness and equity irrespective of age, gender, ethnicity, religion, disabilities, etc.
2. Empowering staff to freely share their ideas and opinions across ranks.
3. Emphasising language that promotes respect, equity, and inclusion.
4. Encouraging team leads to be more observant of and listen to team members.
5. Facilitating events and situations that allow for personal interactions between staff to improve the exchange of shared experiences.
6. Ensuring that programs, processes, and policies are created with empathy and the input/consultation of the relevant staff.
7. Empathy-led trainings to explicitly convey the importance of empathy in the workplace.

> **EMPATHY IS ALSO A CRITICAL LEADERSHIP SKILL AS POSSESSING EMPATHY HELPS A LEADER IDENTIFY WITH HIS/HER TEAM MEMBERS**

In conclusion, empathy is a key determinant in ensuring that diverse skills and values are fully optimised. It is not enough to simply have a diverse team. To be truly inclusive, team members have to be fully equipped to work at their best potentials. This entails creating an environment that acknowledges and accommodates the diversity of the team members. Empathy is a learned skill and therefore one has to be intentional to be empathetic.

References

Stephan W. G. and Finlay K. (Winter, 1999). "The role of empathy in improving intergroup relations", Journal of Social Issues, Vol. 55, No. 4, pp. 729-743.

Marques J. (2010, Fall/Winter). "Spirituality, meaning, interbeing, leadership, and empathy: Smile", Interbeing, Vol. 4, No. 2, pp. 7-17.

Wawa Rahman (2016, July). "Empathy and Trust: Into a Better Workplace Environment", Journal of Business and Economics, Volume 7, No. 12, pp. 2025-2034

Internet Sources Accessed

https://www.bloomberg.com/news/articles/2021-05-11/carlyle-to-tie-ceo-pay-worker-bonuses-to-diversity-goals

https://www.un.org/development/desa/disabilities/envision2030.html

https://www.cio.com/article/3262704/diversity-and-inclusion-8-best-practices-for-changing-your-culture.html

https://www.forbes.com/sites/janicegassam/2018/09/25/empathy-the-key-to-a-diverse-and-inclusive-workplace/?sh=27f394397097

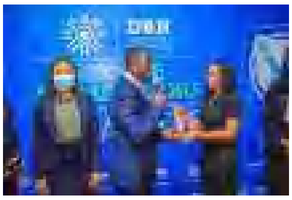
https://hbr.org/2016/11/if-you-cant-empathize-with-your-employees-youd-better-learn-to

https://greatergood.berkeley.edu/article/item/six_habits_of_highly_empathic_people1







DBN
Development Bank of Nigeria
...Financing Sustainable Growth

SERVICE AMBASSADORS AWARDS







CHOOSE TO CHALLENGE:

How Nigerian Female Entrepreneurs are Shattering Structural Glass Ceilings

By Ayobami Onakomaiya & Aisha Kwairanga

The World Bank has projected that female entrepreneurs will contribute as much as $28 trillion which is 26 percent of the annual global GDP by 2025. Here lies a huge potential.

Stories of great women echo through the walls of the Nigerian history, dating as far back as the 16th century with the feats of Amina, the great "warrior queen of Zazzau" who distinguished herself as a leading warrior in her years remaining prominent. Other Nigerian women after her, have stepped into the scene, speaking truth to power in a bid to reshape the warped order by which the society of the day is governed. A particular case in point dates to the years leading up to Nigeria's independence, with the prowess of Chief Funmilayo Ransome-Kuti, then popularly known as the "Lioness of Lisabi", who was renowned in the 1940s and 50s, for challenging political authorities for women's rights in governance.

Interestingly, in contemporary times, just as we had in the headlines of the Nigerian past, more women across various spheres and sectors are still charging on as pivots of change and economic transformation, having their names visibly inscribed on the front pages of influence and societal impact. Here, we speak of women like Ngozi-Okonjo Iweala, the first African and female Director-General of the World Trade Organization; Sarah Alade, a one-time acting governor of the Central Bank of Nigeria; and Amina Mohammed, the Deputy Secretary-General of the United Nations, amongst many others.

On the entrepreneurial front, across every corner of the world are more than 252 million registered female entrepreneurs who are supporting the global economy and impacting the society, 23 million of whom are Nigerians. An impressive proportion of these women keep rising beyond barriers by boldly paddling uncharted waters for new innovations, forging new narratives for entrepreneurship, and undauntedly redefining what "society" says women can or cannot do. The World Bank has projected that female entrepreneurs will contribute as much as $28 trillion which is 26 percent of the annual global GDP by 2025. Here lies a huge potential. However, many structural bottlenecks still inhibit the free expression of female entrepreneurs in Nigeria such as discrimination, gender inequality and low access to economic resources. Notwithstanding the complexities of the environment, some Nigerian women still go on challenging the norms and stepping beyond structural barriers to create impact in their own way. Meet a few of them.

Ola Brown

'The Flying Doctor'

Nigeria's healthcare system has been rated 187th out of 190 in the world by the WHO. However, there are doctors who have risen to the challenge of redefining this global narrative about Nigeria. One of the foremost medical practitioners making this happen is none other than Dr. Ola Brown. After a tragic episode where she lost her indisposed sister due to a lack of emergency medical assistance, she fully dedicated herself to the noble mission of providing record-time medical care to patients, pioneering West-Africa's first air-operated emergency medical services - Flying Doctors Nigeria Ltd.

She also founded the Flying Doctors Healthcare Investment Company which makes healthcare more affordable and accessible across the continent by investing in various projects across the healthcare value chain. Through this healthcare investment company, Dr. Ola has created at least 1,000 jobs in Nigeria. There is no doubt that she is one of the amazing Nigerian female entrepreneurs providing urgent solutions to Nigeria's medical inefficiencies, one investment at a time.

Adeola Fayehun

'The Voice of Truth'

Adeola Fayehun, a prominent and interesting character in the journalism industry is known for her wits and candor in speaking truth to power in an entertaining but compelling way. Over the years, many Nigerian political leaders have been at the receiving end of her satirical butts, alongside many other African leaders.

In 2015, Adeola in an interview, was spotted questioning the former Zimbabwean president, Robert Mugabe (who had been ruling his country for 36 years), on when he was going to step down from office. Not wanting to be deterred by regulations against the freedom of the press, which is engrained within most African countries, she airs her highly informative YouTube show - *Keeping it Real with Adeola!* from New York. This helps her to freely report her most recent findings on major socio-economic and geopolitical happenings that deeply concern the lives of the African people within the continent and in the diaspora, such as mis-governance, maladministration, and corruption. Today, Adeola has put out more than 520 episodes of her weekly *KIRWA!* shows.

Beside her shows, she started the KIRWA foundation which provides school and hospital supplies to rural communities in West Africa, pays hospital bills and awards scholarships for African students to study abroad.

Sandra Aguebor

'The Lady Mechanic'

Meet Sandra Aguebor, the lady reported to be Nigeria's first female mechanic on a mission to become Africa's first woman to assemble cars. In a field mostly dominated by men, Sandra has practiced as a Mechanic for more than 30 years and owns a garage called *Sandex Car Care*. She is also the founder of the *Lady Mechanic Initiative* which empowers vulnerable and underprivileged women to become mechanics and develop the capacity to fend for themselves. Many women she has trained over the years have gone on to build their own garages, businesses and also train other women.

From the young age of 13, Sandra would go to the garage to fix cars immediately after returning from school. Although seen as 'absurd' in her community, she remained undeterred. In the *Lady Mechanic Initiative* "Pay and Train School", Sandra partners with lecturers from Technical Colleges to train students on the theoretical aspects of being a mechanic and to write the NABTEB exam. The students also get internship opportunities in automobile companies and some eventually get jobs there.

