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Bank of Industry, Development Finance and SME Performance in Nigeria

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Abstract
Access to finance has been a recurring challenge for Small and Medium Enterprises (SMEs) in the Sub-Saharan Economies of Africa, and this is without exception of Nigeria, the most populous black nation and regarded as the one of the largest economies in Africa. Development finance is therefore critical to the growth of SMEs as they drive employment and GDP most Economies. This paper examines the role of the Bank of Industry (BOI) in providing development finance to SMEs and its impact on their performance in Nigeria between 2022 and 2026. The Bank of Industry (BOI) can be said to have been in existence since before independence as it started as Investment Company of Nigeria (ICON) in 1959, when ICON was incorporated then later established as NIDB – Nigeria Industrial Development Bank in 1964. In 2001, BOI emerged from the merger of NIDB, NBCI (Nigeria Bank for Commerce and Industry) and Nerfund (Nigerian Economic Reconstruction Fund).The paper looked at several Development Finance Theories which served as the Theoretical Framework. Secondary data from BOI annual reports, CBN publications, and peer-reviewed journals were analysed and used. Several BOI interventions and Products where discussed such as GLOW, RAPID, and iDICE which have all improved access to affordable credit, with interest rates between 5% and 10%, compared to the 26.7% Monetary Policy Rate. The paper concludes that the role of BOI to improved SME performance and industrialisation of the Nigerian Economy can not be over emphasized.
Keywords: Development Finance, Bank of Industry, SMEs, SME Performance, Nigeria, Access to Credit, Developmental Impact, Products.

1. Introduction

The interaction between development finance and real sector performance remains a subject of growing scholarly and policy concern due to persistent economic fluctuations and weak structural transformation. According to Umeji and Ezeabasili (2025) development finance indicators such as credit to the private sector's contribution to GDP and interest rate spread (IRS) serve as important proxies for assessing the effectiveness of financial intermediation in supporting productive activities.

The real sector, represented by the real gross domestic product growth rate (RGDPG), reflects the extent to which financial resources are translated into tangible output. Limited credit access continues to hinder the performance of critical sectors such as agriculture, manufacturing, and construction, which collectively drive real GDP growth (Okorie & Nwokoye, 2023). In the same vein, Umeji and Ezeabasili (2024) argued that while private sector credit has the potential to stimulate real output, its impact depends largely on macroeconomic stability and effective monetary coordination. Examining how development finance influences real sector performance provides a vital foundation for evidence-based policies that can promote inclusive and stable economic growth. The persistence of high interest-rate spreads, inadequate credit allocation, and shallow financial inclusion suggest inefficiencies in the financial system that constrain output performance. Despite the crucial role of development finance in driving real sector growth, Nigeria continues to experience weak linkages between financial intermediation and productive economic activities from Small and Medium Enterprises (SMEs).

Small and Medium Enterprises (SMEs) play a pivotal role in the economic and social development of nations, particularly in developing countries like Nigeria. They serve as engines for job creation, income generation,

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innovation, and poverty alleviation (Adebisi & Gbegi, 2021). With over 37 million SMEs contributing nearly 50% of Nigeria's Gross Domestic Product (GDP) and accounting for over 80% of employment, these enterprises are integral to the nation's efforts towards inclusive and sustainable growth (National Bureau of Statistics [NBS], 2020). However, despite their critical importance, SMEs in Nigeria continue to face substantial constraints, particularly in access to finance, which hampers their ability to grow and contribute meaningfully to sustainable development (Agbadagbe, Musa & Ismail, 2024). Financing is a crucial determinant of SME performance and their potential to drive sustainable development (Magaji, Ismail & Musa, 2025). Adequate financing enables SMEs to invest in innovation, adopt environmentally friendly technologies, expand operations, and enhance productivity (Ismail, El-Yaqub & Eke, 2025; Ogar et al., 2020).

According to the World Bank (2013), Small and Medium Enterprises (SMEs) contribute to the creation of employment, which reduces regional inequalities between urban and rural areas. SMEs are the engine of the economy through the development process and then later become large corporations. More so, CBN (2003) states that SMEs contribute to employment generation, as it is one of the sectors that provide industrial employment in Nigeria. Because of their level of creativity, SMEs exploit the local raw materials that do not require high-level technology to process; this provides an effective means of mitigating rural-urban migration and resource utilization.

