

 Early Warning System

WB-P511062

Fostering Inclusive Finance for MSMEs in Nigeria (FINCLUDE) Project



Quick Facts

Countries	Nigeria
Financial Institutions	World Bank (WB)
Status	Approved
Bank Risk Rating	A
Voting Date	2025-12-19
Borrower	Government of Nigeria - Development Bank of Nigeria (DBN)
Sectors	Finance, Industry and Trade, Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	\$ 500.00 million
Project Cost (USD)	\$ 2,387.50 million



Project Description

According to the Bank's website, the objective of this project is to mobilize private capital and expand the use of inclusive and innovative financial products by micro, small and medium enterprises (MSMEs) in Nigeria.

The proposed FINCLUDE Project leverages the platforms of the Development Bank of Nigeria (DBN) and its subsidiary, the Impact Credit Guarantee Limited (ICGL), to drive inclusive MSME finance. Through these catalytic institutions, the Project will deploy a package of complementary, inclusive, and innovative instruments, tailored to the diverse needs of MSMEs in Nigeria. Designed as an Investment Project Financing (IPF) with performance-based conditions (PBCs), the Project comprises three interrelated components aimed at delivering inclusive and innovative financial and non-financial solutions tailored to Nigeria's diverse MSME landscape. Each component leverages a complementary mix of market-based instruments designed to: crowd-in private capital, test market innovations, and promote financial sustainability. They include:

- * Component 1: Inclusive and Innovative MSME Finance Products, with 2 sub-components: (i) Sub-component 1.1 : Catalytic Financing for MSMEs through the provision of Tier 2 subordinated capital to eligible Participating Financial Institutions (PFIs) and expand their capacity to lend to MSMEs in Nigeria; and (ii) Sub-component 1.2: MSME Capital Market Access to support the design, establishment, capitalization, and operationalization of an MSME Investment Fund for the provision of: (a) equity and quasi-equity financing to eligible MSMEs; and (b) long-term debt to eligible MSMEs.

- * Component 2: De-risking and Mobilizing Private Capital for MSMEs through the capitalization of ICGL to provide Partial Credit Guarantees (PCG) for loans issued by PFIs to MSMEs.

- * Component 3: Technical Assistance, composed of two sub-components: (i) Sub-component 3.1: Modernizing and Digitizing the Ecosystem to finance targeted TA investments to enhance structural efficiency and promote digitization and modernization across the MSME finance ecosystem. The modernization effort will focus on strengthening integration and responsiveness across the three key interrelated actors in the MSME finance chain, i.e. DBN-PFIs-MSMEs; and (ii) Sub-component 3.2: Project Management and Implementation Support to strengthen implementation capacity, including the engagement of additional dedicated technical personnel; oversight, fiduciary management, compliance, and results tracking.



Early Warning System Project Analysis

The environmental risks of the project is rated as "**Substantial**" and social risks is rated "Moderate." The Project aims to improve access to finance for MSMEs by expanding private capital flows and offering technical assistance, has the potential to cause significant adverse impacts on human health or the environment if not well mitigated. The potential environmental risks may arise from MSMEs operating in sectors such as agriculture, agribusiness, manufacturing, trade, and ICT. These risks include poor waste management, pollution, inefficient resource use, electronic waste, and environmental degradation from unsustainable farming. While individual MSMEs pose limited E&S risks, the cumulative impact—especially in clustered settings like market hubs or industrial zones—could be substantial. Social risks are expected to be **moderate**, with no anticipated negative impact on land / displacement / livelihood, restriction of access to income sources etc. as the Project focuses on enhancing access to finance for MSMEs and promote financial inclusion, particularly for women and youth-led enterprises. However, there remains a risk of exclusion of certain groups, including businesses owned by persons with disabilities, informal enterprises, or nano-businesses, due to challenges such as lack of credit history, formal documentation, or awareness of compliance requirements. Additionally, common social concerns in the MSME sector—such as informal labor, lack of workplace safety standards, and limited access to grievance mechanisms—may persist.



Investment Description

- World Bank (WB)

Total Project Cost: US\$ 2,387.50 million

IBRD Commitment: US\$ 400.00 million

IDA Commitment: US\$ 100.00 million



Contact Information

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ACCESS TO INFORMATION

To submit an information request for project information, you will have to create an account to access the Access to Information request form. You can learn more about this process at: <https://www.worldbank.org/en/access-to-information/request-submission>

ACCOUNTABILITY MECHANISM OF THE WORLD BANK

The World Bank Inspection Panel is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by a World Bank-financed project. If you submit a complaint to the Inspection Panel, they may investigate to assess whether the World Bank is following its own policies and procedures for preventing harm to people or the environment. You can contact the Inspection Panel or submit a complaint by emailing ipanel@worldbank.org. Information on how to file a complaint and a complaint request form are available at: <https://www.inspectionpanel.org/how-to-file-complaint>



Bank Documents

- [Appraisal Environmental and Social Review Summary \(ESRS\) - Fostering Inclusive Finance for MSMEs in](#)
- [Appraisal Project Information Document \(PID\)](#)
- [Climate Finance Assessment \(P511062\)](#)
- [Concept Environmental and Social Review Summary \(ESRS\) - Fostering Inclusive Finance for MSMEs in Ni](#)
- [Concept Project Information Document \(PID\)](#)
- [Disclosable Version of the ISR - Fostering Inclusive Finance for MSMEs in Nigeria \(FINCLUDE\) Project](#)
- [Disclosable Version of the ISR - Fostering Inclusive Finance for MSMEs in Nigeria \(FINCLUDE\) Project](#)
- [Environmental and Social Commitment Plan \(ESCP\) - Fostering Inclusive Finance for MSMEs in Nigeria \(](#)
- [Environmental and Social Commitment Plan \(ESCP\) Fostering Inclusive Finance for MSMEs in Nigeria \(FI](#)
- [Nigeria - Fostering Inclusive Finance for Micro, Small, and Medium Enterprises in Nigeria Project](#)
- [Revised Draft Environmental and Social Risk Management Policy Fostering Inclusive Finance for MSMEs](#)
- [Stakeholder Engagement Plan \(SEP\) - Fostering Inclusive Finance for MSMEs in Nigeria \(FINCLUDE\) Proj](#)

Media

- [World Bank Approves \\$500 million to Expand Finance for Small Businesses in Nigeria](#)