The *Lady Mechanic Initiative* is present in numerous states across Nigeria. The initiative in Kano state trains women to be professional drivers. The initiative also runs a club for teenagers encouraging them to be technicians and engineers. Sadra has definitely intercepted a norm in Nigeria's field of Auto Mechanics, and the footprints of her impact might just eventually erode the deeply entrenched stereotype in that space.

Olufunto Boroffice

'Waste-to-Value Champion'

Solid waste management is one of the most pressing environmental challenges faced by both the urban and rural areas of Nigeria. With Nigeria being one of the largest producers of solid waste in Africa, only about 20-30 percent of solid waste are collected for recycling. Olufunto Boroffice, a Nigerian serial entrepreneur has stepped on the scene to proffer an innovative response by setting up "Chanja Datti", a sustainability enterprise aimed at collecting, recycling and transforming waste materials within the country into value. The company collects waste plastics such as PET bottles and nylons alongside other recyclables like aluminum cans, papers and hard plastics, transforming them into pellets which are then supplied to off-recyclers for re-use in the manufacture of new products. Funto also launched the *Bottles for Books* initiative where the recycled bottles are used to pay for the education of children in low-income families. She also created an innovative medium where people exchange plastic bottles for food supplies.

Chanja Datti has partnered with numerous organizations like the Development Bank of Nigeria, British High Commission and Transcorp Hilton Abuja to improve waste management. Altogether, Funto has created over 200 jobs for Nigerians through her recycling initiative and has improved awareness around Waste Management, Environmental Sustainability, and the Circular Economy in Nigeria

Nadine Ibrah

'The Compassionate Storyteller'

Growing up, Nadine did not know how to express herself. However, through film making, Nadine felt she could be heard. Today, she uses film to express herself and create awareness about the "Real Nigerian" stories. Nadine Ibrahim, the founder of *Naila Media* and *Naila Foundation* is popularly known for a documentary she produced, "I am not Corrupt." Nadine is a passionate award-winning film maker sharing Nigerian stories to the world.

Through *Naila Media*, Nadine has been involved in the production of film, documentary, advertising and corporate videos. "Marked," a new documentary she produced explores the history behind scarifications in Nigeria and how they intertwine with beauty, identity and spirituality. This documentary has been featured on international platforms and is set to be promoted on Netflix. Nadine established *Naila Foundation* to advocate for maternal and mental health. Through this, she is creating a safe space for women who have lost their pregnancy or infants to grieve and share their experiences. Through her work, Nadine is also creating jobs in the film industry and advocating for women.

Conclusion

These women and many others, through their various expressions and unique stories give us the perfect blueprint of what it means to *choose to challenge* norms, shatter systemic glass ceilings and break stereotypes. Regardless of the way they *choose to challenge*, embracing this posture of courage should be the 'new norm' as it is a vital instrument in helping to co-create a fair and inclusive world of true equality and shared prosperity.

Boosting Nigerian Msmes Sector Through **Capacity Building**

Sadiq Wada

It is very common to hear many posit that access to finance is the biggest challenge facing the Micro, Small and Medium Scale Enterprises (MSMEs) sector in Nigeria. A more critical assessment of the sector shows that this assertion is a bit clichéd. While access to finance is a huge challenge facing the sector, lack of capacity could actually be the sector's biggest challenge. The reason for this proposition is not far fetched.

The MSMEs sector in Nigeria, like in most other countries, is referred to as the engine room of the economy. According National Bureau of Statistics (NBS), the sector contributes to more than 50 percent of the country's GDP and employs over 54 million skilled and unskilled labour.

Most MSMEs were founded by individuals who got funds from savings or loans and with a business idea. So, they deploy the resources and skills they already have acquired into executing those business ideas. In the end, while some of these new businesses succeed, a good number of them fail or grow sub-optimally. The main reason for this poor outcome is that the majority of these founders, some of which could be skilled in various trades or professions, are hardly trained in business management.

Any businessman or woman who wants to succeed in business must have a good knowledge in business management. This knowledge is what will help him or her apply his or her already acquired resources and skills in the most optimal way in his or her chosen business. It will also assist him or her in raising funds from banks. While we blame the banks for not doing much to assist the MSMEs, some of the MSMEs managers lack the knowledge of how to even access the 'little' funds that these banks have to offer to businesses.

Perhaps, there is no better way to describe the roles capacity building could play if we must grow and sustain a viable MSMEs sector in the country than to look at the defunct People's Bank of Nigeria, another federal government initiative that gave soft loans to small businesses and individuals. The People's Bank of Nigeria experience shows that the needs of MSMEs go beyond mere access to finance, to include adequate capacity to manage the acquired resources to achieve growth.

The liquidation of the People's Bank was mostly as a result of the fact that most beneficiaries of the funds failed in their business ventures and were unable to meet their repayment timelines. The unsavoury fate of the People's Bank of Nigeria is a testament to the fact that if you provide funding to a manager who lacks the capacity to fully utilize it for business, the funds will not achieve the purpose for which it is meant and the funder will lose in the long run.

The MSMEs sector in Nigeria, like in most other countries, is referred to as the engine room of the economy. According National Bureau of Statistics (NBS), the sector contributes to more than 50 percent of the country's GDP and employs over 54 million skilled and unskilled labour. A sector that contributes so much to the economy is too important to be left to operate in an

The annual Lecture Series, which is the second edition, assembled more than a handful of eminent economists, development experts, and business executives to discuss the theme of the event.

autopilot mode. There should be deliberate efforts towards training and retraining of owners and managers of the businesses so they can remain relevant and up to date with the realities around them.

This is where the Development Bank of Nigeria (DBN) should be commended for its efforts towards building the capacity of MSMEs in the country. As a federal government financial initiative aimed at addressing the major financing challenges facing the MSMEs sector in Nigeria, DBN has long noticed that in fulfilling its mandate, it has to address the major issue of capacity facing these MSMEs.

The bank just concluded its 2021 DBN Annual Lecture Series, a capacity building initiative aimed at boosting the growth of MSMEs in the country. The theme of this year's lecture series is “Resilient Innovation: MSMEs Adaptability in Uncertain Times.” It is specifically aimed at showing how MSMEs could manage their affairs to, not only survive the harsh economic realities occasioned by the covid-19 pandemic, but also thrive in it.

The annual Lecture Series, which is the second edition, assembled more than a handful of eminent economists, development experts and business executives to discuss the theme of the event. These discussants include Habiba Ali, Managing Director/CEO, SOSAI Renewable Energies Company; Dr Ola Brown, Entrepreneur and Founder of the Flying Doctors Healthcare Investment Group; Iyinoluwa Aboyeji, Serial Entrepreneur and co-founder of Flutterwave; and Dr Amy Jadesimi, a member of the Advisory Board of the UN Development Programme's Africa Human Development Report.

Shehu Yahaya, Chairman DBN, in his remarks at the occasion, underscored the need for training the management of MSMEs if the sector is to grow and occupy its rightful position as the main driver of the nation's economy like its counterparts the world over.

Citing the PWC 2050 projection that the world economy can more than double in size due to continued technology driven productivity improvements thereby displacing the known economic giants by smaller countries, Yahaya opined that Nigeria and Africa in general must position itself to take maximum advantage of this hiatus. For him, the key to make this happen is by training the MSMEs to overcome their challenges and be at the centre of technological innovation, transformation, and local value addition.