According to Osotimehin, Jegede, Akinlabi and Olajide (2012), SMEs are very fundamental for economic development. They contribute greatly to the economic and social improvement of the nation. In recent times, there is growing agreement that better access to finance for SMEs can enhance their performance and, in turn, have private and socioeconomic benefits on the nation's economy (Kumar, 2005). Hence, access to important resources such as finance is one of the major factor that encourages SMEs' business activities in any economy (Kelley, Singer, & Herrington, 2012; Xavier, Kelley, Kew, Herrington, & Vorderwülbecke, 2013). However, accessibility of financing can influence SMEs performance in two ways. According to Margaritis and Psillaki (2010), high level of leverage positively influences superior firm performance of a firm. Then again, high indebtedness may lead to product market underperformance (Campello, 2006). There is considerable confirmation to support the argument that SMEs, in specific, confront various hindrances and issues in obtaining financial resources (Cassar & Holmes, 2003). Evidence shows that one of the significant causes for SMEs slow pace of development is the absence of financial access. Access to finance is fundamental to the operation of SMEs in a variety of ways; Kyophilavong (2011) confirm that access to finance is among the top obstacles to running SMEs compared to the cost of finance.

In Nigeria, several government-led initiatives such as the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the Bank of Industry (BoI), and the Central Bank of Nigeria (CBN) intervention funds have sought to improve SME access to finance (El-Yaqub, Ismail & Bappayo, 2024). Despite these efforts, the impact remains limited due to issues such as poor implementation, bureaucratic bottlenecks, and weak institutional support (Yahaya & Bello, 2021). Many SMEs are also unaware of or unable to access these financing opportunities due to capacity and information gaps, further exacerbating their financial exclusion. This persistent challenge necessitates a re-evaluation of financing mechanisms and their alignment with sustainable development objectives.

According to Kelley et al. (2012), access to financial resources refers to the availability of financial capital and other financial services to SMEs. Similarly, Bouri et al. (2011) define access to finance as the availability of financial resources (internal, debt, and equity) for SMEs. It also refers to financial services provided by financial institutions (SMEDAN, 2012). Access to financing refers to the difference between SMEs' demand for financial resources and the supply of the necessary financial resources (Mazanai & Fatoki, 2012). In a wider definition, access to finance can be defined as the lack of financial and non-financial barriers in accessing financial resources and services. In other words, it is the extent to which financial resources and services are available to users at a reasonable cost of capital (Ganbold, 2008). It has been reported that most SMEs in developing economies are restricted in accessing finances, though the opaque nature of the firms

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may result in these serious constraints of accessing external financing and consequently affect their performance (Beck, Demirgüç-Kunt, & Maksimovic, 2008).

The productivity of small businesses depends largely on its access to capital as it has been proven over time that access to finance is directly related to the performance of SMEs. Thus, the lack of finance hinders the full potential of SMEs as an economic driver. Batra, Kaufmann and Stone (2003) state that access to finance enables firms to grow and develop. They further argue that access to finance facilitates firm performance through innovation, new markets, reduction in risk, and improves entrepreneurial activity and firm growth. It has been contended that most SMEs in developing economies are restricted in accessing finances, which invariably affects their growth and development. According to United Nations Industrial Development Organization (UNIDO], 2007, one of the most severe problems facing SMEs in the developing world is access to finance. Therefore, inadequate access to finance is one of the critical issues responsible for the grossly low performance of SMEs , Nigeria, as a case study. This was also supported by SMEDAN, which stated that access to finance is one of the critical issues responsible for gross low performance of SMEs in Nigeria (SMEDAN, 2012).

The Bank of Industry Limited (BOI) plays a key role in advancing economic growth by providing financial assistance and support services, such as low-interest loans to enterprises across various sectors of the economy, thereby promoting job creation and encouraging local production of goods. The Bank is Nigeria's oldest, largest, and most successful development financing institution (DFI).
In 2001, BOI was restructured into a full-fledged DFI, with an authorized share capital of ₦250 billion. It became a wholly-owned Federal Government institution under the supervision of the Federal Ministry of Industry, Trade, and Investment. As part of its mandate, the Bank focuses on driving developmental impact across vital industrial sectors, geopolitical zones, and multilateral stakeholders. It is also focused on nurturing and expanding our economy's emerging sectors while supporting established segments for increased global impact. The Bank supports and helps transform Nigeria's industrial sector by providing financial and advisory support services for establishing large, medium, and small projects/ enterprises and expanding, diversifying, rehabilitating, and modernizing existing enterprises. It is present in 35 states across Nigeria.

