



DEVELOPMENT FINANCE DEPARTMENT (DFD) – REPORT OF THE ACTIVITIES OF THE BUSINESS UNIT FOR JANUARY - MARCH, 2014

We provide herewith, the activities of the Development Finance Department for the Governor's Consultative Committee (GCC) meeting for the first Quarter of 2014.

In order to achieve its mandate of real sector growth, financial inclusion and entrepreneurship development, the Department carried out a number of strategic initiatives which included the following: 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, and Entrepreneurship Development activities, Power and Airline Intervention Fund (PAIF), Small and Medium Enterprises Credit Guarantee Scheme (SMECGS) and SME Restructuring/Refinancing Fund (RRF). The report which is structured into three parts highlights the achievements (activities), challenges and the way forward. **Part 1** reviews the real sector intervention efforts; **Part 2** highlights financial inclusion activities and **Part 3** dwells on entrepreneurship development initiatives of the Department and commodity promotion activities.

PART ONE: REAL SECTOR INTERVENTION INITIATIVES

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

The Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) is a mechanism designed to provide farmers with affordable financial products, reduce the risk of financial institutions that grant them loans, build capacities of banks to lend to agriculture, as well as develop an incentive mechanism for Nigerian banks based on their commitment to agricultural financing.

1.1.1 Highlight of Activities/Achievements

- **One** Credit Risk Guarantee (CRG) valued **N2.0 billion** was issued during the 1st quarter, 2014 bringing the total value to **N16.272 billion** in respect of **forty five (45)** Credit Risk Guarantee cover issued from inception to date.
- **Seven (7)** IDP Claims (NIRSAL) valued **N57.250 million** were processed and paid during the period under review, bringing the total IDP claims paid under NIRSAL to **N124.769 million** in respect of **twenty two (22)** projects.
- No GES CRGs guarantee was approved in the months of January to March, 2014, leaving the cumulative value granted to date at **N19.9 Billion**.

- The sum of **N134.61 million** was paid to 61 projects under the GES/NIRSAL IDP within the period under review. This brings the cumulative GES- IDP issued to **N142.39 million**.
- Held a meeting with representatives of Cocoa farmers in the Cocoa growing States of Nigeria with officials of the Deposit Money Banks (DMBs) on February 17th, 2014 to discuss the modalities for lending to Cocoa farmers.
- Held a meeting with West African Cotton Company (WACOT), GIZ and representatives of cotton farmers' co-operatives under WACOT on 21st February, 2013, to determine the achievement of pilot groups for 2013 farming season guaranteed by NIRSAL.
- Held a meeting with Deloitte to map out strategies on how to improve access to organized institutional markets.
- Pre-guarantee visits were carried out on 21 projects during the period under review.

1.1.2 Challenges

- Validity of information provided by counter parties for Credit Risk Guarantee;
- Review of the existing Credit Risk Guarantee Guidelines to reflect the 12.5% first loss principle in place of the face value currently being issued; and
- Low public awareness and poor perception of NIRSAL
- Decision on exit of NIRSAL from the CBN

1.1.3 Going Forward

- NIRSAL to sell guarantee on first loss basis.
- Guarantee to be extended only to projects with fixed value chain.
- NIRSAL exit from CBN decision still pending with Management.

1.2 Commercial Agriculture Credit Scheme (CACS)

The Commercial Agriculture Credit Scheme (CACS) was established to finance large ticket projects along the agriculture value chain. The Scheme is being administered at a single digit rate of 9 per cent to beneficiaries for a period of seven years. 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

- The sum of **N1.985 billion** was released from CACS Repayments to five (5) Banks in respect of six (6) projects between January and March, 2014.

- No fund was released from CACS Receivable Account during the same period.
- From inception in 2009 to March, 2014, the sum of **N228.093 billion** has so far been released to the economy under the Commercial Agriculture Credit Scheme in respect of **299 projects**. This comprised the sum of **N199.831 billion** released from the CACS Receivable Account for **273 projects** and the sum of **N28.262 billion** released from Repayment Account for **39 projects** including 13 enhancements.
- This also included, **thirty (30)** State Governments and the FCT which altogether accessed the sum of **N39.0 billion** from CACS fund from inception to March, 2014.
- The sum of **N1.304 million** was recorded as repayments by four (4) banks in respect of five (5) **projects** during the period under review, bringing the total fund repaid to **N32.928 billion** in respect of sixty eight (68) **expired projects**.
- **The balance of CACS Receivable Account fund** as at end of March, 2014 was **N0.169 billion**
- **The balance on CACS Repayment Account** as at end March, 2014 was **N4.665 billion**.
- From inception in 2009 to March 2014, 165,510 jobs were created;
- Two out of the 269 private projects are owned and managed by women.
- During the period of review, Diamond bank was sanctioned to the tune of **N1.995 million** for infractions of the CACS Guidelines. This brings the total penalty charged to **N888.113 million** from inception in 2009 to March 2014.

