



## **DEVELOPMENT FINANCE DEPARTMENT (DFD) – REPORT OF THE ACTIVITIES OF THE BUSINESS UNIT FOR THE MONTH OF JULY, 2014**

We provide herewith, the activities of the Development Finance Department for the month of July, 2014.

The activities undertaken by the Department in the period under review, contributed towards achieving the mandate of the real sector growth, financial inclusion and entrepreneurship development. The strategic initiatives implemented included: the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL), Commercial Agriculture Credit Scheme (CACs), Agricultural Credit Guarantee Scheme Fund (ACGSF), Agricultural Credit Support Scheme (ACSS), Interest Drawback Programme (IDP), Microfinance Policy, Financial Inclusion, Entrepreneurship Development, Power and Airline Intervention Fund (PAIF), Small and Medium Enterprises Credit Guarantee Scheme (SMECGS) and SME Restructuring/Refinancing. **Part 1** of the report reviews the real sector interventions; **Part 2** highlights financial inclusion activities, while **Part 3** dwells on entrepreneurship development initiatives and commodity promotion activities of the Department.

### **PART ONE: REAL SECTOR INTERVENTION INITIATIVES**

#### **1.1 Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL)**

NIRSAL is a mechanism designed to provide farmers with affordable financial products and reduce the risk of exposure of financial institutions that lend to the sector. It will also build the capacities of banks to lend to agriculture as well as provide incentives for those that are financing the sector.

##### **1.1.1 Highlight of Activities/Achievements**

- No Credit Risk Guarantee (CRG) was issued during the month. Cumulatively, **forty six (46)** Credit Risk Guarantee cover valued **N16.280 billion** were issued from inception to date.
- **Twenty one (21)** GES CRGs valued **N3.506 billion** were approved through **six (6)** banks under the 2014 NIRSAL-GES Framework within the period under review. This brings the cumulative disbursed funds under NIRSAL to **N29.064 Billion** in respect of **158** projects.
- IDB claims are paid quarterly in respect of each of the projects. Cumulatively, **25 projects** have benefited under the IDB till date. During the period under

review, IDB claims valued **N6.080million** were processed and paid, bringing the total IDB claims paid under NIRSAL to **N205.69million**.

- No IDB was paid within the period under review. Total GES IDP paid to date stood at **N242.840 million** for 73 projects.
- Collaborated with GIZ on Farmers' Business School (FSB) Programme to train farmers in primary production segment in Niger State for the month. 19 extension agents were trained under the "Train the Trainer's workshop" and the trained agents would train 500 rice farmers under the scheme.
- Organized a stakeholder's meeting between Bankers, Cocoa Farmers Association of Nigeria (CFAN) and off-takers (Armajaro, Yero International, Olam etc) at CBN Akure on 18th July, 2014 to anchor financing relationship between the lenders, borrowers and off-takers.
- Held a meeting with representatives of AFEX Commodity Exchange Limited on 22nd July, 2014 at CBN Headquarters, Abuja to discuss partnership between NIRSAL/AFEX in unveiling the guarantee to stakeholders involved in warehousing receipt financing in Nigeria.

### 1.1.2 Challenges

- Validity of information provided by counter parties for Credit Risk Guarantee;
- Low public awareness and poor perception of NIRSAL
- Logistic limitation in respect of movement to NIRSAL head office
- Developing a guarantee structured for the warehousing receipt finance operators in Nigeria

### 1.1.3 Going Forward

- Guarantee to be extended only to projects with fixed value chain.
- NIRSAL exit from CBN decision still pending with Management.
- Continue to collaborate with stakeholders on the way forward
- Keep track to ensure that the 500 rice farmers were trained by the extension agents under the Train the Trainer's Programme.

## 1.2 Commercial Agriculture Credit Scheme (CACS)

The Commercial Agriculture Credit Scheme (CACS) was established to finance large ticket projects along the agricultural value chain. The Scheme is being administered at a single digit rate of 9 per cent to beneficiaries for a period of seven years, which has been extended by the COG to 2025. State Governments, including the FCT can access a maximum of N1.0 billion each for on-lending to farmers' cooperatives or other areas of agricultural intervention. In the period under review, the following were carried out:

### 1.2.1 Highlight of Activities/Achievements

- No fund was released from CACS Receivables Accounts during the period under review. However, the sum of **N236.969 billion** has so far been released to the economy under CACS in respect of **313 projects** through **twenty (20) banks** made up of **N199.831 billion** from CACS Receivable Account for **273 projects** and **N37.138 billion** from CACS Repayment Account for **40** new projects and **18** enhancements.
- The sum of **N2.684billion** was released from the CACS Repayment account to five (5) participating banks for six (6) new projects in July, 2014.
- **313** beneficiaries made up of **282 private promoters** and **31 State Governments projects** has been sponsored under CACS. The sum of **N43.0 billion** has been accessed by **30** State Governments and the FCT.
- The sum of **N457.7 million** was repaid by **three (3)** banks in respect of **seven (7) projects** during the month, bringing the total repayment to **N40.801billion** in respect of **83 projects**.
- The balance on CACS Fund as at end of July, 2014 was **N0.169 billion**
- The balance on CACS Repayment Account as at end July, 2014 was **N3.662 billion**.
- No bank was sanctioned for infraction on the CACS Guidelines during the month. However, the total penalty charged for infractions, stood at **N1.242 billion** from inception in 2009 to July, 2014.
- From inception in 2009 to date, about **165,803 jobs** have been created through the Scheme;
- **Two** out of the **282** private projects are wholly owned and managed by women.
- The Committee of Governors at its 343<sup>rd</sup> meeting approved extension of CACS exit date from 2016 to **2025**.

**Table 1: Total Disbursements by Banks under CACS.**

Financing Bank		Receivable from DMBs Accounts		Repayment Account			Total Amount Released
		Projects	Amount Released to Banks (N'Bn)	Projects New Project Enhancement		Amount released (N'Bn)	
1	Access Bank Nigeria Plc	11	10.326	4	0	2.30	12.626
2	Citibank	2	3	0	0	0	3
3	Diamond Bank	12	2.744	1	0	0.3	3.044
4	EcoBank Plc	7	3.82	1	1	0.64	4.46
5	Enterprise Bank	6	0.519	0	0	0	0.519
6	Fidelity Bank Plc	8	8.575	0	2	2.275	10.85
7	First Bank of Nigeria	62	22.359	8	1	4.740	27.099
8	First City Monument Bank	8	4.785	3	1	0.57	5.355
9	Guaranty Trust Bank Plc	9	5.8	0	0	0	5.8
10	Heritage Bank	0	0	2	1	1.172	1.172
11	Mainstreet Bank	1	2	0	0	0	2
12	Keystone Bank	1	0.2	2	0	1.905	2.105
13	Skye Bank Plc	7	9.217	0	1	0.375	9.592
14	Stanbic IBTC	23	11.742	6	2	2.522	14.264
15	Sterling Bank	14	7.193	4	5	5.469	12.662
16	Union Bank Plc	21	18.167	0	0	0	18.167
17	United Bank for Africa Plc	35	41.757	0	0	0	41.757
18	Unity Bank Plc	23	19.932	1	1	2.35	22.282
19	Wema Bank	5	0.74	1	2	0.37	1.11
20	Zenith Bank Plc	18	26.955	7	1	12.15	39.105
	<b>Total</b>	<b>273</b>	<b>199.831</b>	<b>40</b>	<b>18</b>	<b>37.138</b>	<b>236.969</b>