Over the years, BOI has earned strong credit ratings from reputable agencies such as Moody's, Fitch Ratings, and Agusto & Co., reflecting its financial stability and governance excellence. BOI's mission is to facilitate Nigeria's industrial transformation by financing enterprises across various sectors, including Agro and Food Processing, Creative Industries, Engineering and Technology, Healthcare, Renewable Energy, Oil and Gas, and Solid Minerals. Additionally, BOI extends financing to grassroots entrepreneurs and underserved communities, ensuring inclusive economic growth. With a nationwide presence spanning 35 state offices, BOI has raised over $5 billion from international financial markets in the past five years to bridge Nigeria's industrial financing gap. Between 2015 and H1 2023, it provided ₦1.7 trillion in funding to 4.4 million enterprises, creating over 9 million jobs through its interventions. BOI offers single-digit interest loans, long-tenure financing, business advisory services, and innovative funding solutions tailored to small, medium, and large enterprises. The Bank remains committed to transforming Nigeria's industrial sector by adhering to global best practices, fostering entrepreneurship, and creating valuable opportunities for businesses to thrive in Nigeria's evolving economy.

BOI creates convenient .and valuable opportunities for Businesses in Nigeria by providing loans at concessionary rates, Offering extended repayment periods to give businesses ample time to repay loans and minimize default, Offer sector-specific loans that are tailored to the unique needs of micro-enterprises, and SMEs operating along those value chains, creating and leveraging its partnerships with other stakeholders to provide capacity-building opportunities for improved business performance and delivering strategic support and financing to the disadvantaged and vulnerable segments within the grassroots that are typically underserved but critical to economic prosperity (www.boi.ng).

2.0 Conceptual Review

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Development Finance represents the systematic mobilization and allocation of financial resources to promote productive investment and inclusive economic growth. It focuses on correcting market imperfections and ensuring that critical sectors such as agriculture, manufacturing, and infrastructure have adequate access to finance. According to Eze and Ugwunta (2024), development finance plays a vital role in deepening financial intermediation and improving credit accessibility for private enterprises.

2.1 Overview of Development Finance

Access to debt finance is one of the big challenges for SMEs around the globe. (Motta, 2020) contend that lack of access to appropriate financial services is one among many obstacles for SMEs. In Sub-Saharan Africa, the challenge of SMEs' access to debt finance is, to a certain extent, greater than in the rest of the world. Studies indicate that more than 25% of SMEs rate access to debt finance as being one of the big challenges that affect firms' performance (Motta, 2020; Ayyagari, Meghana, & Maksimovic, 2011; Hallward-Driemeier & Aterido, 2007).

The challenge of SMEs regarding access to debt finance is brought about by the nature and operations of SMEs, as most SMEs do not maintain and keep records of their business transactions, hence rendering it difficult to compile reliable financial statements that could measure their performance. Another hurdle that SMEs find challenging to cross is the lack of assets that can be used as collateral for their loans, which discourages financial institutions from lending to SMEs, as they consider them to be riskier. These challenges have led financial institutions to reject SMEs' loan applications for the reason that they are riskier and not credit-worthy.

With limited access to debt finance from financial institutions, SMEs opt to finance their businesses by using their internal finance, that is, their own funds, and that of family and friends, money lenders, and profits generated from their businesses. Such financing sources are usually inadequate, and others, such as money lenders, are more prone to risk and, hence, this fails to increase SMEs' growth aspirations to achieve their objectives.

2.2 Theoretical Framework on Development Finance

2.2.1 Pecking Order Theory

The Pecking Order Theory, originally proposed by Myers and Majluf (1984), suggests that firms prefer internal financing first, and only seek external financing when internal resources are insufficient. When external financing is necessary, firms tend to prefer debt over equity due to the lower risk of information asymmetry and control loss. Applied to SMEs in Nigeria, this theory helps explain why many small businesses rely heavily on personal savings and informal sources of capital rather than approaching formal financial institutions. The limited access to formal credit, often due to high collateral requirements and stringent lending conditions, pushes SMEs to adopt financing structures that may hinder their capacity to grow sustainably (Adebisi & Gbegi, 2021). Understanding this theoretical framework is crucial in addressing the financing challenges faced by Nigerian SMEs and developing policies that can support sustainable development through improved access to finance.