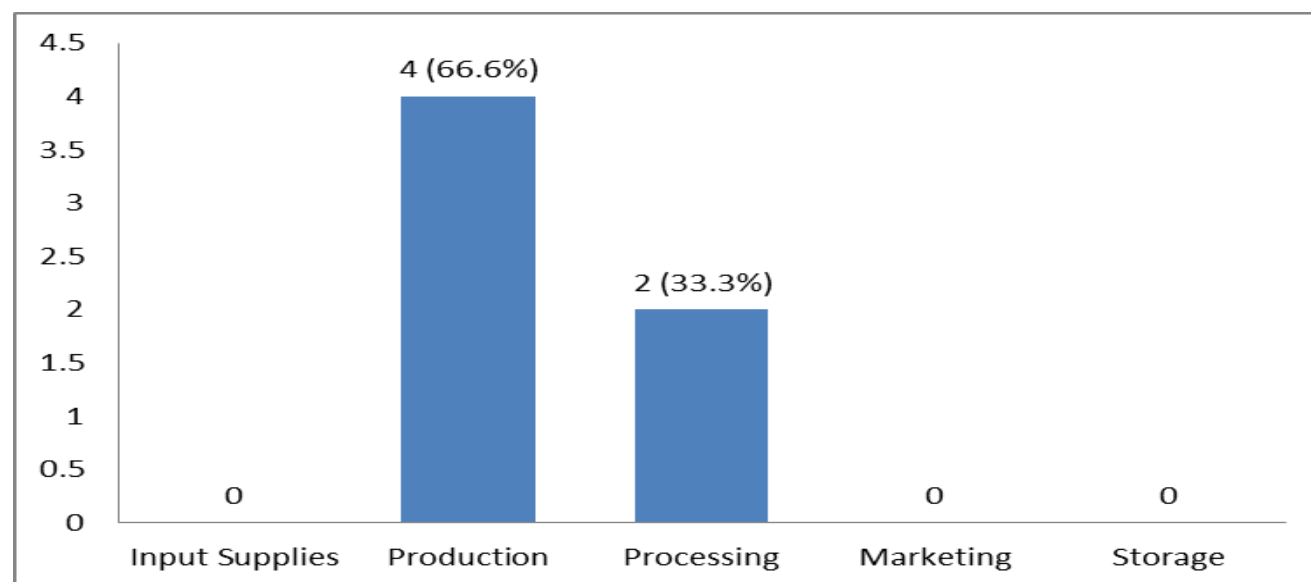
Table 1. Releases Under CACS to Deposit Money Banks (DMBs)

Financing Bank		Receivable from DMBs Accounts		Repayment Account		Total Amount Released
		Projects	Amount Released to Banks (N'Bn)	Projects		
				New Project	Enhancement	
1	Access Bank Nigeria Plc	11	10.326	3	0	12.076
2	Citibank	2	3	0	0	3
3	Diamond Bank	12	2.744	1	0	3.044
4	Eco Bank Plc	7	3.82	0	1	4.32
5	Enterprise Bank	6	0.519	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	2	1	3.72	26.079
8	First City Monument Bank Plc	8	4.785	2	0	0.27	5.055
9	Guaranty Trust Bank Plc	9	5.8	0	0	0	5.8
10	Heritage Bank	0	0	1	0	0.5	0.5
11	Mainstreet Bank (AfriBank)	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	5	1	1.764	13.506
15	Sterling Bank	14	7.193	3	4	5.133	12.326
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	5	0	7.05	34.005
	Total	273	199.831	26	13	28.262	228.093

The analysis of the number of projects financed under CACS by value chain showed that out of the six (6) CACS sponsored private projects, sponsored in the quarter, production accounted for 66.6 per cent, while processing recorded 33.3 per cent. (Table 2).

Figure 1. Banks' Disbursements by Number of Projects under the CACS from January to March, 2014 based on Value Chain Distribution

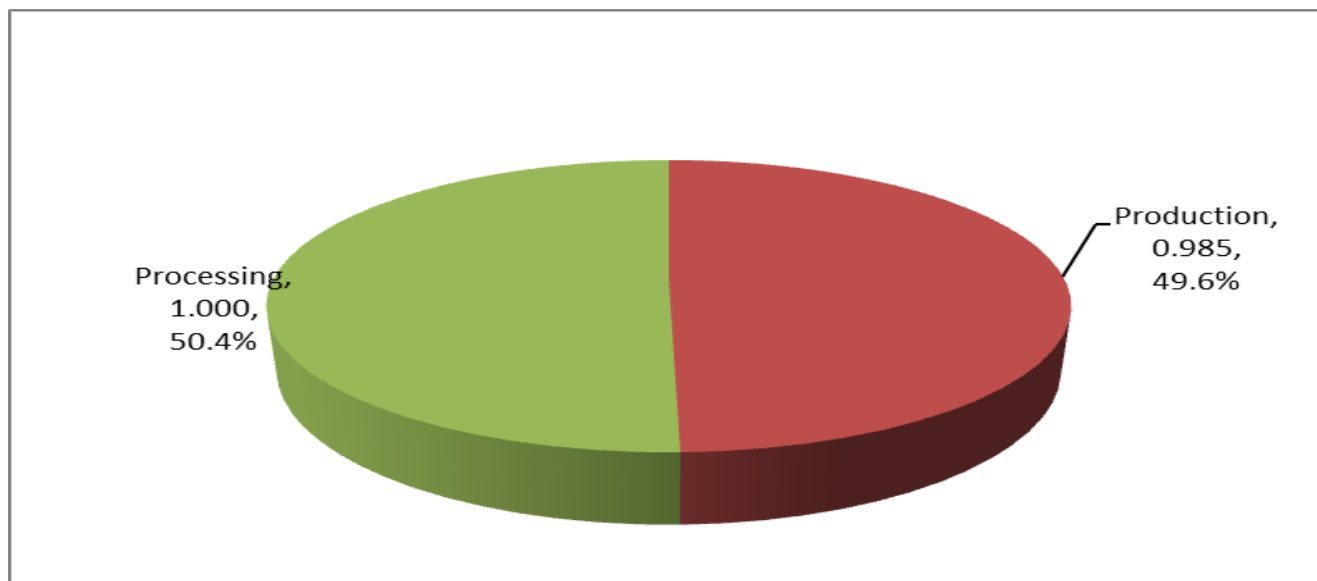


Analysis by value of funds released showed that production accounted for 49.6 per cent, followed by processing which recorded 50.4 per cent.

Table 2: Analysis of CACS Projects by Value Chain from January – March, 2014

Category	Number (%) of Projects	Value {N'billions and %}
Input Supplies	0 (0%)	0 (0%)
Production	4 (66.6%)	0.985 {49.6%}
Processing	2 (33.3%)	1 {50.4%}
Marketing	0 (0%)	0 {0%}
Storage	0 (0%)	0 {0%}
Total	6	1.985

Banks' Disbursements to Projects by value of funds under CACS from Jan to Mar 2014 based on Value Chain Distribution



1.2.2 Challenges

- Non-availability of funds.