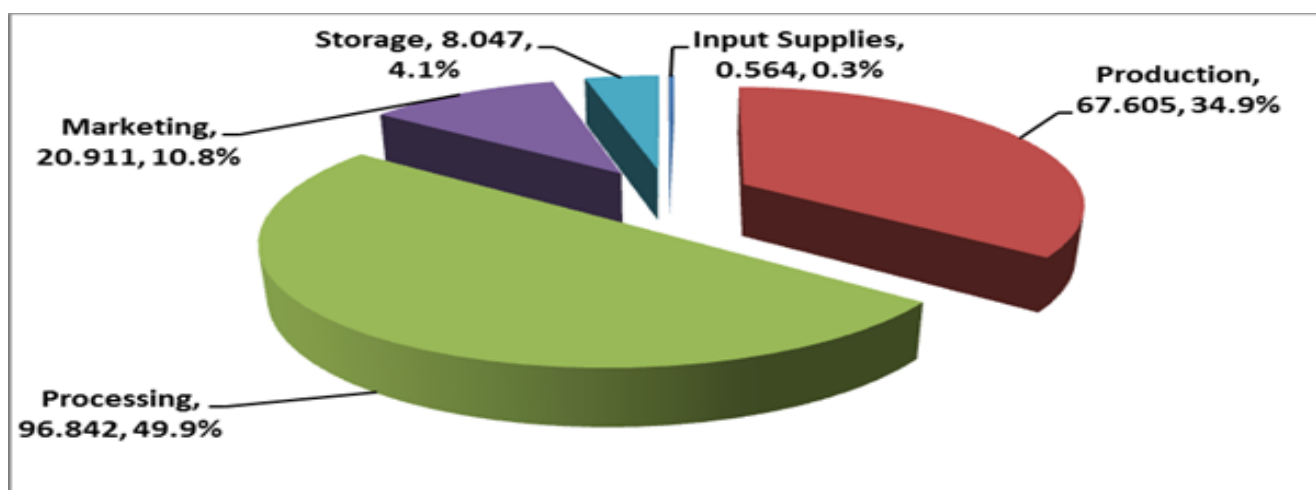
Analysis of CACS performance by value chain showed that out of the **282** CACS private sector sponsored projects (from both receivable and Repayment Accounts), production dominated the activities funded with 50.71%, followed by processing which accounted for 38.65%, while marketing, storage and Input supplies accounted for 5.67%, 4.61% and 0.35% respectively.

In terms of the volume of funds released, processing accounted for 49.9%, followed by production which accounted for 34.9%. Marketing, storage and input supplies accounted for 10.8%, 4.1% and 0.3% respectively (Table 2)

**Table 2: Analysis of CACS Financed Private Projects by Value Chain as at July, 2014.**

Category	Number (%) of Projects	Value {N 'billions and %}
Input Supplies	1 (0.35%)	0.564 (0.3%)
Production	143 (50.71%)	67.605 {34.9%}
Processing	109 (38.65%)	96.842 {49.9%}
Marketing	16 (5.67%)	20.911 {10.8%}
Storage	13 (4.61%)	8.047 {4.1%}
<b>Total</b>	<b>282</b>	<b>193.969</b>

**Fig. 1: Distribution of CACS Funds by Value Chain**



### 1.2.2 Challenges

- Non-adherence to CACS guidelines by banks.
- Poor monitoring of projects by some participating banks.

### 1.2.3 Going Forward

- Improved monitoring of CACS projects by CBN.
- Impact Assessment to ascertain the actual gains of CACS.
- Need to conduct documentary exercise to sensitize the public on CACS.

### 1.3 Agricultural Credit Guarantee Scheme (ACGS)

The ACGS was established in 1977 to provide 75 per cent guarantee for loans granted to the agricultural sector by Banks. The Scheme pays 75 per cent of any outstanding default balance to the bank after the security pledged has been realized.

#### 1.3.1 Loans Guaranteed

As at July 2014, a total of **6,652 loans valued N1.144 billion** was granted by three (3) Deposit Money Banks and 46 Microfinance banks compared to 8,251 loans valued N1.472 billion guaranteed in June, 2014. This showed a decrease of 1,599 or 19.38% and N328 million or 22.28% in number and value respectively. The total loans guaranteed from inception in 1978 to July, 2014 is **901,606 valued N78.543 billion.**(Table 3)

#### The Performance of ACGS in the month of July, 2014:

PARAMETERS	July, 2014 POSITION	June, 2014 POSITION
<b>1. Guaranteed Loans</b>	<p>Guaranteed <b>6,652</b> loans valued <b>N1.14</b> billion in July, 2014 as against 8,251 loans valued N1.472 billion guaranteed during the same period in June, 2014. This showed a decrease of 1,599 or 19.38% and N328 million or 22.28% in number and value respectively.</p> <p>The total loans guaranteed from inception in 1978 to July, 2014 is <b>901,606 valued N78.54 billion.</b></p>	<p>Guaranteed <b>8,251</b> loans valued <b>N1.472</b> billion in June, 2014 as against 4,811 loans valued N997.085 million guaranteed during the same period in May, 2014. This showed an increase of 3,440 or 71.50% in number and an increase of N475 million or 47.64% in value.</p> <p>The total loans guaranteed from inception in 1978 to June, 2014 is <b>894,954 valued N77.399 billion.</b></p>
<b>2. Number of Loans Guaranteed ranked on State Basis</b>	<p><b>July, 2014:</b> The breakdown of the July, 2014 performance is as follows:</p> <p><b>Highest:</b> Niger State with 905 (13.60%) valued N46.60 million (4.07%).</p> <p><b>Second:</b> Adamawa State with 902 loans (13.56%) valued N140.31 million (12.26%).</p> <p><b>Third:</b> Delta State with 690 loans (10.37%) valued N145.19 million (12.69%).</p>	<p><b>June, 2014:</b> The breakdown of the June, 2014 performance is as follows:</p> <p><b>Highest:</b> Sokoto State with 1,162 (14.08%) valued N101.937 million (6.92%).</p> <p><b>Second:</b> Kebbi State with 1,103 loans (13.37%) valued N145.335 million (9.87%).</p> <p><b>Third:</b> Delta State with 1,040 loans (12.60%) valued N176.157 million (11.97%).</p>

