



ADAPTATION FUND

10 September 2025

Adaptation Fund Board

Accreditation Panel Recommendation on the Accreditation of the Bank of Industry (BOI), Nigeria as a National Implementing Entity (NIE) of the Adaptation Fund

Having reviewed the accreditation application of the **Bank of Industry (BOI)**, Nigeria, the Accreditation Panel recommended that BOI be accredited as a National Implementing Entity (NIE) of the Adaptation Fund.

A summary of the review is presented in Annex I below.

Accreditation Decision:

Having considered the recommendation of the Accreditation Panel, the Adaptation Fund Board decided to accredit the **Bank of Industry (BOI)** of Nigeria as a National Implementing Entity (NIE) of the Adaptation Fund for five years, as per paragraph 39 of the operational policies and guidelines for Parties to access resources from the Adaptation Fund. The accreditation expiration date is 10 September 2030.

Decision B.44-45/21

ANNEX I

REPORT OF THE ACCREDITATION PANEL ON AN ASSESSMENT OF THE APPLICATION FROM THE BANK OF INDUSTRY (BOI), NIGERIA FOR REGULAR ACCREDITATION AS A NATIONAL IMPLEMENTING ENTITY (NIE) OF THE ADAPTATION FUND

Background

Climate change presents critical and multifaceted challenges for Nigeria, impacting many sectors and exacerbating existing vulnerabilities. Increased temperatures, erratic rainfall patterns, and rising sea levels are leading to more frequent and intense extreme weather events, such as floods, droughts, and heatwaves, which affect agriculture, water resources, biodiversity, and human health. Climate-related challenges disproportionately affect the poorest Nigerians and risk derailing progress toward the Sustainable Development Goals (SDGs). Without urgent adaptation and mitigation efforts, the compounded effects of climate change could deepen poverty, food insecurity, and displacement. There is currently no national implementation entity for Nigeria. BOI commenced its application with the Adaptation Fund in 2014 but became dormant until 2020, when it resumed its application. During the extended application process, the Bank reinforced its commitment to tackling climate change, and revised and issued numerous policies relevant to this application, while also acquiring relevant project management experience.

The Applicant

The Bank of Industry Limited (BOI) describes itself as Nigeria's oldest, largest, and most successful development financing institution. Formerly the Nigerian Industrial Development Bank (NIDB) Limited, BOI is headquartered in Lagos. The Bank's operations started in 1964 with an authorized share capital of GBP 2 million. Although the bank's authorized share capital was initially set at NGN50 billion in the wake of NIDB's reconstruction into BOI in 2001, it was increased to NGN250 billion in order to put the Bank in a better position to address the nation's rising economic profile in line with its mandate. The BOI's largest shareholder is the Ministry of Finance (94.8%); the Central Bank of Nigeria owns 5.2%, with the remainder being private shareholders (.01%).

The BOI is a medium-sized bank in Nigeria with a balance sheet of over NGN\$7.1 trillion (2024). It has some 619 employees and offices in 33 of Nigeria's 37 states. The Bank has 4 subsidiaries; they include LECON Financial Services, BOI Microfinance Bank, BOI Insurance Brokers, and BOI Investment and Trust Company. They are included in the consolidated audited financial statements of the BOI Group.

The Bank is primarily engaged in providing financial assistance for the establishment and expansion of large, medium, small-scale, and micro projects. The shares are not quoted in the public market, and it does not file its financial statements with the Securities and Exchange Commission to issue any class of instruments in a public market.

In October 2021, BOI became the only Nigerian Bank to become an official signatory of the UN Principles for Responsible Banking – a single framework for a sustainable banking industry developed through a partnership between banks worldwide and the United Nations Environment Programme Finance Initiative (UNEP FI). The UN Principles are presented as the leading framework for ensuring that Banks' strategy and practice align with the vision society has set out for its future in the UN Sustainable Development Goals and the Paris Climate Agreement. Banks that have signed the UN Principles commit to being ambitious in their sustainability strategies, working to mainstream and embed sustainability into the heart of their business, while allowing them to remain at the cutting-edge of sustainable finance.

BOI's Senior Management has placed climate change as one of its top priorities and is keen on designing and implementing solutions. Being the largest development finance bank of the country, BOI is fully committed to aligning its mandate and operations with Nigeria's NDC commitments and sectoral engagements under the Paris Agreement.