Earlier In his opening remarks, Tony Okpanachi, Managing Director of DBN, informed that the mandate of the bank underscores its commitment to the cause of championing conversation on how MSMEs can prosper despite the odds at this peculiar time. He disclosed that since it commenced operations four years ago, the bank has contributed meaningfully to the growth of MSMEs in the country through the provision of loan facilities and capacity building initiatives.

“Since commencing operations in 2017, we have disbursed over N400 billion in loans to over 150,000 MSMEs through the 19 Participating Financial Institutions (PFIs). In addition, 125 MSMEs were also trained as part of our capacity building initiative through the DBN Entrepreneurship Training programme which was held in Abuja and Lagos,” he said.

It is, therefore, necessary that Ministries, Departments and Agencies (MDAs) and other corporate bodies, including banks and financial institutions should also develop programmes that will complement the efforts of DBN in training our MSMEs for greater growth and profitability.

WHAT IS YOUR SWEAT WORTH TO YOUR BUSINESS?

Adedamola Adedotun

For a non-real estate business, the sweat of existing owners are usually ascertained during valuations triggered by rounds of capital raise.

Entrepreneurs and business promoters alike deploy resources, both monetary and non-monetary, towards turning their respective business ideas into profitable business ventures. This ideation process requires deployment of funds as well as hours upon hours of work by the business promoters. Over time, academia and practitioners have perfected the science and art of ascertaining and ascribing value to the monetary resources deployed in this process.

In the accounting parlance, the monetary resources deployed into a business venture, irrespective of the stage of growth of the business, is either in the form of Equity or Liability. Hence the accounting equation:

Equity (E) + Liability (L) = Assets (A)

The Conceptual Framework for Financial Reporting defines Assets as present economic resource controlled by the entity as a result of past events. An economic resource is a right that has the potential to produce economic benefits. In essence, a combination of Equity and Liability have been identified as the sources of financing a business. Assets in turn generate performance (net profit or loss).
In the Corporate Finance world, the source of financing a business is usually defined within the concept and principle of Capital Structure.

Capital Structure is the combination of Equity and Debt used by a business to finance its overall operation and growth. Where the business is able to strike the right balance between Equity and Debt, an Optimal Capital Structure is attained.

Numerous theories on Capital Structure have been postulated that helps understand this concept and its business application. These theories include but not limited to the Net Income Approach, Net Operating Income Approach, Traditional Approach and M&M Model. In all of these great work and research, a crucial contributor to the Value of Asset created by the business, its performance and growth have not been adequately considered – THE SWEAT OF THE ENTREPRENEUR/BUSINESS PROMOTER or SWEAT EQUITY.

The concept of Sweat Equity is not alien; although more commonly used in the real estate business and more sophisticated business enterprises. It is widely used in the real estate business because of the ease of measurement. In real estate, the impact of Sweat Equity is embedded in the post-work valuation. The hard work of the realtor/real estate investor is rewarded by the increase in value of the asset; which represents the Sweat Equity. For a non-real estate business, the sweat of existing owners are usually ascertained during valuations triggered by rounds of capital raise. An MSME may not have such luxury or opportunity, as a result the promoters gets no reward for his/her sweat.

What is Sweat Equity?

Wikipedia defines Sweat Equity as a non-monetary benefit that a company's stakeholder gives in labor and time, other than monetary contribution that benefit the company.

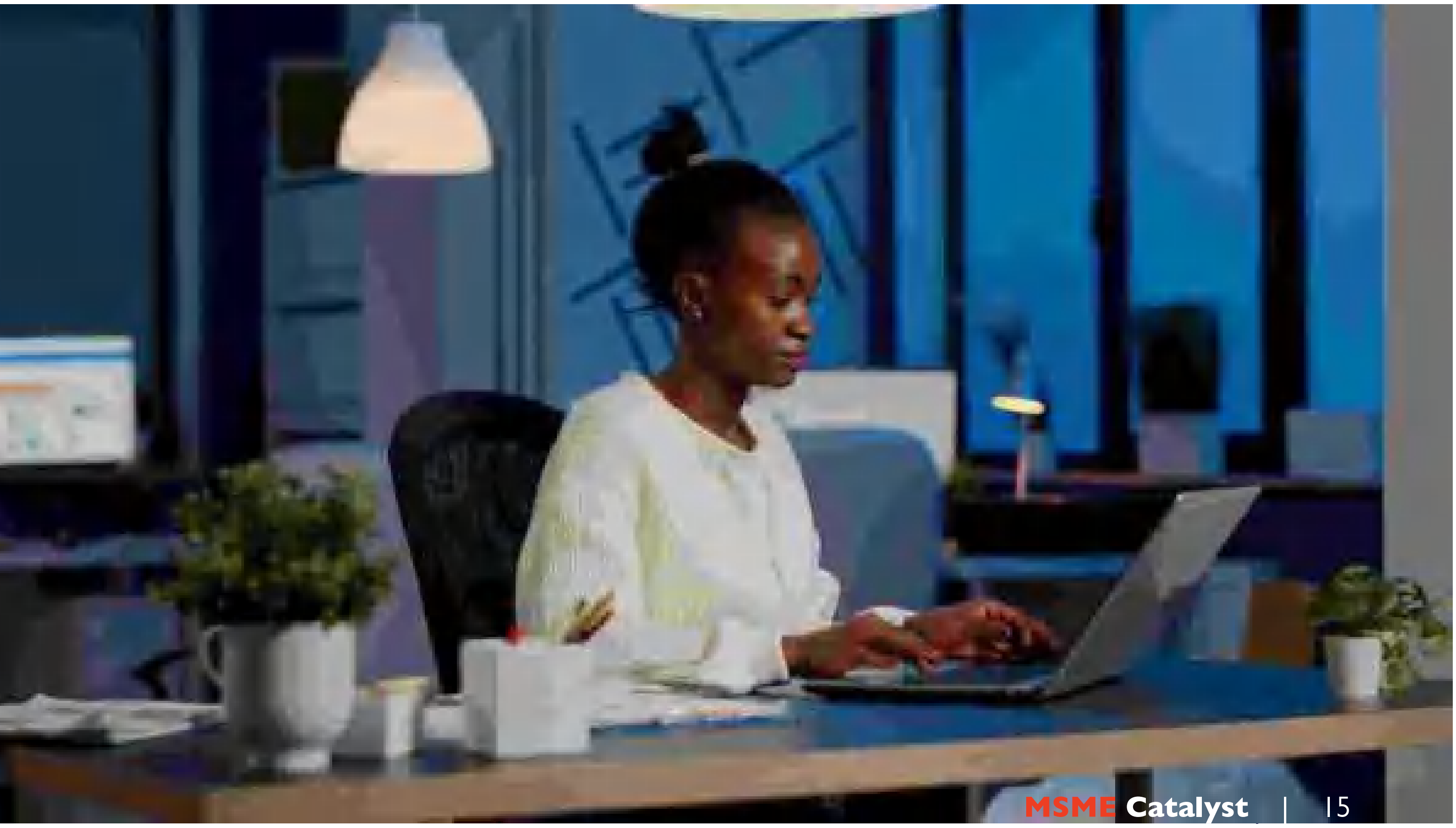
Section 2(88) of Companies Act, 2013 (an act of parliament of India) defines Sweat Equity Shares as such equity shares as are issued by a company to its directors or employers at a discount or for consideration other than cash for providing know-how or making available intellectual property rights or value addition by whatever name called.

Based on the sampled definitions, it can be inferred that Sweat Equity is a compensation for time and effort put into the business.

What is the appropriate value of Time & Effort?