<p><b>3. Number of Loans Guaranteed by Size of Loan</b></p>	<p><b>July, 2014</b> - The breakdown of the July, 2014 performance is as follows:</p> <p><b>N5,000</b> and below = 36 loans valued N0.178m</p> <p><b>N5,001 - N20,000</b> = 498 loans valued N7.72m</p> <p><b>N20,001-N50,000</b> =1,640 loans valued N50.49m</p> <p><b>N50,001-N100,000</b>=1,638 loans valued N136.89m</p> <p><b>Above N100,000</b> = 2,840 loans valued N949.13mn</p>	<p><b>June, 2014</b> - The breakdown of the June, 2014 performance is as follows:</p> <p><b>N5,000</b> and below = nil</p> <p><b>N5,001 - N20,000</b> = 525 loans valued N8.509m</p> <p><b>N20,001-N50,000</b> = 1,646 loans valued <b>N67.731m</b></p> <p><b>N50,001-N100,000</b> = 2,618 loans valued N236.457m</p> <p><b>Above N100,000</b> = 3,462 loans valued N1.159bn</p>
<p><b>4. Number of Loans Guaranteed by Category of Loan</b></p>	<p><b>July, 2014</b> - The breakdown of the performance is as follows:</p> <p>Individuals = 6,020 loans valued N924.48mn</p> <p>Informal Groups = 58 loans valued N20.56m</p> <p>Co-operatives = 573 loans valued N198.88m</p> <p>Companies = 1 loan valued N0.50m</p>	<p><b>June, 2014</b> - The breakdown of the performance is as follows:</p> <p>Individuals = 8,218 loans valued N1.441bn</p> <p>Informal Groups = 12 loans valued N2.250m</p> <p>Co-operatives = 7 loans valued N21.380m</p> <p>Companies = 14 loans valued N7.500m</p>
<p><b>5. Loans Guaranteed by Purpose</b></p>	<p><b>July, 2014</b> - The breakdown of loans granted by purpose is the following:</p> <p><b>Livestock</b> = 578 loans valued N167.99m</p> <p><b>Fisheries</b> = 151 loans valued N72.35m</p> <p><b>Mixed crops</b> = 456 loans valued N86.02m</p> <p><b>Food Crops</b> = 5,291 loans valued N760.25m</p> <p><b>Cash Crops</b> = 113 loans valued N20.17m</p> <p><b>Others</b> = 63 loans valued N37.64m</p>	<p><b>June, 2014</b> - The breakdown of loans granted by purpose is the following:</p> <p><b>Livestock</b> = 892 loans valued N 345.004m</p> <p><b>Fisheries</b> = 152 loans valued N47.570m</p> <p><b>Mixed crops</b> = 793 loans valued N97.876m</p> <p><b>Food Crops</b> = 5,521 loans valued N838.501m</p> <p><b>Cash Crops</b> = 759 loans valued N107.675m</p> <p><b>Others</b> = 134 loans valued N35.500m</p>
<p><b>6. Loan Repayment</b></p>	<p>A total of <b>3,538 loans valued N553.891 million</b> was fully repaid under the Scheme in July, 2014 as against 3,665 loans valued N490.860mn that was recovered in June, 2014. This brings the cumulative fully repaid loans from inception to July, 2014 to <b>674,095 valued N53.040 billion</b>.</p>	<p>A total of <b>3,665 loans valued N490.860 million</b> was fully repaid under the Scheme in June, 2014 as against 2,333 loans valued N542.785mn that was recovered in June, 2014. This brings the cumulative fully repaid loans from inception to June, 2014 to <b>670,557 valued N52.486 billion</b>.</p>

<p><b>7. Loans Repayment by State</b></p>	<p><b>July, 2014</b> - The breakdown of performance is as follows:</p> <p><b>Highest:</b> Sokoto State with 769 loans (21.74%) valued N100.89m (18.21%).</p> <p><b>Second:</b> Adamawa State with 677 loans (19.14%) valued N48.93m (8.83%).</p> <p><b>Third:</b> Kano State with 569 loans (16.08%) valued N78.88m (14.24%).</p>	<p><b>June, 2014</b> - The breakdown of performance is as follows:</p> <p><b>Highest:</b> Kwara State with 863 loans (23.55%) valued N69.389m (14.14%).</p> <p><b>Second:</b> Zamfara State with 588 loans (16.04%) valued N30.042m (6.12%).</p> <p><b>Third:</b> Taraba State with 528 loans (14.41%) valued N21.840m (4.45%).</p>
<p><b>8. ACGSF Claims Settled</b></p>	<p>No ACGSF claim was settled in July, 2014. However, the cumulative number of settled claims from inception to date is 14,691 valued N546.932 million</p>	<p>No ACGSF claim was settled in June, 2014. However, the cumulative number of settled claims from inception to date is 14,691 valued N546.932 million</p>
<p><b>9. IDP Claims Settled</b></p>	<p>No IDP claim was settled in July,2014. However, the total number and value of IDP claims settled since inception in 2003 to July 2014 is 246,426 valued N1.94 billion.</p>	<p>No IDP claim was settled in June,2014. However, the total number and value of IDP claims settled since inception in 2003 to June 2014 is 246,426 valued N1.936 billion.</p>
<p><b>10. Banks' Performance under the ACGS</b></p>	<p>Performance of banks under the ACGS as at <b>July 2014</b>:</p> <p><b>(i) Banks</b></p> <p><b>3 Banks</b> granted a total of <b>1,754</b> loans valued <b>N645.03million</b> under the ACGS as at end of July,2014. The breakdown of the disbursements by the banks is as follows: First Bank of Nigeria (FBN) Plc. {375 loans valued N171.499m}; Keystone Bank {150 loans valued N31.500m} and Union Bank of Nigeria {1,229 loans valued N442.030m}; and</p> <p><b>(ii) Microfinance Banks (MFBs)</b></p> <p><b>46 MFBs</b> granted a total of <b>4,898 loans</b> valued <b>N499.39million</b> under the ACGS in July, 2014.</p>	<p>Performance of banks under the ACGS as at <b>June 2014</b>:</p> <p><b>(i) Banks</b></p> <p><b>4 Banks</b> granted a total of <b>2,039</b> loans valued <b>N667.04million</b> under the ACGS as at end of June,2014. The breakdown of the disbursements by the banks is as follows: First Bank of Nigeria (FBN) Plc. {378 loans valued N163.010m}; IBTC Stanbic.: {1 loan valued 0.300m}; Keystone Bank {10 loans valued N2.0m} and Union Bank of Nigeria {1,650 loans valued N501.731m}; and</p> <p><b>(ii) Microfinance Banks (MFBs)</b></p> <p><b>70 MFBs</b> granted a total of <b>6,212 loans</b> valued <b>N805.085million</b> under the ACGS in June, 2014.</p>