2.2.2 Schumpeterian Theory

The Schumpeterian Theory of Economic Development (Schumpeter, 1934) underscores the pivotal role of financial institutions in driving entrepreneurship, innovation, and industrial transformation. Schumpeter argued that economic growth is fundamentally driven by businesses that introduce new products, services, and production techniques, thereby fostering creative destruction—the continuous cycle of old industries being replaced by more efficient and innovative ones. In this framework, access to finance is a crucial enabler of entrepreneurship, as it provides businesses with the necessary resources to invest in new ideas, expand operations, and remain competitive. In the context of small and medium-scale enterprises (SMEs), the Bank of Industry (BOI) catalyzes economic transformation by addressing financial barriers that hinder business growth and technological advancement. SMEs are often constrained by limited access to capital, which restricts their ability to invest in industrialization, technology adoption, and business expansion. Traditional financial institutions, such as commercial banks, tend to perceive SMEs as high-risk borrowers, imposing stringent lending conditions that many small businesses cannot meet. The BOI, as a development finance institution, bridges this gap by providing long-term financing with lower interest rates, thereby enabling SMEs

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to innovate and expand their operations. A key aspect of Schumpeter's theory s the emphasis on research and development (R&D) as a driver of economic progress.

2.2.3 Financial Deepening Theory

Development finance is anchored on financial deepening theory, which emphasizes that an efficient financial system facilitates capital accumulation, liquidity, and innovation. Umeji and Ezeabasili (2024) highlighted that increased credit access and deposit mobilization stimulate investment, while high interest-rate spreads can restrict growth. Adeleke and Ogunyomi (2023) further stressed that the sustainability of development finance depends on a stable and inclusive monetary environment that channels resources into the real economy. Hence, development finance in Nigeria is conceptually viewed as a critical instrument for promoting structural transformation, expanding productive capacity, and sustaining economic growth.

2.2.4 Financial Intermediation Theory (Gurley & Shaw, 1960)

The theory posits that financial intermediaries, such as banks, mobilize savings from surplus economic units and allocate them efficiently to deficit units that require funds for productive investment. This process reduces transaction costs, mitigates risk, and enhances liquidity in the economy. The theory supports the argument that effective development finance mechanisms enhance real sector performance and overall economic growth (Umeji&Ezeabasili, 2024).

2.2.5 Supply-Leading Theory (Patrick, 1966)

The Supply-Leading Theory was developed by Patrick in 1966 to explain how challenges such as poor electricity supply, weak industrial capacity, and high production costs continue to constrain productivity and competitiveness. The link between financial development and real sector performance is therefore crucial, as efficient mobilization and allocation of financial resources enhance capacity utilization, job creation, and inclusive economic progress (Eze &Ugwunta, 2024).

2.2.6 Resource-Based View (RBV) Theory

The Resource-Based View (RBV) Theory (Barney, 1991) emphasizes that a firm's ability to achieve sustainable competitive advantage depends on its access to and effective utilization of valuable, rare, inimitable, and non-substitutable (VRIN) resources. These resources can be tangible, such as financial capital, technology, and infrastructure, or intangible, including skilled human capital, brand reputation, and strategic knowledge.

2.2.7 Capital Structure Theory

Developed by (Modigliani & Miller, 1959), propounded that the use of internal or external sources of finance has nothing to do with the growth of a business. However, (Nkurunziza, 2005) argued that the slow growth of SMEs has been attributed to a lack of access to financial resources, while the study by (Durand, 1952) stated that SMEs can decrease their cost of capital and, consequently, increase their value through debt financing. Studies in this context comment that SMEs' financing by debt is important for realizing their growth goals.

Capital structure decisions are very important to SMEs' owner-managers, because the decisions tend to eliminate the inefficiencies caused by information asymmetry (Harris & Raviv, 1991). Therefore, it is advised that SMEs should borrow more when internally generated funds are not sufficient to fulfill the investment needs (Shyam-Saunders & Myers, 1999). Therefore, there is a direct relationship between access to debt finance and the performance of SMEs. Hence, strategies should be designed to enhance SMEs' access to finance that will foster performance.

2.2.8 Trade-Off Theory (TOT)

In line with capital structure theories, Trade-Off Theory (TOT) is used to strike a balance between the merits and demerits associated with the use of debt financing. Initially, (Modigliani & Miller, 1963) noted that an optimal capital structure could be acquired through a balance between financial distress costs and the tax benefits. This gave rise for the use of debt financing, as it has an effect on the value of the firm, due to interest payments that are tax-deductible. It is a revised theory of capital structure that emphasizes that the use of debt is desirable for the firm's growth. Hence, trade-off theory predicts that there is a positive correlation between profitability and debt financing.

2.2.9 The Supply-Leading Finance Theory

This theory is based on the assumption that financial development drives economic growth or that financial development is the driver of economic growth. The supply-leading hypothesis argues that financial institutions

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and their services take place prior to actual demand for them. Thus, the accessibility of financial services stimulates the demand for these services by entrepreneurs in the modern, growth- inducing sectors.