It is logical to assume that an entrepreneur/business promoter sacrifices other activities to create time and energy deployed into the business. The sacrificed activities, also referred to as forgotten alternatives or opportunity cost, should be quantified. By successfully quantifying this opportunity cost, the worth of the entrepreneur's sweat to the business (value of Sweat Equity) will be ascertained.

To Illustrate the thought process for determining the said value, the 24-hour clock of a regular worker will be used. One can arguably say that the typical day of a worker contains 3 main activities (zones) – work,



By successfully quantifying this opportunity cost, the worth of the entrepreneur's sweat to the business (value of Sweat Equity) will be ascertained.

personal/family time, and sleep.

For every hour spent during the 24-hour cycle, the entrepreneur must be rewarded; with the cost dependent on the inherent benefit or enjoyment that the entrepreneur is deprived of. Thus, the value of the Entrepreneur's Sweat (ES) is Opportunity Cost (Oc) of his/her Work (W), Personal/Family Time (PFt), and Sleep(S). Compensation for Time & Effort =

Where:
Oc (W) is the higher of current pay, previous pay and pay for a comparable job in another organisation

Oc (PFt) is Oc (W) divided by the number of working hours in a period multiplied by Personal/Family Time Sacrificed
Oc (S) is Oc (W) divided by the number of working hours in a period multiplied by Sleep Sacrificed

Then, ES =

How to recognize Sweat Equity

Upon determination of the value of the entrepreneur's sweat or sweat equity, it is ideal to reflect the value on-balance sheet of the business. By so doing, the total cost of having the know-how and intellect of the entrepreneur will be recognized by the business. In effect, the total remuneration of the entrepreneur is a combination of Cash Pay and Sweat Equity Shares.

In the business' books, the following accounting entries for recognition of the Sweat Equity Shares will be recorded:

Dr Operating Expenses (Salaries & Remunerations)
Cr Share Capital & Premium
Shares are issued based on the value of the business at time of issue

Other Considerations

The recognition of Sweat Equity in the business' books has incidental costs which must be considered when making decision on whether to adopt or not, some are:

I. Tax Exposure – the shares issued as Sweat Equity shall represent benefit-in-kind to the entrepreneur, which should be subjected to personal income tax. Hence, cash tax shall be payable on non-cash income.

ii. Legal & Filing Cost – to seamlessly implement this compensation structure, it is imperative to have in force an agreement or framework that guides the process. Also the business shareholdings structure and register will be updated to reflect new share issuance.

iii. Accounting & Valuation Fees – the service of an independent accountant or professional valuer will be required to determine the value of the business at the time of issue of the Sweat Equity as well as the unit of shares to be allocated.

An entrepreneur/business promoter needs to be adequately compensated for the risk taken, time spent and effort exerted towards setting up a successful business enterprise, whether small, medium or large. A way of actualizing this objective is through a Sweat Equity Program, especially at the nascent stage of the business where cash is usually a constraint. However, the cost of implementing the Program should not outweigh the benefit derivable. Each business should evaluate its specific circumstance and decide on the practicality of Immediate, Deferred or No implementation. Where the business is able, it is highly recommended.

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

I'M TRYING TO SAVE THE WORLD

So Why Can't I Get the Business Funding I Need?

Lolade Awogbade

At the start of October 2020, I moderated a finance-focused panel as part of the annual conference of a well-known Nigerian NGO. One of the flagship programs of this NGO was focused on social enterprises and sought to, "*equip, empower and showcase young change makers with requisite skills and effective tools for building sustainable enterprises*". This pivotal work encouraged – not-your-average entrepreneur get on the ladder to building a successful business that is focused not just on making profit but looked to catalyze social impact and change from the goods/services they provide.

The work done by the said NGO is pretty important and has been recognised over the years for the impact it has created in the Nigerian marketplace especially for MSMEs. Based on my professional background, I am extremely familiar with the processes they run and understand the impact they have, but most of all, the hope they inspire in hundreds of entrepreneurs each year.

However, it was not until I was asked to moderate a panel ***on access to sustainable finance for social enterprises*** that I started to think critically about the concept of *impact investing* and how this approach to funding could really become a catalyst in transformative change and the release of more patient capital for entrepreneurs in the business of creating impact thorough business.

In 2018, Nigerian MSMEs accounted for 96% of all businesses and contributed 48% of the GDP. However, they received only 0.3% of the total commercial banking credit. It should come as no surprise that similar to regular entrepreneurs, securing finance/capital is a major hurdle that social entrepreneurs often face.

Our panel tried to explore why this was the case and provide directions on how social enterprises could be more successful in securing funding. This article will attempt to do something similar, by looking at the global, continental and local (Nigerian) landscapes of impacting investing. It will then try to provide suggestions on how to bridge the gaps that currently exist in terms of these social enterprises securing the much needed patient capital.
Defined, impact investing refers to investments in entities and funds with the purpose of generating a determinate, positive social or environmental impact, along with a financial return. In other words, financing that comes with heart.
A social enterprise is an organisation that applies commercial strategies to maximize improvements in financial, social and environmental well-being—this may include maximizing social impact alongside profits for co-owners. Good now we're all on the same page.
One thing is clear from both definitions provided above; the idea is to promote "the greater good" on both sides. So, the question is, why hasn't this realization catalyzed change right across Nigeria? Surely, Nigeria's economy should be transformed now! Let's take a step back and see

One thing is clear, there is a huge pot of funds available for sustainability/social impact businesses.

why that might not have happened just yet.

On a global scale, impact investing has only taken off over the past decade or so. According to the GIIN, the current IM market size stands at USD 715Bn, with sub Saharan Africa attracting 21% of assets. Private debt is the most used asset for investments. Investors often have diverse financial return expectations. Some intentionally invest for below-market-rate returns, in line with their strategic objectives. Others pursue market-competitive and market-beating returns, sometimes required by fiduciary responsibility. (GIIN). Interesting to note and compare to when we take a deeper dive at the continent, the top 3 investment sectors include; Fin services (30%), healthcare (23%) and food and agriculture (22%).

One thing is clear, there is a huge pot of funds available for sustainability/social impact businesses. On the continent, the African private equity ecosystem has significantly matured with over 1022 African private equity deals, with a total value of US$25 billion, being reported between 2013 and 2018, including the first billion-dollar sub-Saharan African funds, Helios Investors III and Equatorial Guinea Co-Investment Fund. So, what are the sectors in Africa that have gotten the most attention over time? Technology (19%), consumer discretionary (15%), and consumer staples (13%).

Despite recent headwinds, outlook for private equity investments remains largely positive. According to a 2018 AVCA report, 53% of limited partners interviewed indicated that they plan to increase their allocation to private equity in Africa over the next three years, with limited partners, overall, indicating their belief in the long-term attractiveness of Africa; especially, when compared with developed markets. This is exciting because it's a positive indication that the growth which has been experienced over close to a decade on the continent is set to continue and hopefully we will begin to see expansion into other major sector areas, something similar to the growth in the technology investments which was a disruptor to the traditional infrastructure-focused investments traditionally has seen on the continent.

Nigeria alongside the rest of the continent has been caught up in the wave of impact investments happening across Africa. The Nigerian market has matured quite well, taking up $124 million in terms of investments. However crucial to note according to the IIF report, "Impact investors actors in Nigeria and Ghana are increasingly seeking market returns while screening for social impact. What is in fact needed is impact capital that accepts longer term horizons, smaller ticket sizes, or below-market returns in order to provide impact-oriented businesses much needed funding. Already we see both countries exhibiting behaviors at odds with what is currently needed.

Overall, however, it is clear that there is no dearth of available funding so, what gives? Let's consider some of the challenges that have been identified as a means of charting a way forward.