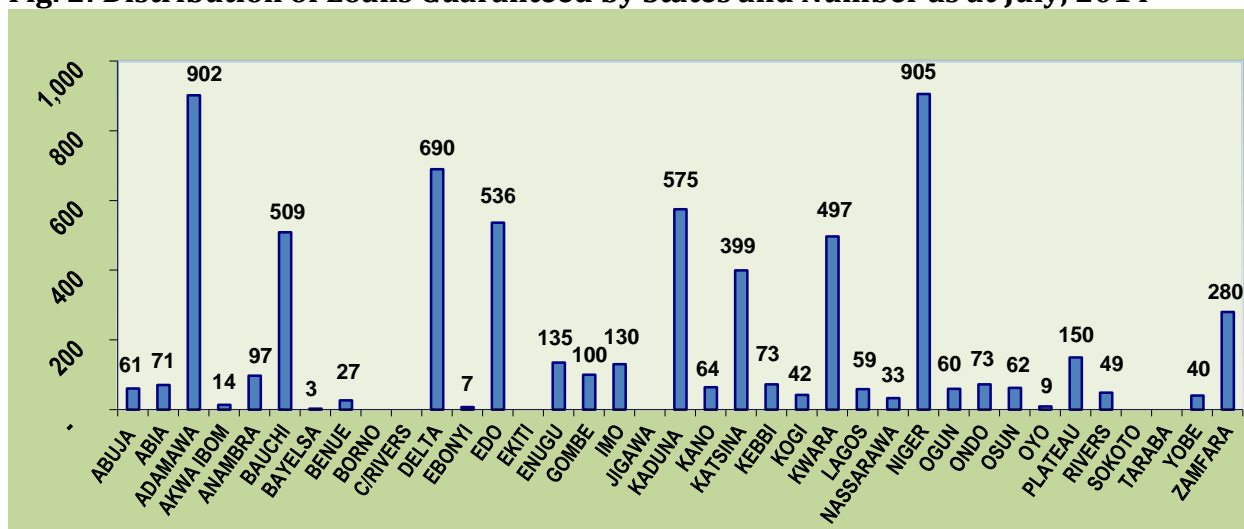


<b>11. Number of Memoranda of Understanding (MOUs) signed under the Trust Fund Model.</b>	No new Memorandum of Understanding (MOU) was signed by the Department under the TFM during the period under review. However, 58 Stakeholders made up of State Governments, Multinational Agencies, LGAs, NGOs and Individuals signed MOUs under the programme and placed/ pledged a total sum of N5.654 billion.	No new Memorandum of Understanding (MOU) was signed by the Department under the TFM during the period under review. However, 58 Stakeholders made up of State Governments, Multinational Agencies, LGAs, NGOs and Individuals signed MOUs under the programme and placed/ pledged a total sum of N5.654 billion.
<b>12. ACGSF Resources</b>	The total resources of the ACGSF as at July of 2014 stood at N6.140billion.	The total resources of the ACGSF as at June of 2014 stood at N6.140billion.
<b>13. IDP Resources</b>	The value of the total resources of IDP at the end of July 2014 was N1.762 billion.	The value of the total resources of IDP at the end of June 2014 was N1.762 billion.
<b>14. Expenses Recoverable Payable to the Managing Agent (CBN)</b>	The recoverable expenses incurred by the Development Finance Offices and Head Office under ACGSF for the month of July, 2014 amount to N54.099 million.	The recoverable expenses incurred by the Development Finance Offices and Head Office under ACGSF for the month of June, 2014 amount to N54.82 million.

### 1.3.2 DISTRIBUTION OF GUARANTEED LOANS BY STATE

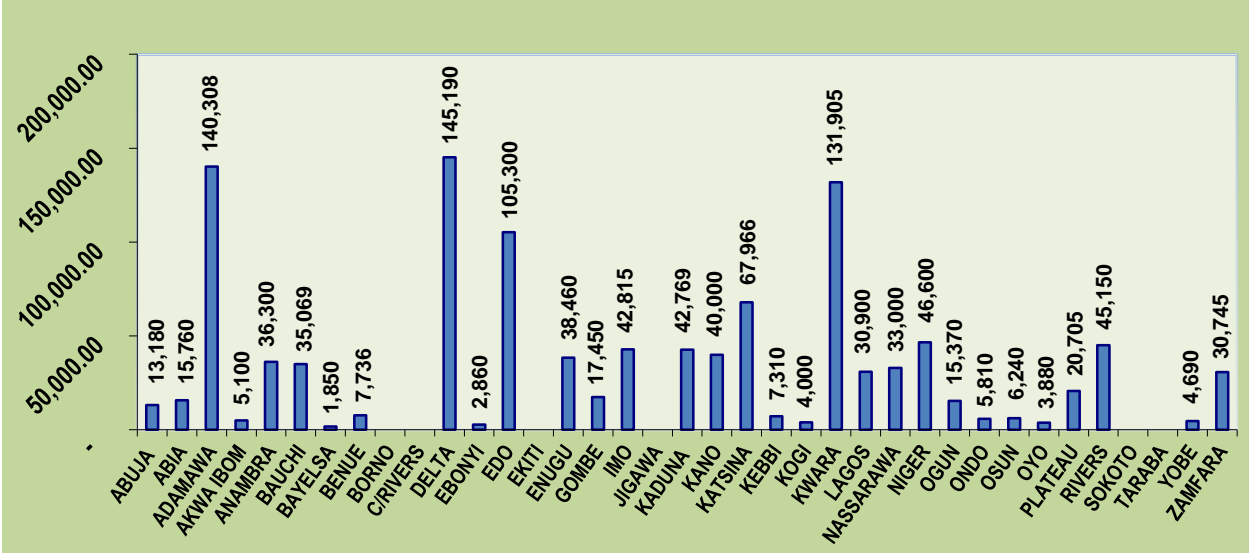
The analysis of loans guaranteed indicated that **Niger State** granted the highest number of loans with **905 loans**, followed by **Adamawa** and **Delta States** which granted **902** and **690** loans respectively, during the period under review (Fig 2)

**Fig. 2: Distribution of Loans Guaranteed by States and Number as at July, 2014**



The analysis of loans guaranteed by value indicated that **Delta State** granted the highest with **N145.19million** followed by **Adamawa** and **Kwara States** which granted **N140.31million** and **N131.91 million** respectively, (Fig.3)