2.3 Concept of SMEs Financing

SMEs, as key drivers of economic growth and industrialization, often struggle to access and develop these critical resources due to financial constraints, market uncertainties, and operational limitations. The concept of SMEs financing refers to the provision of financial resources and services necessary for the establishment, growth, and sustainability of small and medium enterprises. Financing can come in various forms, including loans, equity investments, grants, microfinance, and credit guarantees, provided by banks, government agencies, development finance institutions, and private investors (Adegbite & Machethe, 2020). Access to finance is critical for SMEs to invest in equipment, expand production, improve technology, and hire skilled labor, thereby

The Bank of Industry (BOI) plays a pivotal role in addressing these financial constraints by acting as a bridge between available capital and SMEs that require financial support. Commercial banks and other financial institutions often impose stringent lending conditions, including high interest rates and collateral requirements, making it difficult for SMEs to secure funding. However, as a development finance institution, the BOI provides long-term financing at relatively lower interest rates, thereby creating a more enabling environment for SMEs to thrive. This intervention ensures that SMEs have access to affordable credit for investment in infrastructure, technology, and business expansion, ultimately fostering economic development. Additionally, through its financial intermediation function, the BOI facilitates targeted funding for specific industrial sectors, thereby aligning with national economic priorities. By providing structured financing models tailored to the unique needs of SMEs, the BOI enhances financial inclusion and promotes entrepreneurship.

By reducing SMEs' dependency on informal and often exploitative financing sources, BOI contributes to financial stability and business sustainability. This function is crucial in an emerging economy like Nigeria, where SMEs constitute a significant portion of the business sector but often operate below their potential due to limited financial access. The BOI's intervention, therefore, aligns with the broader objectives of poverty reduction, wealth creation, and sustainable economic development.

2.4 Critical Look at the Role of Bank of Industry Limited (BOI) in Bridging the Gap between SME's and Development Finance.

Financial institutions finance small and medium scale enterprises (SMEs) in other to promote economic growth and development of a nation. The finances allocated to SMEs by financial institutions accelerate the pace of income, savings, and employment generation in Nigeria. In order to further develop the economic system of Nigeria, the government employed different intervention schemes and policies with the establishment of the likes Bank of Industry (BOI), Small Scale Industries Credit Scheme (SSICS), SMEDAN, World Bank Small and Medium Enterprises I Loan, World Bank Small and Medium Enterprises II Loan e.t.c

The primary mandate of Bank of Industry (BOI) is to financially assist the establishment of small, medium, and large projects as well as expansion, diversification, and modernization of existing enterprises and reliability of oiling industries, and to ensure a level playing field for domestic businesses to attain an international state which has the propensity to ensure better economic growth of the nation (Sanusi, 2013). The Bank of Industry's role is to promote SMEs across all industries with little or no collateral and low interest charged on finances advanced to this sector (Akingunola, 2011).

BOI does this by providing various funds and funding opportunities for SMEs, ranging from one product to another. Some notable products over the years include the BOI Fund, Counterpart Funding, or State Matching Fund, Managed Funds i.e Dangote Fund, MTN Foundation Fund, Guarantee Loans for Women (Glow), Graduate Entrepreneurship Fund (GEF), Youth Entrepreneurship Programme (Yes-P), Rural Area Programme on Investment for Development (RAPID), MSME FGN Intervention Fund, Business Development Fund for Women (BUDFOW), Cottage Agro-Processing (CAP) Fund, BOI Nolly Fund, BOI-iDICE Debt Fund, Solar Energy & Intervention Funds, BOI/NCDMB Intervention Funds, BOI Ntec Funds e.t.c.

- **Attractive Interest Rate**: The Bank of Industry over the years has been lending between 5 – 10% depending on the product. Today, the MPR is 26.7%, and the Bank is still lending at between 5% and 10% .

Other initiatives of the Bank to support M-SME's include;

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- **Bank of Industry Bottom of the Pyramid Financing**: The Bottom of the Pyramid (BOP) Scheme is a collaborative effort of microfinance banks and BOI, designed to promote lending and financial inclusion among underserved/under banked population.
- **Through NEDEP**, BOI has collaborated with 9 microfinance banks by giving out loans to these MFBs at 5% for on-lending to the economically active, but disadvantaged entrepreneurs at single-digit interest rates. NEDEP has anticipated that it will increase the number of MFBs that are part of this scheme, thereby expanding the developmental impact in the country.
- **Cooperative Lending:** The cooperative lending model has been designed to effectively lower the burden of looking for collateral by SMEs operators. The scheme allows cooperative groups to access up to 10 million naira without the use of traditional collateral but by presenting guarantors. The BOI interest rate is 9% per annum, which is well below the rate that commercial banks charge in the country.
- **BOI State Counter-Part Matching Scheme:** The Bank of Industry-State counter-part matching fund was developed with the intention to increase lending to SMEs in the states. This is a mutual fund arrangement whereby the state volunteers an amount for lending to MSMEs and BOI matches the amount. Between 5-10% per annum interest rate is charged on the loans disbursed to the beneficiaries. NEDEP is planning to increase participation in this scheme from 17 states (through contribution of over 14 billion naira) to all states of the Federation. This scheme facilitates financial inclusion by the state government in boosting enterprise development in all

