

SPEECH PRESENTED BY DR SHEHU YAHAYA, CHAIRMAN, BOARD OF DIRECTORS, DEVELOPMENT BANK OF NIGERIA, AT THE FORMAL MEETING WITH HER MAJESTY, QUEEN MÁXIMA OF THE NETHERLANDS, THE UNITED NATIONS SECRETARY-GENERAL'S SPECIAL ADVOCATE FOR INCLUSIVE FINANCE FOR DEVELOPMENT (UNSGSA)

THE CLAN PLACE, GROUND FLOOR, PLOT 1386A, TIGRIS CRESCENT, MAITAMA - ABUJA, ON WEDNESDAY, 1ST NOVEMBER 2017

PROTOCOLS

- Your Majesty, Queen Máxima of the Netherlands and the UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA)
- Mrs Greta Bull, CEO, The Consultative Group to Assist the Poor (CGAP)
- Mr Eric Duflos, Director, Office of the UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA)
- Mr Sebastian Molineus, Director, Finance and Markets Global Practice, The World Bank Group
- Mr Michael Wiegand, Director of the Financial Services for the Poor,
- Distinguished ladies and gentlemen and members of the press here present

All protocols duly observed.

It is with great pleasure that I welcome you, your Majesty, to our great Nation, Nigeria. I wish you the warmest welcome on behalf of over 160 million patriots. As a special advocate and leading global voice for financial inclusion, your intervention in Nigeria couldn't have been better timed.

Your Majesty, we are honored to have you with us and to share with you, our commitment to enshrine a system which will afford access to finance and necessary business tools to millions of Micro, Small and Medium Businesses in Nigeria over the next 10 years.

I will start by providing context to the situation that will confront the world over the next 20 to 50 years if strategic and sustained support is not afforded MSMEs as a critical segment of any economy.

Here are a few Statistics:

- The current world population of 7.3 billion is expected to reach 8.5 billion by 2030, 9.7 billion in 2050 and 11.2 billion in 2100 (UN DESA report, "World Population Prospects: The 2015 Revision).

- To manage this growth, 600 million jobs are needed over the next 15 years to absorb a growing global workforce.
- The employment need in Nigeria will be 30 – 40 million jobs by 2030 (mostly to be provided by MSMEs)
- Currently, 50% of Nigeria's GDP is attributed to SMEs and this is expected to grow to 70% in 2050
- There are over 37 million MSMEs in the country. However, less than 5% of these businesses have access to credit in the financial system.
- As at 2010, about 46% of adults in Nigeria were excluded from financial services.

Looking at the data, both domestic and global, development finance suddenly assumes a scale of global emergency when juxtaposed against population growth. Employment crisis looms if strategic intervention is not deployed. However, this information and the impact to which they translate is not to alarm. Rather, it is to underscore the very urgent need for increased access to finance for MSMEs to enhance financial inclusion.

MSMEs are, collectively, the largest employers in many low-income countries including Nigeria, yet their viability is being threatened by lack of access to risk-management tools such as savings, insurance and credit. Indeed, their growth is often stifled by restricted access to credit, equity and payments services.

Fortunately, the global pursuit of financial inclusion as a vehicle for economic development has had a positive impact in Nigeria to some degree as the exclusion rate reduced from 53 % in 2008 to 46.3 % in 2010. Encouraged by this positive development, the Central Bank of Nigeria in collaboration with stakeholders launched the National Financial Inclusion Strategy (NFIS) on 23rd October 2012 aimed at further reducing the exclusion rate to 20% by 2020.

Further to this, the Development Bank of Nigeria (DBN) was conceived by the Federal Government of Nigeria in collaboration with the World Bank, African Development Bank, German Development Bank (KfW), French Agency for Development and European Investment Bank to address the major financing challenges facing Micro, Small and Medium Scale Enterprises (MSMEs) in Nigeria. Development Bank of Nigeria provides sustainable financing through eligible Participating Financial Institutions (PFIs), who would in turn, lend to end-borrowers - Micro, Small and Medium Enterprises (MSMEs).

Today, that concept is an operational entity.

We obtained our Wholesale Development Banking license in March 2017. Our approach is a simple and easy-to-access on-lending model which allows for scale and broader reach as we provide support working through Participating Financial Institutions (PFIs).

With a vision to be Nigeria's primary development finance institution; promoting growth and sustainability, the institution seeks to fulfill three key mandates:

- Increase access to finance for MSMEs by lending to Participating Financial Institutions (Commercial Banks, Micro Finance Banks and other DFIs) for on-lending to this segment.
- Provide Capacity Building for Participating Financial Institutions to enhance their ability and willingness to lend to the MSME segment.
- Provide Partial Credit Guarantees for Participating Financial Institutions to encourage them to take the risk of lending to MSMEs.

DBN loan repayment tenure is flexible (up to 10 years with a moratorium period of up to 18 months) and the pricing is pragmatic and referenced to market rates.

Two days ago, we commenced lending operations with the provision of over N5 Billion Naira to three National Micro Finance Banks. These funds will be available as loans to over 20,000 MSMEs across every sector of the economy.

Your Majesty, at DBN we believe that access to appropriate levels of financial services in the MSME segment can boost job creation, raise income, reduce vulnerability and increase investments in human capital. These are the indices by which we measure success.

We seek your support in emphasizing to relevant authorities the importance of strong corporate governance and no political interference in the operations of DBN as key success factors.

While we recognize that there are several institutional and infrastructural challenges for the financially excluded, we believe that increased access to financing for small businesses is a step in the right direction and we are counting on Your Majesty's support and continued advocacy in this regard.

The Development Bank of Nigeria remains committed to the global agenda of financial inclusion, the United Nations Sustainable

Development Goals as well as the Nigerian Sustainable Banking Principles (NSBP) of the Central Bank of Nigeria (CBN).

Once again, Your Majesty, we appreciate your time and effort in making the world a more financially inclusive place and for having a heart large enough for Nigeria.

Ladies and Gentlemen, I thank you for listening.