- Poor monitoring of projects by some participating banks.
- Slow pace of implementation of projects by State Governments.

1.2.3 Going Forward

- Monitor all the private and State Governments' projects to ensure compliance with the CACS guidelines, and
- Monitor and evaluate the impact of all the CACS-financed projects.

1.3 Agricultural Credit Guarantee Scheme (ACGS)

The ACGS was established by Decree 20 of 1977 to provide 75 per cent guarantee cover in respect of loans granted to the agricultural sector by Deposit Money Banks. The Scheme pledges to pay 75 per cent of any outstanding default balance to the bank after the security pledged has been realized.

1.3.1 Loans Guaranteed

In March 2014, 10,192 loans valued N957.32 million were granted for four (4) DMBs and twelve (12) Microfinance banks, as against 4,815 loans valued N1.10 billion guaranteed in February, 2014. This showed an increase of 111.6 per cent in number and a decrease of 13.1% in value.

This brought the number and value of loans guaranteed in the first quarter of 2014 to 17,067 loans valued N2.62 billion and from inception in 1978 to 876,608 loans valued and N74.08 billion respectively.

1.3.2 Summary of ACGSF Activities

Table 3 shows performance of the ACGS during the month of March and the first quarter, 2014 is shown below:

PARAMETERS	JAN - MARCH, 2014 POSITION	JAN - MARCH, 2013 POSITION
1. Guaranteed ACGS Loans	Guaranteed 10,192 loans valued N957.32million in March, 2014 as against 2,320 loans valued N560.43million guaranteed in March, 2013. This showed an increase of 7,872 or 339.3% in number and N396.885m or	Guaranteed 2,320 loans valued N560.43million in March, 2013 as against 1,078 loans valued N304.01 million guaranteed in March, 2012. This showed an increase of 1,242 or 115.21% in number and N256.42m or 84.35% by value.

	<p>70.82% by value.</p> <p>Between Jan-Mar 2014, 17,067 loans valued N2.62 billion was guaranteed as against 10,324 loans valued N1.892 billion that was guaranteed from Jan – Mar, 2013. This showed an increase of 6,743 or 65.31% in number and N0.723 billion or 38.21% by value.</p> <p>876,608 loans valued N74.08 billion was guaranteed from inception in 1978 to March 2014.</p>	<p>A total of 10,324 loans valued N1.892 billion was guaranteed from Jan – Mar, 2013 as against 2,547 loans valued N840.83 million guaranteed from Jan – Mar, 2012. This showed an increase of 7,777 or 305.34% in number and N1.051b or 125.02% by value.</p> <p>813,588 loans valued N63.94 billion was guaranteed from inception in 1978 to March 2013.</p>
2. Number of Loans Guaranteed ranked on State Basis	<p>Highest: Delta State with 3,282 (19.23%) valued N172.504 million (6.59%).</p> <p>Second: Jigawa State with 2,748 loans (16.10%) valued N70.450 million (2.69%).</p> <p>Third: Edo State with 1,621 loans (9.50%) valued N184.470million (7.05%).</p>	<p>Highest: Jigawa State with 4,194 (40.62%) valued N238.49 million (12.60%).</p> <p>Second: Katsina State with 1,222 loans (11.84%) valued N261.14 million (13.80%).</p> <p>Third: Anambra State with 738 loans (7.15%) valued N123.60million (6.53%).</p>
3. Number of Loans Guaranteed by Size of Loan	<p>N5,000 and below = Nil</p> <p>N5,001- N20,000 = 4,391 loans valued N63.09m</p> <p>N20,001- N50,000 = 3,383 loans valued N134.57m</p> <p>N50,001-N100,000 = 3,091 loans valued N281.46m</p> <p>Above N100,000 = 6,202 loans value N2.14 billion.</p>	<p>N5,000 and below = Nil</p> <p>N5,001- N20,000 = 2,128 loans valued N32.58m</p> <p>N20,001- N50,000 = 1,529 loans valued N68.11m</p> <p>N50,001-N100,000 = 2,080 loans valued N181.53m</p> <p>Above N100,000 = 4,587 loans value N1.61 billion.</p>

PARAMETERS	JAN - MARCH, 2014 POSITION	JAN - MARCH, 2013 POSITION
4. Number of Loans Guaranteed by Category of	The breakdown of the performance is as follows:	The breakdown of the performance is as follows: Individuals = 10,158 loans valued N1.72b