2.4.1 Support and Contribution of Bank of Industry to the growth and development of SMEs over a Five (5) year period from 2022 - 2026

2022 through 2023 Developmental Impact

Through both its direct and indirect lending platforms, as well as funds managed on behalf of its strategic partners, the Bank disbursed the sum of N210.7 billion to 418,436 beneficiaries in 2022. This resulted in the creation of an estimated 1,255,974 direct and indirect jobs. Despite these global uncertainties and some local economic headwinds, the Bank of Industry continues to consolidate its developmental impact by empowering Nigerian businesses with affordable and long-tenored financing opportunities, as well as business advisory services, towards effectively managing and growing their enterprises. The breakdown of our key disbursement lines are as follows:

- **Smallholder Farmer Financing Product**: This is a value-chain financing product of the Bank that connects farmers to guaranteed market off-takers, thereby encouraging backward integration and wealth creation for the farmers. In 2022, 20,391 farmers received financial support of N5.1 billion under this fund. Since inception, disbursement totaling N13.6 billion has been made to 71,261 farmers.
- **MSME Distributor Finance Programme**: This programme was introduced by the Bank in 2020 to support distributors of supermarkets. In 2022, N3 billion was disbursed to 3,000 micro-retailers through this product. N4 billion has been disbursed in total to 7,000 microretailers since inception.
- **Fintech/Digital Lending Product**: This product was introduced by the Bank in 2021, to support micro enterprises by leveraging collaborations with credible Fintech platforms. Through this product, the Bank disbursed N550 million to 1,215 beneficiaries in 2022. Since inception, N700 million has been disbursed to 1,415 beneficiaries. The bank also managed/manages several social intervention funds on behalf of the Federal Government and other multilateral institutions some of which are briefly discussed below:
- Following the flag-off of the $750 million World Bank Nigeria COVID-19 Action Recovery & Economic Stimulus (NG-CARES) programme by the Federal Government in 2021, the World Bank released an advance of N35 billion to state governments to implement the programme. Over 28 states participated, leveraging on BOI's on-lending infrastructure to execute the programme. In 2022, grants of N2.2 billion were disbursed to 14,046 beneficiaries. Since inception, the Bank has released grants of N2.54 billion, on behalf of the fund owners, to 15,864 beneficiaries across 15 states.
- The $618 million Federal Government of Nigeria (FGN) Program to promote investment in Information and Communications Technology (ICT) and Creative Industries (i-DICE) Program. The program is the outcome of a partnership between the FGN and other multilateral agencies, with BOI as the implementing partner. Under the agreement, AfDB was to provide a Loan of $170 million to support the Program. The FGN counterpart funding was $45 million. The Program, co-financed by the

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Agence Française de Développement (AFD) for a total of □100million ($116 million); and the Islamic Development Bank (IsDB) for a total of US$ 70 million.

- The US$538 million AfDB-led Special Agro-Industrial Processing Zones (SAPZ) programme. This is another collaboration between the FGN and several multilateral development institutions to promote private sector development in the Agriculture sector through private sector engagements across the agric. value chain. This will be implemented through the set- up of strategic Special Agro-Industrial Processing Zones (SAPZ) across various Nigerian states. Other funding partners include the AfDB, ISDB and IFAD along with the Green Climate Fund.
- The N75 billion MSME Survival Fund Scheme (under the Nigerian Economic Sustainability Plan launched in 2020). In 2022, N8.8 billion was disbursed to 376,240 beneficiaries. Since inception, N67.5 billion has been disbursed to 1,258,188 beneficiaries under the programme.
- BOI was also the local executing agency for the $14.27 million BRAVE (Business Resilience Assistance for Value-adding Enterprise**)** Women Nigeria programme, on behalf of the Islamic Development Bank Group (IsDB). This initiative was designed to support women-owned businesses in economically disadvantaged regions of the country.
- The Bank manages the State Empowerment Enterprise Programme (SEEP), a N2 billion micro-credit initiative to empower micro and small businesses in participating states of the Nigerian federation. The pilot of the programme kicked off in Osun State, where N47.2 million was disbursed to 827 beneficiaries in 2021. Edo State also
- BOI is also the implementing partner for the CBN's Tertiary Institutions Entrepreneurship Scheme (TIES), a programme that is aimed at addressing youth unemployment in Nigeria. The programme commenced in 2022 and as at December of the year, N345.5 million has been disbursed to 96 beneficiaries.