Existing Challenges

Investor Ready Businesses: Yes, they are trying to solve a social/environmental problem that is endemic to the local communities, but they simply don't have the experience that investors look for before making commitments. Most social enterprises are "young" micro enterprises with little to no track record. Often, the lack of experience is often accompanied by limited business and operational knowledge. These businesses need investors who are also able to provide technical assistance in addition to providing patient capital. Such support is usually provided by development finance institutions- who have the structures to support grants and similar patient funding structures/models. As numerous people have opined over time, a ready solution to the challenge of lack of investor ready businesses is the option of blended finance. Blended finance *uses catalytic capital from public or philanthropic sources to increase private sector investment in sustainable development*. The option of blended finance however is not a model that has taken off as such for regular impact investors as much in Nigeria. This is largely due to policy/regulatory restrictions.

Policy Restrictions: There is a strong impetus to incentivize impact capital in order to give investors increased confidence that due to their commitments, they can benefit from wider policy protections. According to a report by Impact Investors Foundation (IIF) on Nigeria and Ghana impact investing, there is a strong need to "incentivize impact capital to attract additional capital, to ensure impact capital plays its optimal role, and to encourage layering, through decreased restrictions on institutional capital allocations to impact investing strategies; potential tax incentives for concessional capital providers; and the encouragement of governments to use impact investing as a means of financing public projects". The report also talks through how building an ecosystem of the key players in the investment space is a great way to achieving the shift proposed. The need for an ecosystem focuses on educating and creating systemic awareness through the different layers that exist- accelerators, hubs, funders, regulators, enforcers, potential funders/investors etc. As such, the pressure is not just on government providing an ease to doing business environment but there is a structure in place that allows for an almost equal contribution to ease existing pressures whilst creating a separate knowledge economy or a "sandbox" similar to what the CBN did with its focus on financial inclusion.

Demand Side Diversification: The great thing about impact investing is that how amenable it is to funding startups. We have some great examples of companies in Nigeria that have benefited from impact investment. However, such opportunities are few and far in between. A great example that is often referenced is Lydia- "Lydia connects business bank accounts to an online system that digitizes business activities to feed an algorithm that assesses creditworthiness. This system allows Lydia to approve and disburse loans to customers within 24 hours. Such innovative working capital solutions can help small businesses access capital to grow". Exciting right? I particularly like the Lydia story because Lydia in itself is a great example of a growth catalyst

> *The truth remains commercialism /capitalism are great models and have proven globally to be fantastic models for wealth generation.*

for MSMEs in Nigeria today. In addition, directly linked to the points made above on policy and ecosystem creation, we see how incentivizing investments in such fintech companies allows for a chain reaction to other sectors. There is also a strong role for development finance institutions. A Development Finance Institution (DFI) like Development Bank of Nigeria (DBN) can immediately take advantage of its already existing structure to provide support for such MSMEs/startups in addition to also providing much needed credit guarantees.

This article does not seek to enumerate all the existing challenges that social enterprises currently face in respect to securing funding, nor profess to have all the strategies to overcome them. The hope is, that it has managed to trigger additional thinking into how social enterprises can further be encouraged to continue to do what they do best, that is, provide impact both on a social and environmental level. Truly, they are the definition of what sustainability really is for the African development. The truth remains commercialism/capitalism are great models and have proven globally to be fantastic models for wealth generation. However, the peculiarity of the African continent and Nigeria especially is that there is a strong developmental element that is needed over an extended period of time in order to really push the needle on key development data points. Each SDG area has a social entrepreneur with a strong/solid business idea behind it. It is time to begin to think more critically how to channel patient capital towards these businesses as a strategy for true national development.


WORLD
ENVIRONMENT
DAY
JUNE 5







LEVERAGING THE AFCFTA TO MAINSTREAM THE FORMALIZATION OF NIGERIA'S INFORMAL ECONOMY

Ayobami Onakomaiya

Photo Credit:TrendsNAfrica

"To solve Nigeria's problem of informality, we need policymakers who understand the economic gains inherent in the formalization of the informal sector and the urgency of making it an indigenous reality."
– A. Onakomaiya

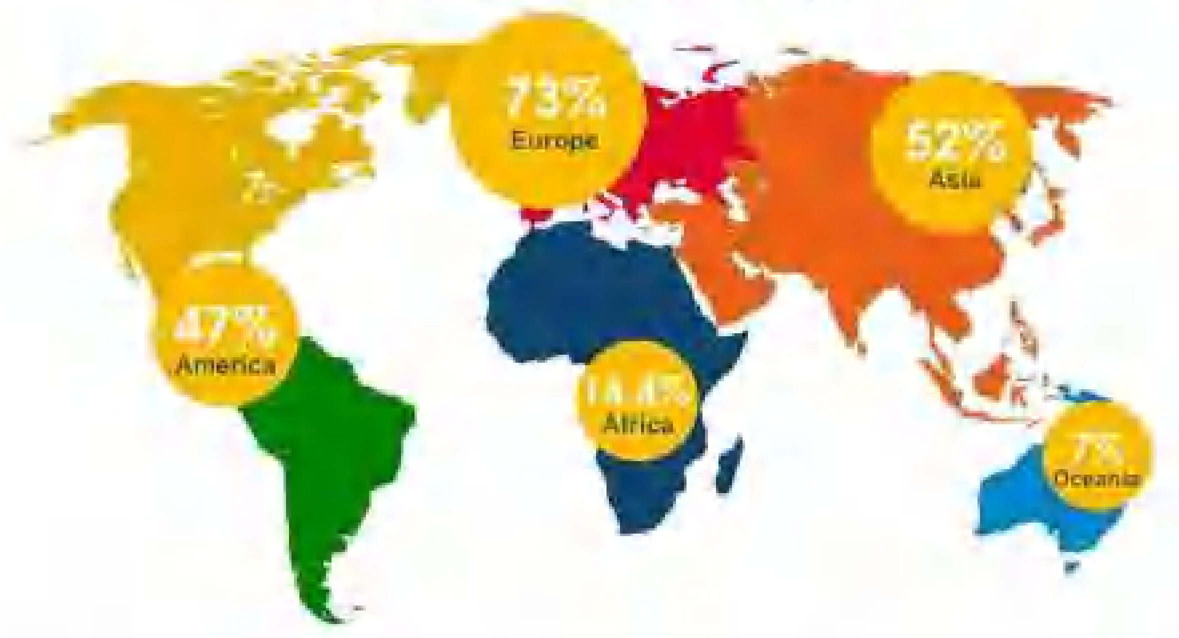
Since the turn of the century, Nigeria has witnessed a massive explosion in the size of its informal economy; a problem which has plunged several millions into a daily pursuit for survival. From street trading to artisanship, commercial bus operations, cross-border trades transacted by evading official border points, or transactions carried out in largely unregulated markets such as the notable Balogun Market or Computer Village in Lagost, the informal economy continues to gain huge prominence. Although intrinsically characterized by features such as low skills level, unsafe and unhealthy working conditions, low productivity, irregular income, or lack of access to finance or information, Nigeria's informal sector remains larger than its formal sector.

According to the International Monetary Fund (IMF), about 160 million Nigerians, representing 80 percent of the entire population daily live, work, produce or trade goods and services within the sector, for 'every kind of need imaginable'. Further on the downsides, the informal economy poses a significant problem of revenue loss to the government as its informality makes it untaxable. Traders within this sector also compete unfairly with formal businesses, sometimes adopting low-pricing strategies as a competitive leverage to gain customers' attention. The informal sector also fosters an enabling environment for corrupt activities since transactions or activities within the sector are difficult to monitor or control.

