



Bridging The Funding Gap: FGN Establishes Committee to Advance MSME Financing

Introduction

Recently, the Federal Government of Nigeria, through the National Council on Micro, Small, and Medium Enterprises (MSMEs), announced the creation of a specialized financing committee aimed at improving access to capital for MSMEs. The move is designed to address persistent funding gaps, simplify credit processes, and boost entrepreneurship as a key driver of economic growth.

Key Highlights of the Committee

- **Broad-Based Composition:**

The Committee is chaired by the Minister of State for Industry, Trade and Investment and includes

other key government officials- Ministers of Science and Technology, Women Affairs, and State for Agriculture and Food Security. It also includes heads of critical MSME-focused agencies and financial institutions such as the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), Bank of Industry (BOI), Bank of Agriculture, and Nigeria Export-Import Bank (NEXIM).

- **Mandate:**

The Committee is expected to develop sustainable financial solutions and intervention programmes to improve MSMEs' access to affordable credit across the country.



• **Collaboration with Regulators:**

The Committee will work closely with the Central Bank of Nigeria (CBN) and other financial institutions to align on policy direction and strengthen SME lending frameworks.

• **Syndicated De-risked Loan Scheme:**

A syndicated loan programme has been approved, structured as a public-private financing partnership between state governments and financial institutions. It aims to provide MSMEs with access to single-digit interest rate loans while reducing the credit risks typically associated with small business lending.

Implications for Stakeholders

1. MSMEs & Entrepreneurs

- Easier access to credit could drive business expansion, job creation, and competitiveness in local and regional markets.
- Participation in formal financing structures may also improve credit histories and long-term financial stability.

2. Investors & Venture Capitalists

- A more coordinated and transparent financing framework could make Nigeria's MSME sector more attractive for equity investment and capital deployment.

- Lower default risks through de-risked loans may boost investor confidence in emerging businesses.

3. Banks & Financial Institutions

- The syndicated loan scheme provides new lending opportunities with mitigated credit exposure.

- Participation supports financial inclusion objectives and expands engagement with the MSME market segment.

4. Regulators & Policymakers

- The initiative may support more structured monitoring of SME credit activity, potentially enabling data-informed, sector-specific interventions and regulatory decision-making.

5. Economy

- With MSMEs contributing approximately 48% to Nigeria's GDP, improved access to finance could enhance productivity, foster innovation, and strengthen Nigeria's economic resilience amid ongoing macroeconomic challenges.

Stay Updated with SimmonsCooper Partners

As Nigeria's SME financing structure evolves, staying ahead of eligibility requirements, compliance obligations, and funding windows will be critical for businesses and investors. For legal and regulatory advisory services to navigate this space, contact us at info@scp-law.com or visit www.scp-law.com