BOI Developmental Impact 2023 through 2024

- Through direct lending, as well as fund management on behalf of various strategic partners, the Bank disbursed the sum of N496.717 billion to 75,809 Beneficiaries in 2023.
- N77.2 billion was disbursed to Micro, Small and Medium Enterprises nationwide.
- N3.3 Bn was disbursed to 1,038,932 women under the BRAVE program.
- The Bank widened its source of funding and accessed N200 billion Industrial fund from the Central Bank of Nigeria (CBN) to support SMEs.
- Strategic Partnership between BOI and the African Development Bank to provide funding and support along developmental goals, including renewable energy, Sustainability, Gender, SMEs', upskilling the youths, and Digital Economy.
- The Green Climate Fund (GCF) unveiled its plan to support BOI through increased climate financing and collaborative opportunities.
- 2.183,870 jobs were created through our support for Enterprises.
- Implementation of the Investment in Digital and Creative Enterprises (iDICE) Programme. The Federal Government of Nigeria launched the Investment in the Digital and Creative Enterprises (iDICE) on the 14th of March 2023. This was a $617.7 million programme designed to build capacity and create more sustainable jobs in the technology and creative ecosystem.

BOI Developmental Impact 2024

- In 2024, BOI raised $1.87 billion through a global syndication, the Largest ever by any DFI in Africa.
- The Bank disbursed N510.9bn to micro, small, medium and large enterprises nationwide.
- Disbursed N78.2 Bn to micro, small, and medium enterprises nationwide.
- 992,369 beneficiaries were supported across various sectors of the economy.
- 2,818,686 estimated jobs created through our support for enterprises

BOI Developmental Impact 2025

The year 2025 served as a foundational period for the Bank of Industry (BOI) as it navigated a Nigerian economy showing signs of resurgence with a real GDP growth of 3.98%. Despite this recovery, the Bank operated against a backdrop of significant historical challenges, most notably a drastic drop in GDP per capita

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from $2,900 to $1,100 between 2022 and 2024, which severely impacted the purchasing power of the average citizen.

In response, BOI launched its 2025–2027 Corporate Strategy, a transformative roadmap designed to shift the institution's focus from mere "financing activity" to "financing outcomes". The manufacturing sector is the primary engine of this non-oil growth, contributing roughly 30% of national output within a total GDP of ₦385 trillion. Under the Renewed Hope Agenda of the Federal Government, this sector provides the fertile ground necessary for accelerated structural transformation and regional leadership. This strategic shift is anchored by a new Theory of Change and the institutionalization of the Development Impact Framework (DIF), which allows for the systematic tracking of jobs, industrial capacity, and gender inclusion. By aligning its operations with eight core UN Sustainable Development Goals, specifically SDG 9 (Industry, Innovation & Infrastructure) and SDG 8 (Decent Work & Economic Growth), the Bank has positioned itself as the primary driver of Nigeria's industrial resurgence.

The Bank's operational results in 2025 reflect an intentional strategy to balance large-scale industrialization with grassroots inclusion. BOI disbursed a total of ₦644.9 billion to 7,078 businesses, with Large Enterprise credits accounting for 59% of the portfolio, while SME, Micro, and Nano credits comprised the remaining 41%. This financing was geographically balanced across all 36 states to ensure that no region was left behind in the national economic transformation. Beyond capital, the Bank emphasized institutional excellence, maintaining a staff attrition rate below 3% and delivering over 2,200 training hours to deepen internal expertise in impact measurement and ESG standards. Business Constraints (November 2025 Rank)

2025 Developmental Impact in Summary.

SN	YARDSTICK	RESULT/ACHIEVEMENT
1	Total Disbursements	₦644.9 Billion
2	Jobs Impact	1.68 million Jobs Created
3	Manufacturing Value Add	2% Contribution to Manufacturing GDP
4	Nano Business Supported	950,362
5	Enterprises Financed	12,501
6	Smallholder Farmers Linked to Processing Plants	47,508
7	Mini Grids Provided in Rural Areas	100
8	Number of Households Connected to Electricity	11,777
9	LNG/CNG Infrastructure Financed	47 Projects
10	Carbon/Climate Emissions Avoided from Financed Projects	46,077 tCO_2
11	Number of Startups Financed	1,615
12	Women-Owned Businesses Directly Financed	Over 1,000
13	Creative Sector Footprint	Over 72% of new jobs are youths in this sector
14	Rural Area Impact	838 businesses financed, with over 40% youth and gender inclusion
15	Import Substitution Effect	67% reduction in raw material imports in the Food & Beverages sector
16	Rural Broadband Rollout	700+ rural communities supported through broadband infrastructure deployment in Nigeria

