

**Nigeria****Development Finance Project****Chair Summary\*****September 25, 2014**

Executive Directors approved an IBRD loan in the amount of US\$500 million to Nigeria for the Development Finance Project on the terms and conditions set out in the President's Memorandum and Recommendation.

Directors noted that the project is fully aligned with the priorities in Nigeria's Country Partnership Strategy (CPS) for FY2014-2017. They underscored the critical role of addressing access to finance issues for the growth and competitiveness of micro, small, and medium enterprises (MSMEs) in Nigeria, including access to long-term finance. Directors highlighted the importance of ensuring stable and sustainable access to credit for both rural and urban MSMEs and small corporates to foster broader economic growth, poverty reduction, and job and income creation. Directors particularly emphasized the importance of extending access to finance to underserved segments of women and entrepreneurs.

Directors welcomed the depth and quality of analysis in preparation of the project, and especially efforts to integrate lessons learned in the operation, taking into account what makes for increased effectiveness of development finance institutions. Directors appreciated the close coordination with government regulators and the involvement of other development partners such as the African Development Bank, KFW, DfID, and AFD who will provide additional, parallel financing for the project.

Directors noted the critical importance of a strong governance framework, including within the development finance institution, for mitigating project risks. They underscored the need for the development finance institution to avoid crowding out private investors and to target financing at unserved segments of the market. They welcomed the inclusion of corporate governance standards similar to those required for commercial banks. Directors urged staff to carefully monitor the innovative approach to working with a national development finance institution in this project. They emphasized the use of a strong results framework to monitor project impact. Directors also encouraged the Government to continue implementing the necessary enabling environment reforms and to promote intergovernmental coordination in its quest to improve access to finance for MSMEs in Nigeria.

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\* This Summary is not an approved record.