Scope of Assessment against the AF accreditation criteria

The assessment was based on the completed application form submitted through the online system originally in 2014 and more than 400 documents provided by BOI during the period of the accreditation process, with some 260 documents uploaded since May 2020, when BOI reactivated its dormant application. To ensure the Panel had a comprehensive view, this was complemented by an extensive review of other documents obtained from the applicant's website, third-party reviews and evaluations, as well as those of other related international institutions.

The assessment for regular accreditation was conducted on the criteria reflected in the Fund's Operational Policies and Guidelines, paragraphs 34-44 and as adopted in Board Decisions B.32/36 (Revised application form at Annex 2 of AFB/EFC.23/4; B.31/26 (use of external sources as complementary information) based on AFB/B.31/7/25 of March 2018); and B.32/36 (Accreditation standards related to anti-money-laundering/countering the financing of terrorism) based on AFB/EFC.23/4 of September 2018. The scope of the assessment, therefore, includes a total of 12 accreditation competencies covering financial management and integrity standards, requisite institutional capacity, transparency, self-investigative powers, anti-corruption measures, and social and environmental safeguards.

SUMMARY ASSESSMENT

In the Panel's assessment, the requirements for regular accreditation were met as follows:

Financial Management and Integrity Standards

Legal Status

This criterion is met. The applicant possesses the appropriate legal personality, capacity, authority, and ability to enter into contracts or agreements and to directly receive funds from international and national institutions and the private sector, as well as the legal capacity to serve as a plaintiff or defendant in a Court of law.

Policies regarding Anti-money Laundering and Counter-Terrorism Financing (AML/CFT)

This criterion is met. The BOI has a well-developed AML/CFT screening policy and process in place, ensuring the screening of all potential customers, vendors, and suppliers, and uses a two-tier confirmation system to ensure all information is analyzed in line with detailed standard internal operating procedures. There is compliance checking and internal audit oversight over the application of the system and its policies, combined with statutory reporting to the relevant national authorities. There are established reporting procedures for AML/CFT violations.

Financial statements including Project Accounts and Provisions for Internal and External Audits

This criterion is met. The applicant's financial statements are being prepared in accordance with the International Financial Reporting Standards (IFRS) as well as applicable Nigerian laws and regulations. The annual results of the external audit of the consolidated and separate financial statements in accordance with the International Standards on Auditing (ISAs) are an integral part

of the annual report of the BOI and are available on its website and have been unqualified for the periods reviewed by the Panel. Regarding donor-funded projects, a sample external audit of a donor-funded project executed by BOI confirms reliable interim financial reporting in accordance with the accrual basis of accounting and reporting as agreed to with the donor. The applicant uses four different packages to meet its business needs, including an updated core banking application software. To meet its non-client-facing needs, two other packages are used, one for its HR processes and a separate software to carry out most Business Process automation initiatives, including travel, vendor payments, and payments.

There is a functionally independent internal audit function that reports directly to the applicant's Audit & Risk Committee, one of four board subcommittees. A recent External Quality Assessment was provided to the Panel, confirming that the function "globally conforms" with the IIA standards. The applicant has a functioning Audit & Risk Committee with recently updated terms of reference and a broad-ranging oversight mandate that includes the performance and independence of internal audit, external audit, risk management, and the internal controls of the Bank.

Internal Control Framework with Particular Reference to Controls over Disbursements and Payments

This criterion is met. The applicant applies the 2013 COSO framework for its internal control framework and has a well-developed policy that clearly defines roles for management, internal auditors, and the governing bodies, applying the three lines of defense model. The internal control framework is supplemented by an enterprise risk management framework aimed at ensuring that internal control and risk management initiatives are mutually reinforcing, and a compliance policy. There is evidence of robust general controls in place over payment and disbursement systems. This is further confirmed in internal and external audit reports submitted to the panel.

Preparation of Business Plans and Budgets and Ability to Monitor Expenditure in Line with Budgets

This criterion is met. The applicant's five-year strategic plan for 2021-25 is growth-oriented, and the evolution of the financial position of the Bank is positive. The strategic plan includes a strong focus on addressing climate change. The Bank provided ample evidence of a multi-tiered, multi-actor budget preparation process and demonstrated ability to monitor and spend against budgets through its performance management application.

Requisite Institutional Capacity

Procurement

This criterion is met. The Bank of Industry's procurement policy is consistent with international practices and with the Nigerian Government's public procurement policy.