From the total disbursement of ₦644.9 billion, Large Enterprise (LE) credits accounted for 59%, SME credits 29%, Micro credits 5% and Nano credits 7%. This reflected the Bank's strategic focus on scaling established players while deepening inclusion at the grassroots level. The disbursement supported a total of 7,078 businesses across core and non-core sectors, with core sectors (Agro Processing, Food Processing, Beverages, Pharmaceuticals, Engineering & Technology, Power & Utilities, Transport & Logistics) receiving the majority of funding and driving the highest volume of developmental outcomes.

Number of Supported Businesses Per Sector

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SN	SECTOR	NUMBER OF SUPPORTED BUSINESSES
	Core Sectors	
1	Agro Processing	2,292
2	Food Processing	1,160
3	Beverages	8
4	Pharmaceuticals	66
5	Engineering & Technology	1285
6	Power & Utilities	8
7	Transport & Logistics	3
	Non-Core Sectors	
1	Hospitality & Tourism	24
2	Creative & Digital	2,017
3	Chemical & Industrial Minerals	29
4	Mining & Metals	16
5	Climate Finance	15
6	Oil & Gas	47
7	Health Care	108

BOI Developmental Impact 2026

As the Bank continues to be self-funding and not dependent on the Government for funding. The Bank has recorded a strong debut in Nigeria's domestic capital markets, closing the bookbuild for its ₦250 billion Series 1 Fixed Rate Bond oversubscribed.

According to Investors Relation Press release August 17, 2026 the Bank of Industry raised a N250 Billion Bond to support SME's. The Bond was issued through BOI Financing SPV Plc under the Bank's US$1 billion Multi-Currency Instruments Programme, providing a strong price-discovery outcome amid robust institutional demand.

The investor book was diversified across corporates and other institutional investors signaling confidence in BOI's credit quality and its position as a credible domestic capital-market issuer.

According to the Bank's Managing Director/Chief Executive Officer, Dr. Olasupo Olusi, the outcome demonstrates the potential of the domestic market to support development financing at scale.

"The strength of the investor response is a vote of confidence not only in BOI, but also in the capacity of Nigeria's domestic capital market to mobilise long-term capital for productive investment."

3.0 Recommendations

i. There should be a National Enlightenment Campaign and awareness of the various programs being championed and driven by BOI, and the dispersal of information about the various schemes set in place by the Bank to support SMEs to enhance wider coverage and patronage from all SMEs operators.

ii. The Bank of Industry (BOI) should continue to provide business start-up training, entrepreneurial skills development, and set up an SME monitoring system to help in the running of small businesses.

iii. BOI should continue to provide financial assistance with low interest rates and assign Business Managers to monitor the businesses more closely, or use of technology to support monitoring.

iv. To create more access to finance and funding, Business conditions must be improved by Entrepreneurs where there are standard and clear accounting practices, adherence to legal standards and the legal system, compliance with regulatory and tax policies as well as credit discipline.

4.0 Conclusion

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The role of the Bank of Industry Limited (BOI) cannot be overemphasised in providing development finance required for growth and development of SME's which have been identified as the engine room for industrialization Economies.

It has also been proven over and over again that access to finance improves the performance of SMEs. With Government support and intervention, BOI was lending at between 5%–10%, but as it is now, with very little funding coming from the Federal Government, the Bank of Industry (BOI) now has to source its funding from external sources, which then makes the pricing of funds higher than the normal rate it lends at.

Over the last couple of years, funding has been sourced externally from international lenders, and this year, 2026, BOI just raised a first tranche of N270 billion Development Bond 1. This is not government funding or support and is priced at the going market rate. Currently in Nigeria, the Monetary Policy Rate stands at 26.7%. It is not sustainable for BOI to continue to lend at 5% - 10%. There is a need for continuous support and provision from the government.

Other factors that pose as challenges to access to finance include such challenges as high collateral requirements, stringent lending conditions, lack of full digitalization or modern technology for lending and recoveries, poor electricity supply, weak industrial capacity, and high production costs, which continue to constrain the productivity and competitiveness of SMEs in Nigeria.

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