Why Many Informal Traders Prefer Not to Formalize

Today, formalizing businesses within Nigeria's informal sector proves to be an uphill endeavour owing to several constraints surrounding the sector. On one hand, socio-demographic factors such as the steady rise in unemployment, poverty, and low-level education are factors that have enabled the informal economy to gain more grounds. Moreover, since opportunities within the formal sector continue to shrink, resulting in an ever-increasing need for alternative means of survival and sustenance for individuals, the informal economy has provided the economic lifeline from which many find relief.

Global Intra-Regional Trade, 2020



Source: Afreximbank Intra-Regional Trade Statistics (2020), UNCTAD Economic Development in Africa Report

On the other hand are structural factors such as rigidity of the business environment, systemic corruption, and the ease of entry into the informal economy, since starting a business within the sector requires no registration, educational requirements, or approval from any government agency. Regarding the business environment rigidity and corruption, oftentimes, cross-border traders who decide to go through legally required due processes have trouble getting access to traveling documents or trading licenses. Many of these traders also experience complex and slow clearing processes, spending excessively long waiting hours at the borders, after which they would usually be harassed by corrupt customs officials who impose unofficial charges on their goods. In many cases, formal traders who do not have adequate knowledge of the official procedures at the border end up paying more or having their goods confiscated. In addition, the thought of the government administering 'heavy taxes' on a business after formalization aggravates the fears of informal traders. These, amongst others, are barriers dampening traders' confidence in formalization, making them to prefer operating within the informal economy.

The Role of the AfCFTA in Enabling the Formalization of the Informal Economy

Intra-regional trade around the world has been an essential policy instrument that helps promote the formalization of the informal economy. According to trade statistics, world regions where internal trade exchange is high

> ***Ultimately, through programmes broadcasted on radios and national television stations or engagements through focus groups and community meetings, strong mutual understanding and support will be forged between the government and traders in the informal economy.***

statistics, world regions where internal trade exchange is high appear to have relatively low levels of informality and vice-versa. For example, intra-regional trade in Europe, America and Asia is recorded at an average of 73 percent, 47 percent, and 52 percent respectively. Accordingly, the average fraction of the informal population in Europe and Central Asia is 25 percent, while North America stands at 18.1 percent, based on trade figures from the International Labour Organization (ILO). On the flip side, Africa's trade among its countries scores low, and is currently recorded at 14.4 percent. Consequently, its informal economy remains densely populated as it accounts for 85.8 percent of its population. Narrowing the spotlight to informality in sub-Saharan Africa ramps up the average to 89.2 percent of the population – a far cry from its western counterparts.

Notwithstanding, the operationalization of the African Continental Free Trade Area (AfCFTA - which is considered the largest trade bloc with a potential market size of 1.3 billion people and an estimated economic value of $3.4 trillion), presents huge formalization opportunities and benefits for Nigeria. For instance, with the AfCFTA, informal traders can secure better access to formal markets, international value chains, and capital, which will help to unlock higher productivity and invariably result in an improvement in real income gains, ultimately expediting their transition to the formal economy.

Harnessing the Demographic Window

By *Ese Atakpu*

Nigeria has one of the highest dependency ratios in the world, 87.77%. This means that the number of economically dependent people in Nigeria are approximately 88% of the working population. A high dependency ratio usually translates into poor labour productivity, capital formation and savings rates. It is therefore not surprising that the highest dependency ratios can be found in developing countries like Nigeria and Mali, while most other countries have an average ratio of 50-60%.

However, Nigeria's dependency ratio is starting to decline. In 2015, 44% of Nigerians were below 15 years old. By 2020, that figure had reduced to 43% and it is expected to further decline in coming years due to reducing fertility rates. On the other hand, the working age population is slowly expanding as children grow up and become adults. Between 2015 and 2020, Nigeria's working-class population (15- to 64-year-olds) grew from 53% to 54% of the population. It is expected that the ratio of working-class population as a share of the total population will continue to rise throughout this century as the ratio of young dependents drops.

What then does this mean for Nigeria? It could mean the dawning of a growth era for our economy. As the fraction of working age population rises, the dependency ratio will decline, and by 2100, it would have dropped to 52%. This would mean that the working population has less people to support, providing a window of opportunity for more rapid economic growth, described as the "demographic dividend" or "demographic window".

The Demographic Dividend

"Demographic dividend", as defined by the United Nations Population Fund means, "The economic growth potential that can result from shifts in a population's age structure which happens when the share of the working-age population is larger than the non-working-age share of the population". Demographic dividends have historically contributed up to 15% of the overall growth in advanced economies, with nations like Japan, Thailand, South Korea, Ireland and more recently China, harnessing the demographic dividend to achieve rapid growth and development.

But taking advantage of this opportunity is not a given. India had a similar window in which it was expected to take advantage of the demographic dividend. Years before the window opened, researchers optimistically predicted that the demographic dividend would take these countries to greater heights. An IMF working paper published in 2011 stated that the continuing demographic dividend in India could add about two percentage points per annum to India's per capita GDP growth over the next two decades.

Studies however suggest that, despite its impressive economic growth rate, India has failed to take full advantage of its demographic dividend. India's working-class population surpassed its dependent population in 2018, and its GDP growth rate has been on a decline since then. India's failure to take full advantage of the demographic window has been traced to high youth unemployment rates and educational deficits.

Just like India, Nigeria struggles with high rates of youth unemployment, educational deficits and health deficits. Unemployment in Nigeria has been on the rise since 2014 and it reached a peak in Q4 2020 with 33.3% of the labour force unemployed, majority of which were youths.

In addition, an increase in the working age population does not automatically translate to a rise in the country's labour force. Although Nigeria's working age population increased between Q2, 2020 and Q4, 2020, the labour force reduced within the same time, meaning that there were less people willing and able to work. Thus, the projected increase in Nigeria's working-age population could result in a large group of unemployed dependent youths, leading to economic decline and insecurity, as opposed to the economic productivity that the demographic dividend is supposed to bring.

Harnessing the Demographic Dividend

To take advantage of the demographic window, Nigeria needs to invest in human and physical infrastructure to promote entrepreneurship and create jobs. Investment in people through healthcare, quality education and vocational skills is crucial for ensuring that working-age people are employable and able to compete within the global economy.

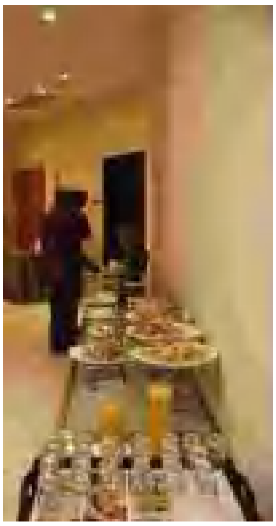
To increase employability, Nigerian policymakers need to identify the most in-demand skills and create programs that focus on acquisition of these skills.

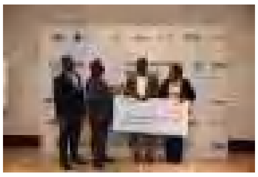
To increase employability, Nigerian policymakers need to identify the most in-demand skills and create programs that focus on acquisition of these skills.

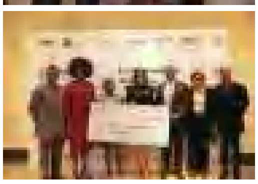
The country also must deliberately promote entrepreneurship and job creation. This is particularly important due to the broad consensus on the role of entrepreneurship in capturing a demographic dividend. Nigeria is currently 131 in the Ease of Doing Business ranking and we will need to do better - promote relevant pro-business programmes and policies - in order to create jobs through entrepreneurship.