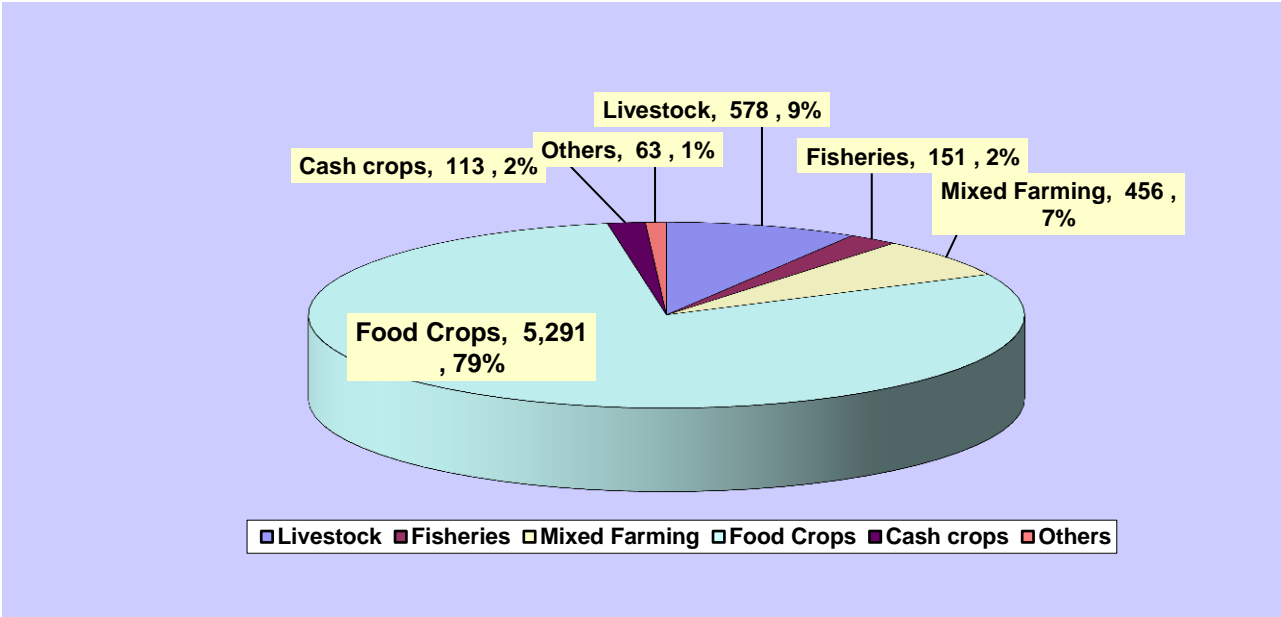
**Fig. 3: Distribution of Loans Guaranteed by States and Value as at July, 2014**



**1.3.3 DISTRIBUTION OF LOANS BY PURPOSE**

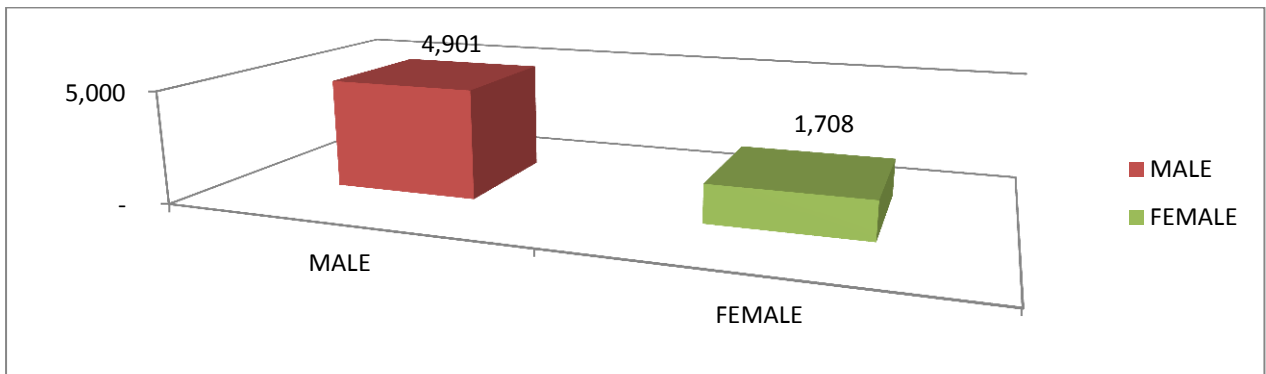
The distribution of number of the loans guaranteed by purpose indicated that Food Crops accounted for 5,291 loans (79 per cent), followed by Livestock and Mixed Farming which recorded 578 loans (9 per cent) and 456 loans (7 per cent) respectively. Fisheries, Cash Crops and Others recorded 151 loans (2 per cent), 113 loans (2 per cent) and 63 loans ( 1 percent) respectively (Fig 4.)

**Fig. 4: Distribution of Loans Guaranteed by Purpose as at July, 2014**



### 1.3.4 Analysis of Loans Guaranteed by Gender of Borrowers

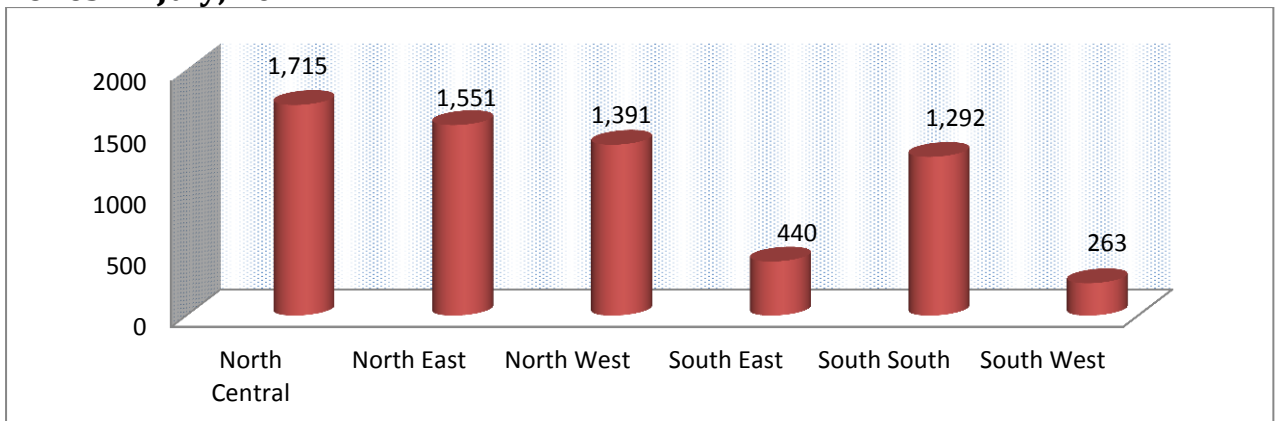
In July, 2014, a total of 4,901 male beneficiaries obtained loans under the ACGS, amounting to N824.07m, while 1,708 female borrowers received N307.16 million.



### 1.3.5 LOANS ANALYSIS BY GEO-POLITICAL ZONES

Analysis of number of loans guaranteed by States in the geo-political zones in July 2014, showed that the North- Central comprising of Abuja, Benue, Kogi, Kwara, Nassarawa, Niger and Plateau States guaranteed the highest with **1,715 loans valued N257.13 million**, followed by the **North-East (Adamawa, Bauchi, Borno, Gombe, Taraba, came with 1,551 loans valued N197.52 million**. The **North-West zone** comprising (Kaduna, Kano, Katsina, Kebbi, Jigawa, Sokoto and Zamfara States), which **guaranteed 1,391 loans valued N168.79 million**, (Fig.5).