Loan	<p>Individuals = 16,727 loans valued N2.49billion</p> <p>Informal Groups = 62 loans valued 6.90m</p> <p>Co-operatives = 250 loans valued N33.21m</p> <p>Companies = 28 loans valued N82.10m</p>	<p>Informal Groups = 6 loans valued N1.30m</p> <p>Co-operatives = 148 loans valued N121.92m</p> <p>Companies = 12 loans valued N48.00m</p>
5. Loans Guaranteed by Purpose/Type of Agricultural business	<p>The breakdown of performance is as follows:</p> <p>Livestock = 1,318 loans valued N440.81m</p> <p>Fisheries = 714 loans valued N129.47m</p> <p>Mixed crops= 1,008 loans valued N137.475m</p> <p>Food Crops =13,111 loans valued N1.75bn</p> <p>Cash Crops = 452 loans valued N75.59m</p> <p>Others = 464 loans valued N79.19m</p>	<p>The breakdown of performance is as follows:</p> <p>Livestock = 2,081 loans valued N672.93m</p> <p>Fisheries = 86 loans valued N46.20m</p> <p>Mixed crops= 89 loans valued N47.87m</p> <p>Food Crops = 7,734 loans valued N1.02b</p> <p>Cash Crops = 59 loans valued 40.96m</p> <p>Others = 275 loans valued N69.79m</p>
6. Record of Loan Repayment	<p>3,698 loans valued N849.480m were fully repaid in March, 2014 as against 4,085 loans valued N778.810 million that was repaid in February, 2014. This brings the total loans fully repaid from January – March, 2014 to 10,062 valued N2.16 billion as against 10,097 valued N1.74 billion recovered in the 1st quarter, 2013. Cumulatively, from inception of ACGS to March 2014, 660,108 loans, valued N50.87 billion have been fully repaid.</p>	<p>2,958 loans valued N490.79m were fully repaid in March, 2013 as against 5,909 loans valued N836.74 million that was recovered in February, 2013. This brings the total loans fully repaid from January – March, 2013 to 10,097 valued N1.74 billion as against 9,469 valued N1.46 billion recovered during the 1st quarter, 2012. Cumulatively, from inception of ACGS to March 2013, 610,631 valued N41.78 billion have been fully repaid.</p>
PARAMETERS	JAN - MARCH, 2014 POSITION	JAN - MARCH, 2013 POSITION
7. Loans Repayment ranked on State	<p>The breakdown performance is as follows: Highest: Adamawa State with 1,572 loans (15.62%) valued N275.79 million (12.77%).</p>	<p>The breakdown performance is as follows: Highest: Katsina State with 3,803 loans (37.66%) valued N386.75 million (22.20%).</p>

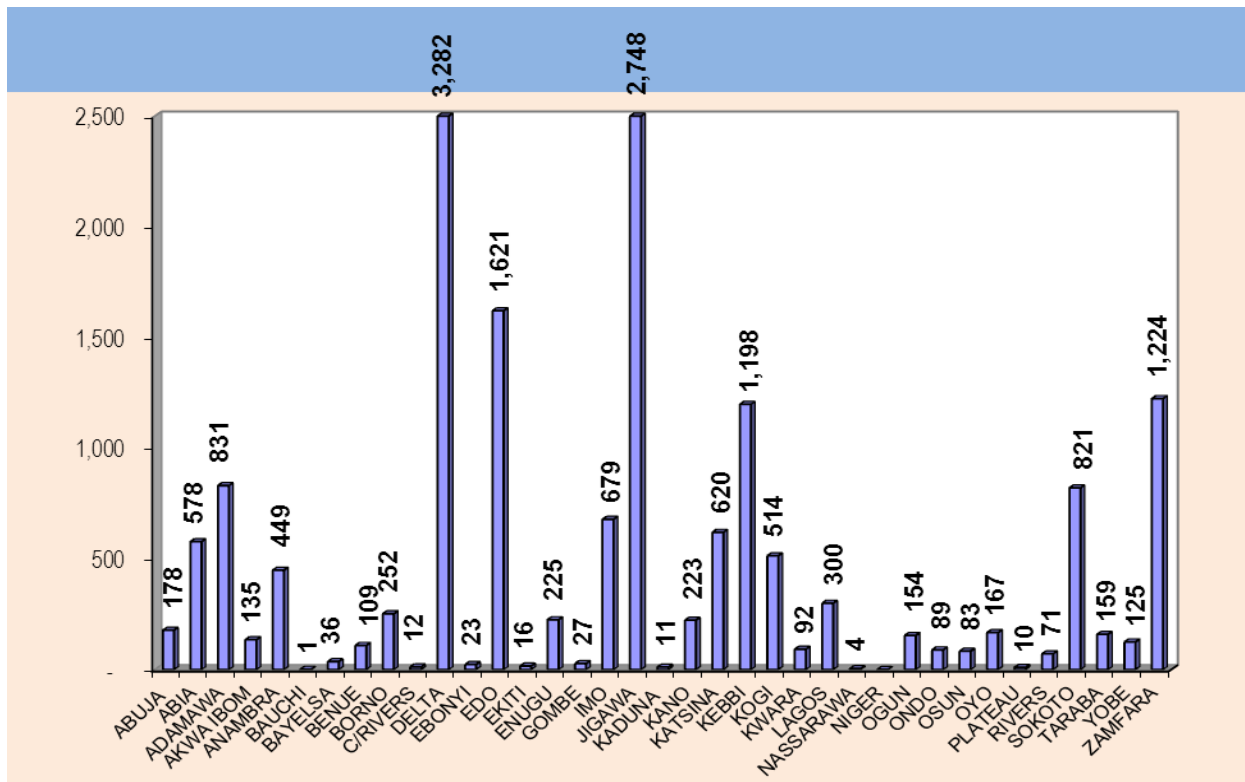
Basis	Second: Katsina State with 792 loans (7.87%) valued N188.08million (8.71%). Third: Niger State with 648 loans (6.44%) valued N36.41million (1.69%).	Second: Delta State with 774 loans (7.67%) valued N104.10million (5.98%). Third: Kano State with 577 loans (5.71%) valued N80.51million (46.22%).
8. ACGSF Claims received/ Settled	234 ACGSF claims valued N76.313 were settled in the month of March, 2014. The cumulative number and value of settled claims from inception to date is 14,471 claims valued N530.498 million	No ACGSF claim was settled in the month of March, 2013. However, the cumulative number and value of settled claims from inception to date is 14,230 claims valued N447.516 million
9. IDP Claims received/ Settled	8,438 IDP claims valued N122.381million were settled during the period the 1st Quarter, 2014. This brings the total number and value of IDP claims settled since inception in 2003, to 239,265 claims valued N2.027 billion.	14,857 IDP claims valued N126.995million was settled during the period the 1st Quarter, 2013. This brings the total number and value of IDP claims settled since inception in 2003, to 204,991 claims valued N1.536 billion.
10. Banks Performance/Participation under the ACGS [ranked by number of loans granted in 2013]	Performance of banks under the ACGS during the 1st Quarter, 2014: (i) Six (6) Deposit Money Banks (DMBs) granted a total of 5,873 loans valued N1.65 billion under the ACGS at the end of the 1st Quarter, 2014. The breakdown of the loans by the banks are as follows: First Bank of Nigeria (FBN) Plc {1,256 loans valued N335.18m}; IBTC-Stanbic (IBTC) Plc {1 loan valued N0.25m}; Union Bank of Nigeria Plc {4,582 loans valued N1, 28bn} ; Unity Bank of Nigeria {1 loan valued N0.90m), and Keystone Bank {10 loans valued 1.60m}. (ii) Microfinance Banks (MFBs) A total of 11,194 loans valued N966.41m was granted by 58 Microfinance Banks under the ACGS from Jan - March, 2014.	Performance of banks under the ACGS during the 1st Quarter, 2013: (i) Four (4) Deposit Money Banks (DMBs) granted a total of 5,220 loans valued N1.404 billion under the ACGS at the end of the 1st Quarter, 2013. The breakdown of the disbursements by the banks is as follows: First Bank of Nigeria (FBN) Plc {1,719 loans valued N578.25m}; IBTC-Stanbic (IBTC) Plc {1 loan valued N230.00m}; Union Bank of Nigeria Plc {3,495 loans valued N819.60m} and Unity Bank of Nigeria {5 loans valued N6.25m}. (ii)Microfinance Banks (MFBs) A total of 5,104 loans valued N488.62m was granted by Microfinance Banks under the ACGS from Jan - March, 2013.
11. Number of Memoranda of Understanding (MOUs) signed under the Trust Fund Model.	No new Memorandum of Understanding (MOU) was signed in the month under review. However, the total pledges and or placements under the programme as at March, 2014 are 58 valued N5.65 billion.	No new Memorandum of Understanding (MOU) was signed in the month under review. However, the total pledges and or placements under the programme as at March, 2013 are 56 valued N5, 516.10 billion.
12. Resources of ACGSF	The total resources of the Agricultural Credit Guarantee Scheme Fund stood at N 5.957 billion as at March, 2014	The total resource of the ACGSF stood at N6.152 billion. as at March, 2013