Currently, Nigeria faces a choice. Our population composition is slowly changing, heralding the arrival of the demographic window. We can either take advantage of this window and turn the teeming masses of youth into an asset or watch as the number of unemployed working age people rises and becomes a crisis of epic scale.

Entrepreneurship
World Cup







Entrepreneurship World Cup

The New Vanguard of Economic Growth: Nigeria's Fast-Growing Digital Economy

By Ayobami Onakomaiya

Overview of Nigeria's Digital Economy

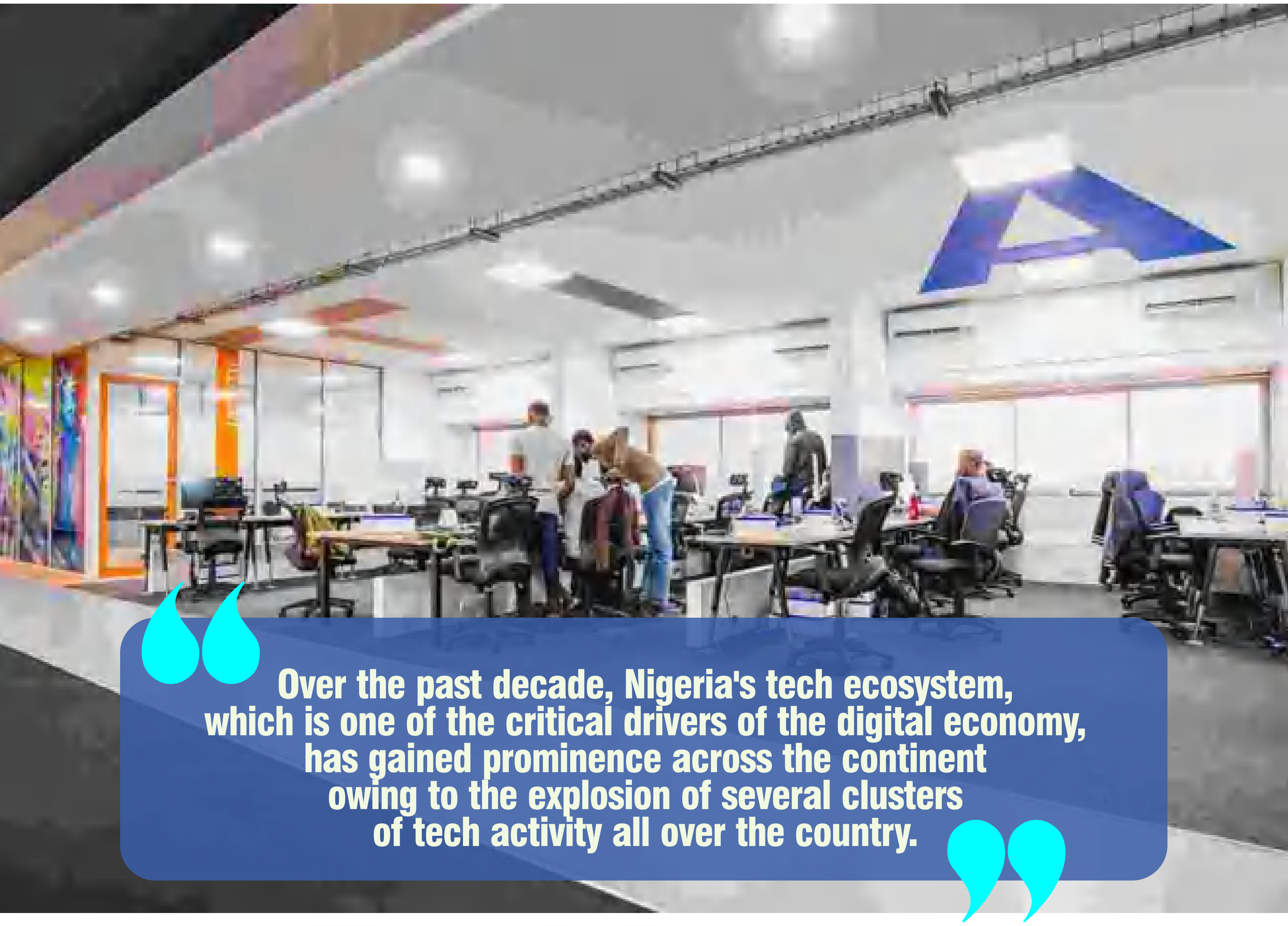
The Nigerian economy is now witnessing a massive shift in the balance of economic power. Since 2014, major contribution to the nation's GDP has been less attributed to its longstanding mainstay, crude oil and gas, and more credited to a newly rising sector - the Digital Economy. Given its impressive growth performance and value addition to other sectors of the economy in recent years, the digital economy is fast positioning as a major contributor to national economic output. However, notwithstanding this remarkable trend, many fallow grounds still exist for Nigeria's digital economy to capture. As Africa's biggest economy with a population of over 200 million people and home to one of the largest populations of entrepreneurial young people in the world, Nigeria has a demographic advantage to gain a significant share of the continent's digital economy and a glowing potential to become a major player on the global digital map in only a few years. Based on estimates by the Nigerian Office for Trade Negotiations (NOTN), the country has the potential to capture a 5 percent share of the global digital economy and employ more than 15 percent of the Nigerian labour force by 2025.

The Driving Forces of the Nigerian Economy

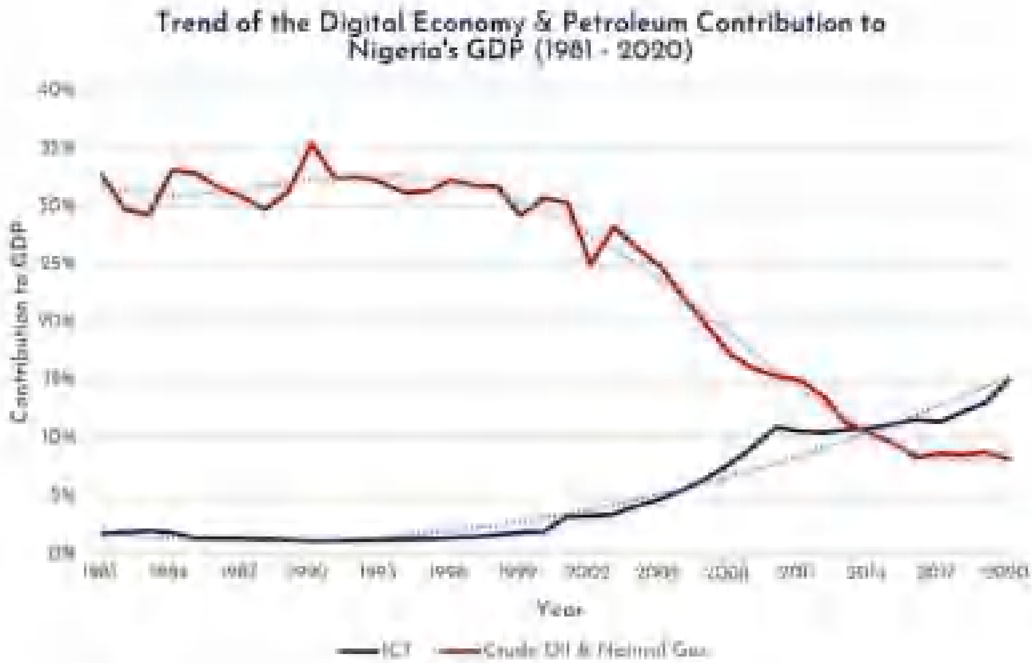
Nigeria's digital economy continues to show a great promise by consistently becoming a major boost to the nation's GDP. In the second quarter of 2021, this sector contributed about a whopping 17.9 percent to GDP, exceeding twice the contribution of the oil sector which was 7.42 percent. Interesting, it also played a major role in lifting the country out of recession in 2020 with a N10.5 trillion contribution to national output, representing 15.05 percent of the country's N70 trillion GDP. On another note, existing data also show that the few years leading to 2021 saw a constant decline in crude oil's contribution to GDP; albeit, a steady growth in the contribution of the digital economy. Thus, these economic trends clearly buttress the rising influence of Nigeria's digital economy to become the nation's new vanguard of sustainable growth and development.