**Fig. 5: Distribution of Loans Guaranteed by Number and Geo-Political Zones In July, 2014**



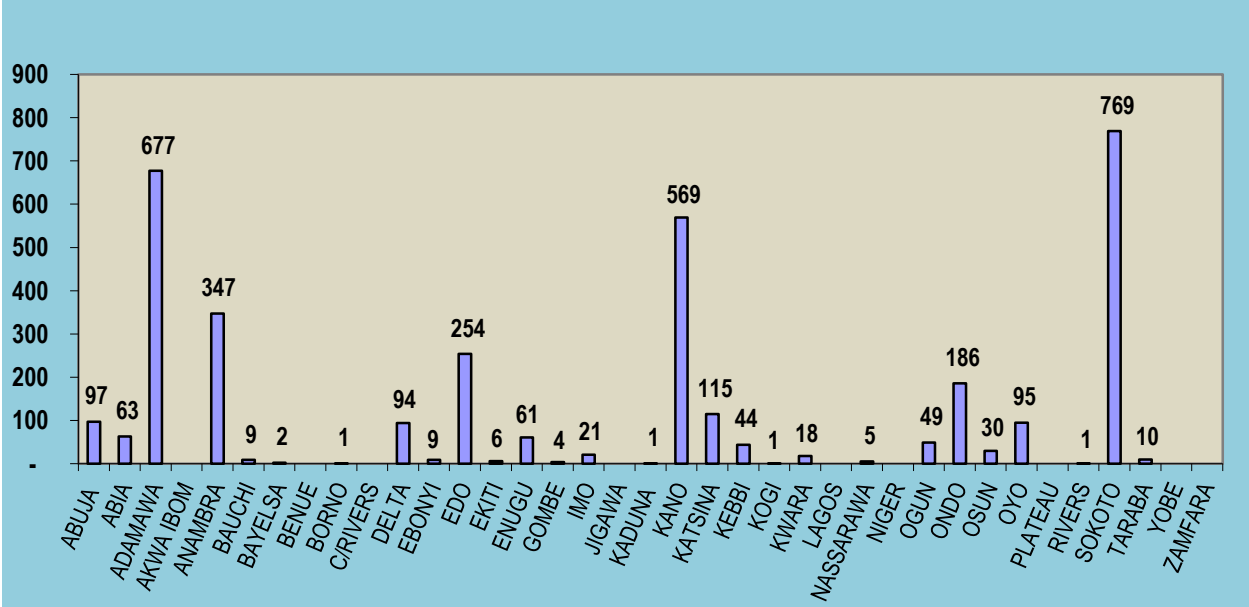
### 1.3.6 Loans Repayment

A total of **3,538 loans valued N553.89 million** was fully repaid under the Scheme in July, 2014 as against 3,665 loans valued N490.86m that was recovered in June, 2014. This shows a decrease of **127 (3.47%)** in number and an increase of **N63.03m (12.84%)** and value when compared with repayments

in June, 2014. This brings the cumulative fully repaid loans from inception to July, 2014 to **674,095** valued **N53.04 billion**.

An analysis of repayment by States showed that **Sokoto State** had the highest with **769 loans** which represents 21.74 per cent in number, followed by **Adamawa** and **Kano States** which recorded **677** and **569 loans**, respectively, representing 19.14 per cent and 16.08 per cent in number respectively.

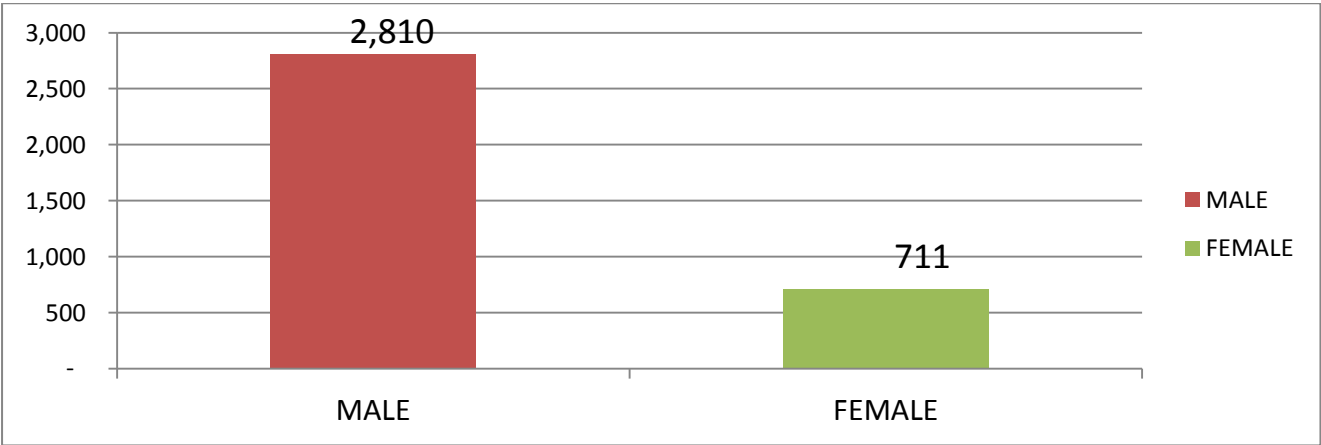
**Fig. 6: Distribution of Loans Repaid by States and Number as at July, 2014 (N '000)**



**1.3.6.1 Loans Repayment by Gender**

In July, 2014, the analysis of repayment by gender of borrowers (Fig: 7), showed that 2,810 (79.42%) which represented male beneficiaries repaid N433.77 million (78.31%) while, 711 loans (20.10%) valued N101.68million (18.36%) were repaid by female borrowers.

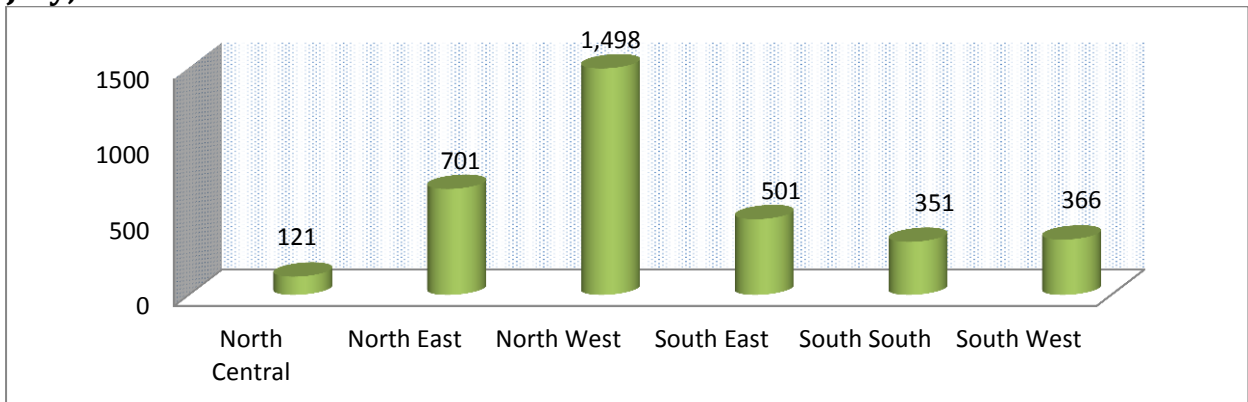
**Fig. 7: Distribution of Loans Repaid by Gender July, 2014**