13. Resources of the Interest Drawback Programme (IDP)	The total resources of the Interest Drawback Programme Fund as at March, 2014 stood at ₦1. 861billion.	The total resource of the IDP as at March, 2013 is N1.898 billion.
14. Expenses Recoverable Payable to the Managing Agent (CBN)	The recoverable expenses payable as at the end of March, 2014 stood at N57.25 million.	The recoverable expenses payable at the end of March, 2013 stood at N45.314 million excluding the Head Office due to system challenges.

1.3.3 DISTRIBUTION OF GUARANTEED LOANS:

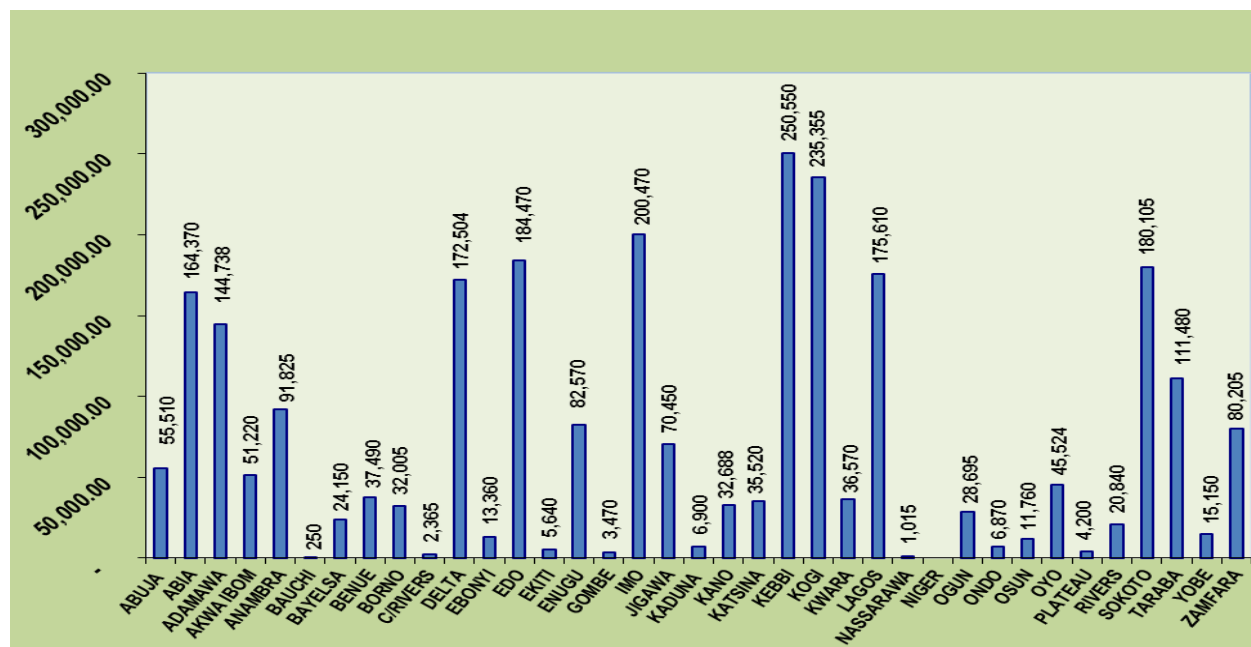
The analysis of loans guaranteed in the month of March, 2014, showed that Delta State granted the highest number of loans with 3,028 loans, followed by Jigawa and Zamfara States which granted 2,741 and 989 loans respectively. Further analysis of loans guaranteed by value showed that Kebbi State had the highest with N125.28 million, followed by Sokoto State and Delta State which recorded N121.723 million and N100.96 million respectively.

Fig. 1: Distribution of Loans Guaranteed by States and Number as at Jan-Mar, 2014



For the first quarter of the year, Delta State posted the highest number of loans with 3,282 loans valued N172.50 million, followed by Jigawa State and Edo State which came second and third with 2,748 and 1,621 loans valued N70.45 million and N184.47 million respectively, as shown in fig.2 below.

