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DBN
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EIB AND AFRICAN DEVELOPMENT BANK TO SUPPORT PRIVATE SECTOR INVESTMENT IN NIGERIA WITH DEVELOPMENT BANK OF NIGERIA BACKING

The European Investment Bank and the African Development Bank have agreed to support the creation of the new Development Bank of Nigeria to strengthen lending for business and agriculture investment in the country. The European Investment Bank has finalized a US \$20-million equity stake in the new financing institution, alongside a US \$50-million equity participation from the African Development Bank.

The Development Bank of Nigeria has been created by the Federal Government of Nigeria to address financing challenges hindering private sector investment in the country. The Bank is called to play an important and catalytic role in providing funding and risk sharing facilities to micro, small and medium enterprises as well as small corporates.

“The Development Bank of Nigeria will overcome the funding gap in the micro-, small- and medium-scale enterprises space and help businesses unlock opportunities across Nigeria. DBN's ambition is strengthened by the financial and technical support of international partners, including the European Investment Bank and African Development Bank. The new institution builds on international experience and uses a business model that has demonstrated proven success to enhance private-sector investment across Africa and around the world where other financing options are inadequate or absent,” said **Tony Okpanachi**, Managing Director of the Development Bank of Nigeria.

“Private-sector businesses are critical to the development of the Nigerian economy as they possess huge potential for employment generation and output diversification. Nevertheless, there has been under-performance of these businesses and this has undermined their contribution to economic growth. Among the issues affecting their performance, the shortage of finance, particularly investment finance, occupies a very central position. The Development Bank of Nigeria is expected to contribute to mobilizing significant long-term financing to an important yet underserved sector with high development potential,” said **Stefan Nalletamby**, Director of the Financial Sector Development Department at the African Development Bank.

“New private-sector investment is crucial to create jobs and enable business to expand and limited access to long-term financing holds back economic growth. The European Investment Bank is pleased to support the new Development Bank of Nigeria to strengthen private-sector investment in Africa's largest economy. We look forward to continued close cooperation with Nigerian and international partners to ensure that once fully operational the new Development Bank of Nigeria can help harness the country's economic potential,” said **Ambroise Fayolle**, Vice-President of the European Investment Bank (EIB).

“The European Union is committed to supporting private-sector investment in Nigeria. The new backing for the Development Bank of Nigeria by both the European Investment Bank, the bank of the European Union and the African Development Bank, with 13 EU member state shareholders, will make a clear contribution to tackling the lack of access to credit by entrepreneurs and businesses across the country. With more investment, we hope to promote a vibrant economy and stimulate growth, employment and increase opportunities, especially for youth,” said Ambassador **Ketil Karlsen**, Head of the European Union Delegation to Nigeria and the Economic Community of West African States (ECOWAS).

Addressing the investment gap holding back private-sector investment

At present, new investment essential for companies to expand and create jobs is hindered by limited access to commercial banks. It is estimated by the Development Bank of Nigeria that only 5% of the 37 million entrepreneurs and small businesses in Nigeria that contribute to 50% of GDP can access credit in the financial system.

Building on broad international support

Other international financial institutions including the World Bank, Germany's KfW and the French Agence française de développement (AFD) also support the new bank alongside backing from the Federal Government of Nigeria.

Background:

The **European Investment Bank (EIB)** is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investment in order to contribute towards EU policy goals.

The **African Development Bank** is a development finance institution whose overarching objective is to spur sustainable economic development and social progress in its regional member countries, thus contributing to poverty reduction. It aims to achieve this objective by mobilizing and allocating resources for investment in regional member countries and providing policy advice and technical assistance to support development efforts.