### 1.3.6.2 Loans Repayment by States/Geo-Political Zones.

Analysis of loan repayments on geo-political zone basis in July, 2014, revealed North-West comprising Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto and Zamfara States, repaid the highest with **1,498 loans valued N214.03 million**, followed by with the **North-East** (Adamawa, Bauchi, Borno, Gombe, Taraba states with **701 loans valued N53.61m**. **South-East** comprising **Abia, Anambra, Ebonyi, Enugu and Imo States** came in third with **501 loans** amounting to **N130.99 million**. (Fig: 8).

**Fig: 8: Distribution of Loans Repaid by Geo-Political Zones and Number July, 2014**



### 1.3.6 ACGSF Claims Settlement

No ACGSF claim was settled in July, 2014. However, the cumulative number of settled claims from inception to date is 14,691 valued N546.93 million

### 1.3.7 Interest Draw-Back Programme (IDP) Claims Settlement

No IDP claim was settled in July, 2014. However, the total number and value of IDP claims settled since inception in 2003 to June 2014 is 246,426 valued N1.94 billion.

### 1.3.8 Agricultural Credit Support Scheme (ACSS)

The Agricultural Credit Support Scheme was established to finance large ticket agricultural projects with an interest rebate of 6 per cent upon timely repayment of the facility. As at end July 2014, no rebate was paid, however the total rebate paid from inception stood at **N876.79 million for 46 projects**.

## 1.4 N200 Billion SME Credit Guarantee Scheme (SMECGS)

The N200 Billion Small and Medium Enterprises Credit Guarantee Scheme (SMECGS) was established in April 2010 to fast-track the development of the manufacturing and SME sub-sector by providing guarantee for banks' credit. The activities covered under the Scheme include Manufacturing, Agricultural Value Chain and Educational Institutions.

- In July, 2014, no project was guaranteed under the scheme. However, the total number of projects guaranteed since inception stood at **76 (Seventy-six)**, valued **N3.37 billion**.
- **No** repayment was made in the month of July, 2014. The total number of fully repaid projects stood at **29** valued **N1.79 billion** since inception to date.

## **1.5 N200 Billion SME Restructuring/Refinancing Fund (RRF)**

The N200 Billion SME Restructuring /Refinancing Fund (RRF) was established by the Central Bank of Nigeria (CBN) in March, 2010 to re-finance and restructure banks' existing loan portfolios to manufacturers to achieve double-digit growth in line with the FSS 2020 SME financing target of 20 per cent of total credit to the economy.

### **1.5.1 UPDATE ON SME/RRF**

- No fund was released to BOI in the month of July, 2014.
- The total sum of **N288.98 billion** had been released to BOI, and disbursed to **573 projects** from inception to date.
- In July 2014, no fund was disbursed from the repayment account. However, the total fund disbursed for projects under SMERRF stood at **N71.73 billion**.

## **1.6 Power and Airline Intervention Fund (PAIF)**

The sum of N500 billion was approved by the Monetary Policy Committee in 2010 for investments in debentures issued by the Bank of Industry (BOI) out of which the sum of N300 billion would finance power and airline projects and N200 billion for RRF. PAIF was designed as part of the quantitative easing measure to address the paucity of long-term credit and acute power shortage in the country.

### **1.6.1 Updates**

- No fund was disbursed under the Power and Airline Intervention Fund (PAIF) in July, 2014. However, the sum of **N233.161 billion** had been released to BOI and disbursed through participating banks to **51 projects (36 power projects received N115.734 billion while 15 airline projects obtained N117.427 billion) from inception to date** (Tables 4 & 5).

**Table 4 - Summary of Funds Released to BOI since inception**

APPROVED FUND	(N)300.00 Billion (N)	2010
Net Amount Released (N)	233.161 billion	As at July, 2014
Total Amount Disbursed to Banks (N)	233.161 billion	-do-
Amount Approved for Release to BOI	237.23 billion	-do-
Balance of un-utilized PAIF fund	62.77 billion	-do-

**Table 5: Summary of Projects/fund approved for release to BOI as at July, 2014**

Type	No. of Obligors	No. of Projects	Amount (N)
Airline projects	10	15	117,427,097,372.74
Power projects	24	36	115,734,395,792.85
<b>Total</b>	<b>34</b>	<b>51</b>	<b>233,161,493,165.59</b>

### 1.6.2 PAIF LOAN REPAYMENT

- The sum of **N852.83 million** was repaid and remitted by the BOI to CBN under PAIF during the period.
- The total fund repaid under PAIF since inception stood at **N33.216 billion**.

## PART TWO: ENTREPRENEURSHIP DEVELOPMENT INITIATIVES

### Entrepreneurship Development Centres (EDC)

The Entrepreneurship Development Centers were initiated by the bank to unleash the entrepreneurial spirit of youths to own/set up their businesses, create employment and reduce poverty.

#### 2.1 Activities:

- The Department invested the sum of N136, 280,233.50 million in Nigeria Treasury Bill for 182 days on a roll-over basis. The amount is the accrued fund from the commitment fee of N5, 000 paid by each of the trainees at training inception.
  - The Field Inspection was carried out in Gombe State during the period in respect of the hosting of CBN-EDC outreach centre for the North-East geo-political zone. The facilities inspected were adequate and appropriate for implementation.
  - Timeline of 2months was agreed for the take-off of the centre.



- As at July, 2014, the existing EDCs located in North-East (Maiduguri), North-Central (Makurdi) and South-South (Calabar) trained 1,540 out of a target of 1,500. This represents 102.67% of the target (57.27% male and 42.73% female).
  - Cumulatively from inception; 7,288 were trained from inception (4,650 male and 2,638 female),
  - 1,514 accessed a total of N126,575,000 million as loan to their businesses and
  - 3,734 jobs were created from inception.

### **2.1.1 Challenges**

- Keeping to the timeline and securing stakeholders buy-in.
- Keeping to timeline in selecting consultants to operate the centers.
- Identifying the financing products for the EDC Graduates to key-in.

### **2.1.2 Going Forward**

- Engaging the would-be host State governments to operate under the Tripartite Agreement.
- Consultants to be selected, approved and engaged by Management to operate the Centres.
- Continue to sensitize the National, State and community on effective advocacy and prudent use of the funds.