Fig. 2: Distribution of Loans Guaranteed by States and Amount as at Jan-Mar, 2014 (N'000)

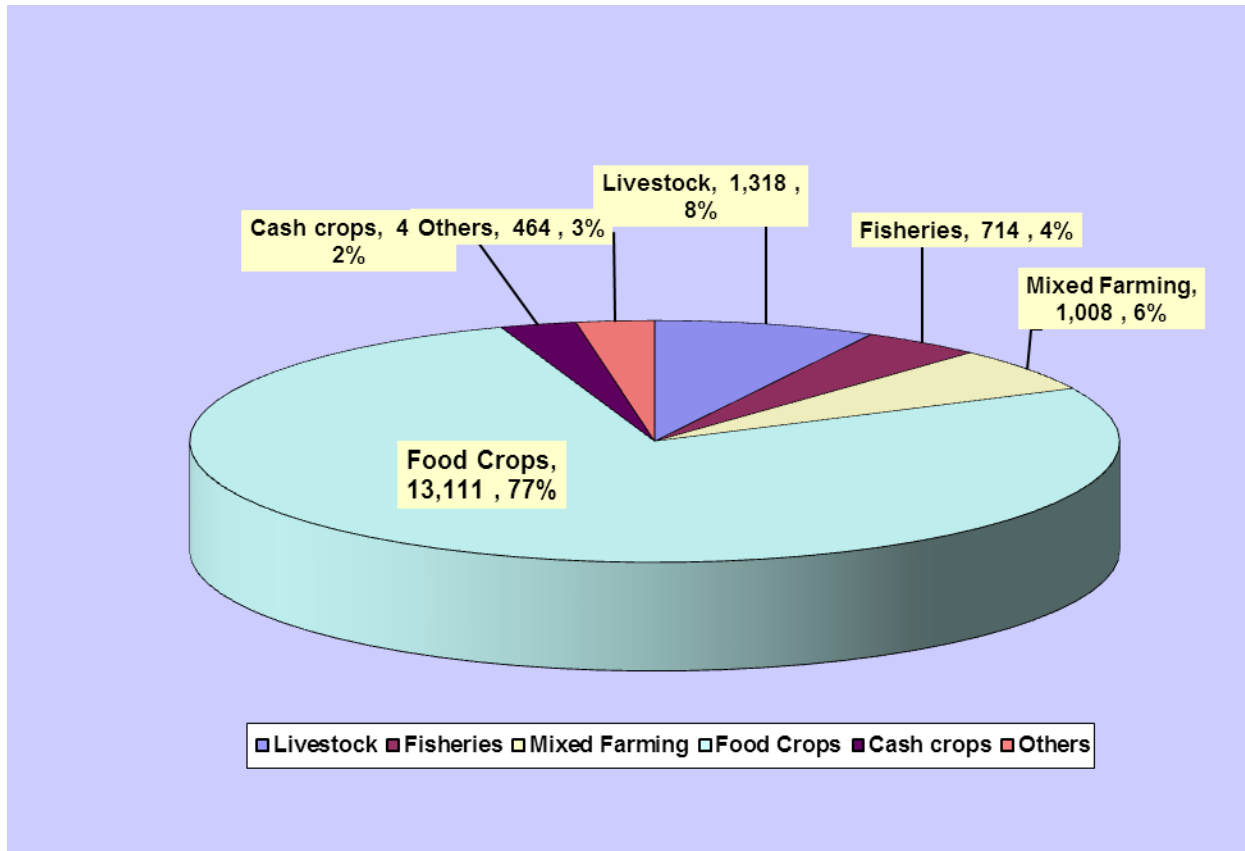


1.3.4 DISTRIBUTION OF LOANS GUARANTEED BY PURPOSE

The analysis of the distribution of number of loans guaranteed by purpose in the month of March, 2014 showed that food crops continued its dominance with 7,744 loans (75.9 per cent), followed by mixed farming and fisheries which recorded 686 loans (6.73 per cent) and 556 loans (5.45 per cent) respectively, while livestock, other enterprises and cash crops recorded 517 loans, 349 loans and 340 loans respectively.

Similarly, in the first quarter of the year, food crops dominated with 13,111 loans (76.82 per cent) valued N1.75 billion (67.03 per cent), followed by livestock which recorded 1,318 loans (7.72 per cent) valued N440.81 million (16.85 per cent). Mixed farming posted 1,008 loans (5.9 per cent) valued N137.46 million (5.26 per cent). Fisheries, other enterprises and cash crops accounted for 714 loans, 464 loans and 452 loans valued N129.47 million, N79.19 million and N75.59 million respectively, as shown in fig.3 below:

Fig. 3: Distribution of Loans Guaranteed by Purpose as at Jan-Mar, 2014.



1.3.5 Loans Analysis by Gender

During the month under review, 8,411 male beneficiaries obtained loans under the ACGS, amounting to N733.18 million, 1,768 females borrowed the sum of N181.68 million while 13 unspecified clients obtained the sum of N42.45 million(fig.4)

Also, in the first quarter, 13,223 male beneficiaries repaid N1.88billion while 3,811 loans valued N625.81 million were repaid by female borrowers, and 33 loans amounting to N85.25 million were recorded as repaid by some unspecified borrowers.(fig5)