Project Preparation and Appraisal including impact (including environment, socio-economic, political, and gender, etc.) assessment study with risk assessment and mitigation plans

This criterion is substantially met. There is ample experience in designing lending programmes, and while the applicant has yet to independently develop complex development funding proposals, it has been part of appraisal exercises by its external donors and is further developing this capability. The new project design guidelines and training will strengthen the Bank's capability to design larger climate change-related projects as envisaged in its strategy. BOI has access to resources for project appraisal, both from within the Bank and externally. There is documented ability to examine the likely financial, legal, and economic impact of projects, as

these are standard parts of credit projects. There is currently limited evidence of examination of environmental, social, and gender aspects, but this is set to change as the Bank has been acquiring externally funded expertise to develop climate adaptation projects and has developed relevant guidelines. The applicant provided evidence that it can use the risk assessment procedures of donors as well as its own as part of the project formulation process.

Project implementation planning, budgeting, and quality-at-entry review

This criterion is met. The applicant has a well-established system for planning, approving, and budgeting its product lines tailored to its lending products, using a standard template and process to ensure a consistent planning and technical review approach, and final approval by senior management. Documented experience with donor-funded projects showed solid ability to prepare project budgets.

Project monitoring and evaluation (M&E) during implementation

This criterion is met. The applicant has demonstrated the capacity to conduct a standard approach to monitoring and assessing project implementation. The applicant demonstrated the ability to produce detailed project accounts that received regular interim financial information and external audits.

Project closure and final evaluation

This criterion is substantially met. The applicant has experience documenting financial and economic aspects of its loan portfolio and has also shown the ability for broader assessment in the two donor projects it has executed, as evidenced in the submitted project completion reports. More effort will be needed to assess environmental and social impacts, but this is foreseen under the new ES policy and operations manual. Experience as an executing agency for major international donors, and its good performance was confirmed by independent project evaluations. BOI has in-house competence to plan and oversee a mix of internal and external evaluation work and documented the application of the OECD/DAC evaluation criteria. Absent prior conduct of independent evaluations, the Bank has ramped up its evaluation capacity and guidelines and should be well-equipped to oversee independent evaluations in line with established norms and standards.

Transparency, self-investigative powers, and anti-corruption measures

Policies and Framework to Deal with Fraud, Financial Mismanagement, and Other Forms of Malpractice

This criterion is met. BOI publishes its policy on fraud and corruption and whistleblower policy on its public website, which confirms a zero-tolerance stance towards fraud, corruption, and unethical practices. Whistleblowing protection includes reporting of mismanagement and other forms of malpractice. Its code of conduct highlights personal responsibility and compliance with laws and regulations. There are relevant policies that outline commitment and procedures to deal with financial mismanagement and code of conduct issues. A robust whistle-blower policy indicates a commitment to encourage and act on reporting. The investigations' function is based within the Internal Audit and Investigations Division, which reports directly to the Bank's Board Audit and Risk Committee (BARC). Evidence was provided by the applicant that demonstrates the capacity and independence of the function, adequate basic procedures, and a track record of implementing investigative activities and reporting.

Commitment and capacity by the entity to apply the Fund's Environmental and Social (E&S) Policy and Gender Policies

The applicant meets this criterion. BOI senior management confirmed a strong commitment to apply the Adaptation Fund's ES&G policies. Its capacity to address these has been recently strengthened through assistance from two external partners experienced in climate change adaptation, and in-house capacities have been built and strengthened. The strong new policies, supported by a comprehensive operations manual for climate adaptation projects financed by donors, in the view of the Panel, provide an adequate policy basis for addressing environmental, social, and gender risks. Existing project experience confirms a small but growing capacity of the Bank to deal with environmental and social safeguarding and gender equality.

Mechanism to deal with complaints on environmental and social harms and gender harms caused by projects/programs

This criterion is met. There are two general complaints mechanisms (whistleblower platform and customer complaints platform). While these two mechanisms are currently not specifically geared towards receiving complaints about environmental, social, and gender harms caused by Bank activities, there is evidence of adequate grievance handling and reporting under them. The new 2025 ESP contains the Bank's commitment to set up an accessible and effective project-level complaints mechanism to address social and environmental harm reporting.

The Panel also reviewed third-party reports to support its accreditation, including reports from the Agence Française de Développement, Ernst & Young (EY), and the Islamic Development Bank. Their findings, as relevant, were incorporated into the Panel's assessment.

Conclusion and Recommendation

The Panel concludes that the Bank of Industry meets the standards and other requirements for regular accreditation and recommends the accreditation of BOI as a national implementing entity by the Adaptation Fund Board.