## **2.2 MICROFINANCE MANAGEMENT**

**2.2.1** Held a Meeting with the IFAD/RUFIN implementing Departments of the Bank (Other Financial Institutions Supervision and Research Departments) to review the report submitted by the Consultant engaged to assess institutional capacity and strategic plans for the Apex Associates at (NAMB & ANMFIN) Microfinance Bank & Non-Bank MFI Apex Associations.

✚ Some of the amendments recommended for the ANMFIN Constitution include:

- Appointment of External Auditor by National Executive Council (NEC) taking the new tenure into cognizance
- Review of signatories to ANMFIN bank accounts
- Discontinuation of Zonal structure
- Removal of power to the management of MFIs.
- Development of exit strategy for RUFIN project and release of report and recommendations of the Committee for Managements' consideration.



**2.2.2** The Department participated at the 21<sup>st</sup> meeting of the Microfinance Advisory Board (MAB) on July 10, 2014.

✚ Presentations were made to provide updates on the following:-

- Microfinance Certification Programme,
- Financial Inclusion Secretariat
- Database of Non-Bank MFIs
- ANMFIN activities
- Creation of website for MAB
- Micro, Small and Medium Enterprises Development Fund (MSMEDF) and
- Annual Microfinance Conference to be held in August, 2014.

### **2.2.3 Going Forward**

- Follow up on the NAMB's amendment to ensure compliance by the bank.
- Review of ANMFIN constitution and activities to be held in due course
- To assess the activities of NAMB and ANMFIN and suggest way forward.

## **2.3 MSME DEVELOPMENT FUND (MSMEDF)**

**2.3.1** Inaugural meeting of the Microfinance Sub-sector was held on July 1, 2014 and the meeting deliberated on Terms of Reference, which includes:

- Identify and develop a Sustainable Credit administration
- Developing an effective loan management
- Developing a model for rendering returns and monitoring
- Build up a Biometrics Data capture; and
- Create a methodology for appraising loan applications

**2.3.2** The Department held a meeting on July 1<sup>st</sup>, 2014 with participating Financial Institutions (PFIs) under MSMEDF to keep them abreast with the changes effected in the reviewed Guidelines.

✚ The amendments include:

- Allowing the DMB'S under the fund as participating Financial Institution (PFIs) to access funds for disbursement to SMEs.
- Reviewed the fund ratio from 80:20 to 50:50 for SME and Micro enterprises respectively, while 2% was earmarked for persons with disabilities excluding mental disabilities.

### **2.3.3 Signing of Memorandum of Understanding between CBN and State Governments under the MSME Development Fund**

- The Bank signed the Memorandum of Understanding (MoU) with State governments under the MSMEDF on 24<sup>th</sup> July, 2014, with 11 State Governments; Akwa Ibom, Delta, Oyo, Osun, Bayelsa, Borno, Gombe, Enugu, Zamfara, Ondo, and Benue were in attendance.

- In his speech, the CBN Governor stated that the President of the Federal Republic of Nigeria will kick off the disbursement of the fund at the MSME conference in August, 2014.

### 2.3.3 Challenges

- Embarking on awareness exercise on the MSMEDF to achieve wider outreach
- To emphasize prompt repayment for appropriate fund tunneling.
- Secure the buy-in of State Govts/FCT in respect of MSMEDF
- Enlightenment of the Participating Financing Institution on modalities for accessing funding from the PFIs under the programme, and the need for prompt repayment.

### 2.3.4 Going Forward

- To chart a way forward towards sustainable financial management, procurement and strategic direction for the Programme.
- Continue to collaborate with the Stakeholders on the way forward

## PART THREE: FINANCIAL INCLUSION ACTIVITIES (FI)

Financial Inclusion is the delivery of financial services at affordable prices and terms to the generality of the populace especially the disadvantaged and low income segment of the society.

During the period under review, a number of activities were carried out. Some of these include:

### 3.1 FINANCIAL INCLUSION SENSITIZATION VISITS TO STAKEHOLDERS

The Department held several meetings with stakeholders on the progress of the FI functions assigned to them.

✚ Some of the key resolutions include the following:

- Setting up a specific Financial Inclusion Unit to liaise with the CBN by NDIC
- PENCOM was directed to create awareness on pensions to the informal sector through their various associations.
- Creating awareness amongst the Micro Finance Banks by NAICOM on the needs and benefits of Micro insurance; and
- Federal Ministry of Communications Technology was directed to appoint a desk officer to liaise with the FI Secretariat of the CBN on FI related matters.

#### 3.1.1 MEETING ON FINANCIAL INCLUSION FOR SMEs- CAPITAL MARKET OPTIONS

The Department held a workshop during the period for MSME, SEC, NSE, Capital market Operators and SMEDAN to discuss issues regarding the funding of SMEs.

- ✚ The following were some of the resolutions during the forum;
  - The need for a structured FI campaign to target entrepreneurs by the stakeholders.
  - Creating a fund to support listing of MSMEs as a condition for accessing the capital market by CBN
  - Setting aside a section of the N220 Billion MSMEDF from where Venture Capital Firms can draw wholesale for investing in the MSMEs sector
  - The need for SMEDAN to espouse SME aggregators in order to educate MSMEs on a more nationwide scale.

### **3.1.2 PARTICIPATING IN THE LAUNCH OF THE FCMB AGENT BANKING SCHEME**

The Department was invited by FCMB to the launch of their Agent –banking scheme on July 9<sup>th</sup>, 2014 at Otta, Ogun State.

- ✚ Impact of the Scheme on the Community:
  - 48 excluded residents were financially included through account opening during the launching.
  - FCMB will continue to promote FI through opening 8 more Agent points in Ogun/Lagos states and 20 points in Abuja, Kaduna and Awka by the end of the Month.

### **3.1.3 FINANCIAL INCLUSION WORKSHOP AND ROADSHOW IN OSUN AND OGUN STATE**

The Department hosted a workshop for all Financial Institutions in Osun and Ogun States.

- ✚ Impact:
  - 246 new Bank accounts were opened in Osun State, thus bringing the unbanked into the formal financial sector.

### **3.1.4 Challenges**

- Lack of motivation on the side of the DMBs to execute the Financial Inclusion Strategy as it is not perceived as being profitable
- Insecurity in some parts of the country hindering implementation of the strategy
- Business plans for implementation of the strategy was requested from Deposit Money Banks and they were yet to fully comply with the request.
- There was a time lag between requests for financial inclusion data from relevant Departments in the Bank and actual provision. The obvious implication is non-provision of accurate and up-to-date data by the Secretariat which hampers the ability of the Secretariat to fully provide an accurate up to date position on financial inclusion on a quarterly basis.

### **3.1.5 Going Forward**

- Continue to promote Global Financial Inclusion.
- There should be continuous sensitization and collaboration with the various stakeholders to create more awareness on their roles and responsibilities and to encourage them to perform them.

**Compiled by:**

**Board Matters & Publications Office,  
Development Finance Department,  
Central Bank of Nigeria,  
Abuja.**

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