Fig. 4: Distribution of Loans by Gender as at Mar, 2014

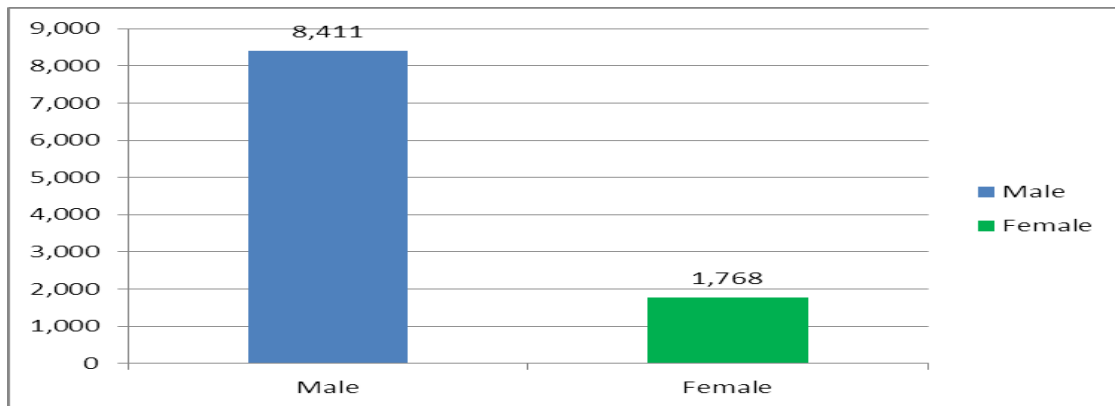
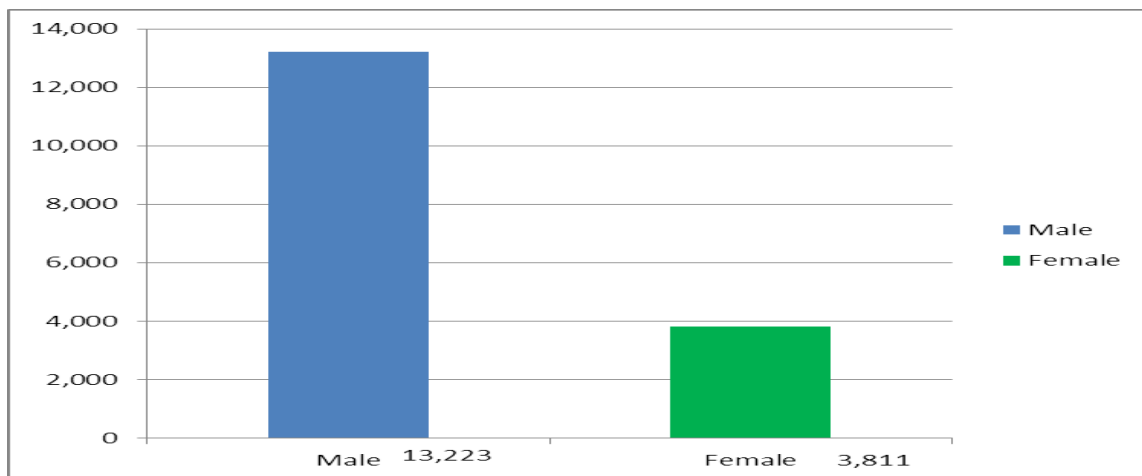


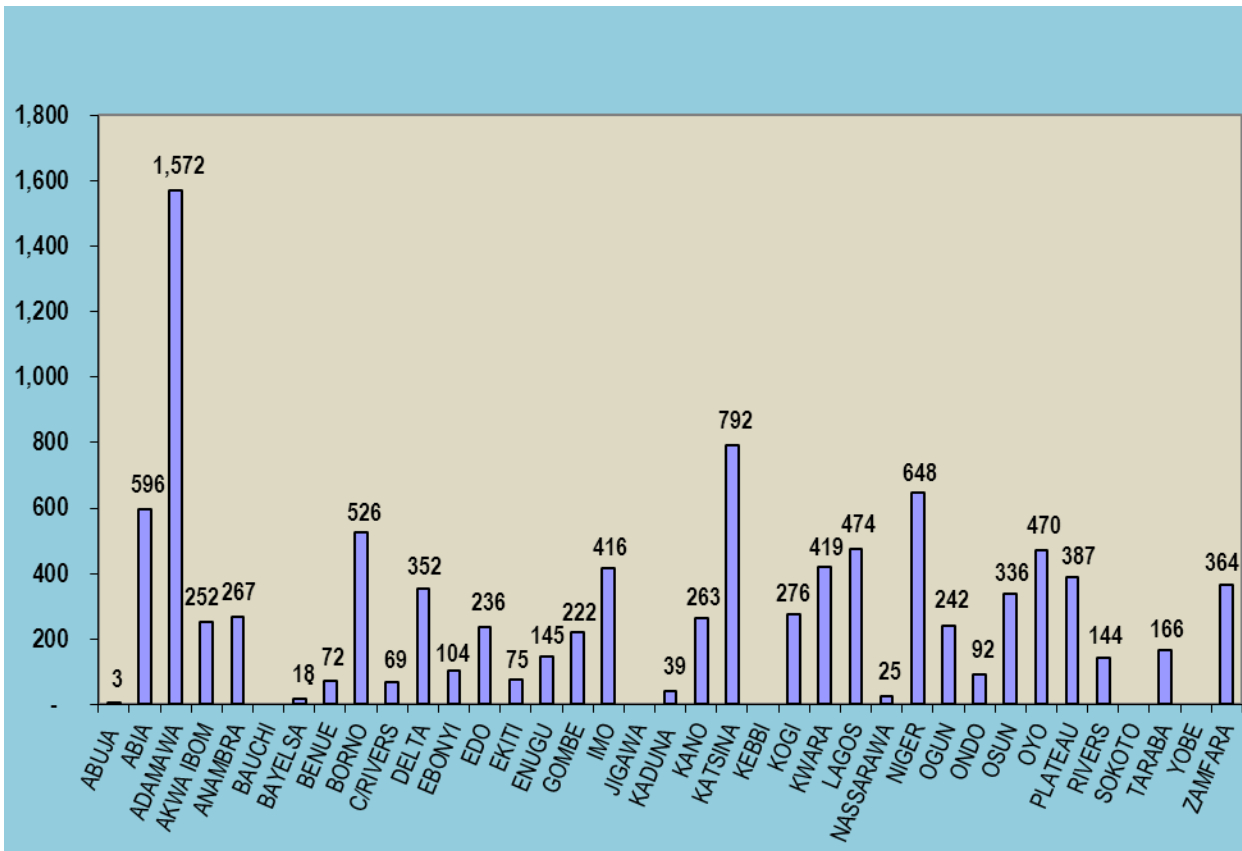
Fig. 5: Distribution of Loans by Gender as at Jan- Mar, 2014