Core Pillars of Nigeria's Digital Economy

Although Nigeria's digital economy is beginning to experience the foretaste of its dazzling future, underpinning these rising growth trends are factors which range from



> Over the past decade, Nigeria's tech ecosystem, which is one of the critical drivers of the digital economy, has gained prominence across the continent owing to the explosion of several clusters of tech activity all over the country.

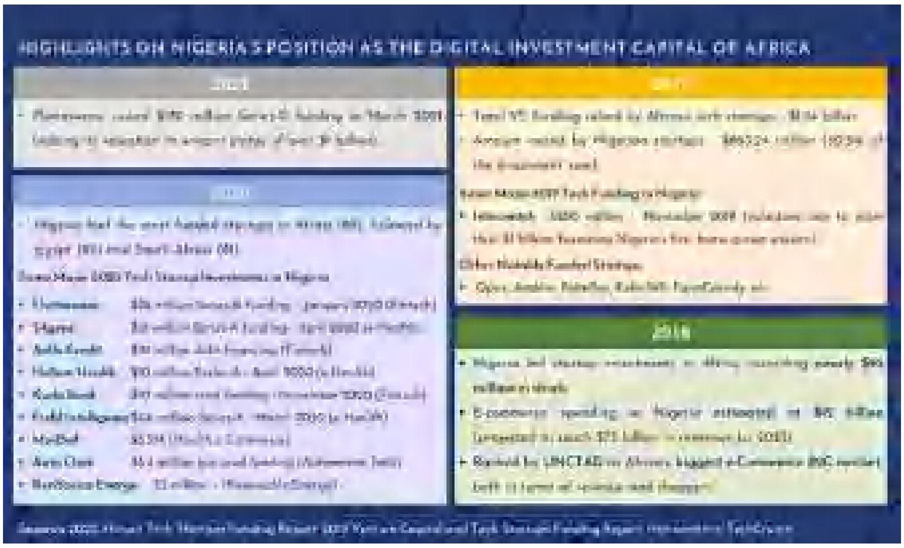


Data Sources: CBN & NBS | Chart: A. Orokomaiya within the country to favourable ICT policies (such as the National Digital Economy Policy and Strategy (2020-2030) developed to stimulate the country's digital landscape), alongside a growing and vibrant ecosystem of tech players consisting of tech startups, venture capital companies, innovation hubs, large multinationals, amongst many others. According to the Financial Times, the number of internet users in Nigeria grew substantially from about 90 million to 128 million between 2015 and 2019 and was further accelerated by the pandemic which rocketed the figures to 140 million internet users in June 2020. By January 2021, this number had grown again by 19 percent. Looking at this, Nigeria's digital future appears all the more liquid, with greater opportunity for everything to be digitally interconnected in the future.

Close Shot into Nigeria's Tech Ecosystem

Over the past decade, Nigeria's tech startups have demonstrated themselves as major drivers of Nigeria's digital economy and have gained significant prominence across the continent as they continue to explode over the country in their various clusters. Most prominent among these tech clusters is “Yabacon Valley” - the Yaba suburb of Lagos notable for hosting the largest number of high-growth technology and start-up companies in Nigeria and one of the largest on the continent. Right at the heart of the ecosystem is a rising critical mass of 'digital natives' and millennials leveraging multiple innovation hubs and co-working spaces to curate solutions that unleash economic opportunities at scale, provide jobs, attract foreign investments, and transform the lives of people and society.

Co-Creation Hub, NGHub, Wennovation Hub, iDEA Nigeria and LeadPath are some examples of innovation hubs in Lagos, clustered within the tech epicenter of “Yabacon Valley”. Others around the country include Civic Innovation



Lab, Enspire Incubator and Startpreneurs in Abuja, CoLab in Kaduna, nHub in Jos, RootHub in Uyo, and several hundreds of others spread across Aba and other locations, where digital entrepreneurs work endlessly to sustain the country's position as one of the most vibrant tech ecosystems on the African continent, and to transform it into a global digital powerhouse.

The Digital Economy – A Foreign Investments Window into Nigeria

Similar to some of the world's most thriving tech ecosystems, the positive growth dynamics and inspiring success stories of several Nigerian startups have spilled into the broader ecosystem, spotlighting the country as a key destination for 'tech' foreign direct investments and a gateway for global startups in search of an enabling digital entrepreneurship climate for soft landing.

In 2021, Nigeria saw many of its startup companies, across various sectors advancing through the ranks. Flutterwave, OPay and most recently, Andela crossed the $1 billion market valuation, attaining the highly prestigious Unicorn status. Again, Kuda Bank, a startup which provides full banking services through smartphones, raised a $10 million seed funding in November 2020 - the biggest seed funding ever raised in Africa as of then. The year 2020 also had Nigerian startups as the most funded in Africa followed by Egypt and South Africa according to African Tech Startups Funding Report. This followed the same trend as the two preceding years when Nigeria topped all startup investments in Africa, amassing more than half the entire tech investments in some cases.

Future Directions and Pathways to Realizing Full Potential

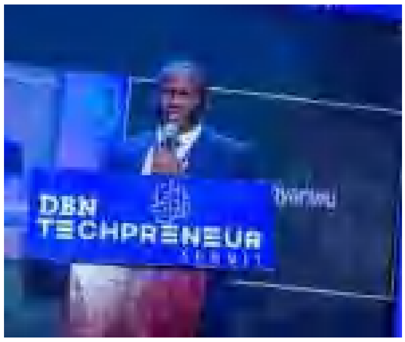
Digital footprints are fast spreading across all sectors of the country, and reliance on the digital economy will continue to be on the rise, further opening more opportunities across the value chains of various sectors. Hence, the years ahead will feature a future of "all things tech", deepening cross-sectoral digital engagements, from Fintech to Agritech, Health Tech, Insurtech, e-Entertainment, EduTech, e-Commerce, Logistics Tech, eTransport, amongst others.

While Nigeria has made considerable progress in the past few years, it is only capturing a fraction of its digital economic potential and will require more strategic investments and partnerships to fully realize its potential. In the same vein, Nigeria's sizable pool of high net-worth elites can be better encouraged to engage in early-stage and angel investments into the tech ecosystem.

The digital economy holds the key to upwardly steering Nigeria's economic growth, expanding employment opportunities, and accelerating the digital transformation of Africa, which will tremendously enable the fast implementation of the Sustainable Development Goals.


DBN
TECHPRENEUR
SUMMIT
DBN
...Financing Sustainable Growth
PANELISTS
Starting Local; Scaling Global
IYIN ABOYEJI
Founder, Future Africa
JUDITH OKONKWO
CHARLES ANYANWU
MODERATOR
YEMI KERI
TEMIE GIWA-TUBOSUN
TOMIWA ALADEKOMO


DBN
TECHPRENEUR


DBN
TECHPRENEUR


DBN


NEUR
DBN
TECHPRENEUR


NEUR
DBN
TECHPRENEUR
SUMMIT
DBN


NEUR
SUMMIT


TECHPRENEUR


Over 95%
Micro
Businesses
HAVE ACCESSED
FINANCING TO
Level up