1.3.6 Loans Repayment

The volume of loans recovered in March, 2014 was 3,698 loans valued at N849.48m as against 4,085 loans valued N778.81 million that was recovered in February, 2014, thus bringing the total loans fully repaid from January – March, 2014 to 10,062 and N2.16 billion respectively as against 10,097 valued N1.74 billion recovered during the 1st quarter, 2013. Cumulatively, 660,108 loans valued N50.88 billion had been fully repaid from inception of ACGS to March 2014.

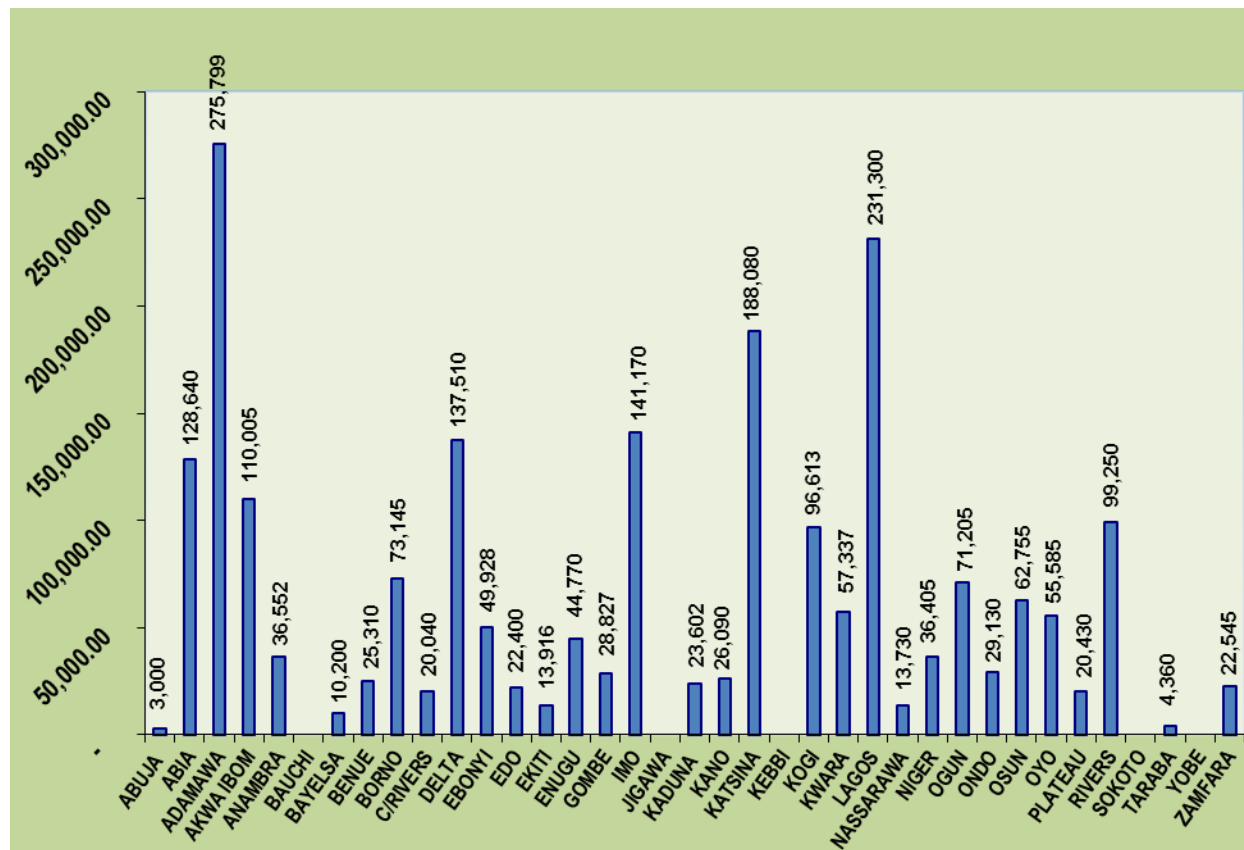
Fig. 6: Distribution of Loans Repaid by States and Number as at Jan-Mar, 2014



An analysis of loan repayment by States in the first quarter showed that Adamawa State had the highest amount with N275.79 million (12.77 per cent), followed by Lagos and Katsina States which recorded N231.30 million (10.71 per cent) and N188.08 million (8.71 per cent) respectively, as shown in Fig.6.

Also, during the first quarter, 2014 Adamawa State had the highest with loan repayment 1,572 loans (15.62 per cent) valued N275.79 million (12.77 per cent), followed by Katsina and Niger States which recorded 792 and 648 loans valued N188.08 million and N36.41 million respectively, representing 8.71 per cent and 1.69 per cent of the total number, as shown in Fig. 7.

Fig. 7: Distribution of Loans Repaid by States and Value as at Jan-Mar, 2014 (N ‘1000)



1.3.7 ACGS Claims Settlement

In the month of March 2014, 234 ACGS Claims valued N76.313 ACGS were settled. The total number and value of settled claims from inception in 1978 to date is 14,471 claims, valued N530.498.

1.3.8 Interest Draw-Back Programme (IDP) Claims Settlement

In the period under review, 8,438 IDP Claims valued N122.381 were settled. This brings the total IDP claims settled from inception to date to 239,265 valued N2.027bn.

1.3.9 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 repayment of the facility. From inception in 2006 to date, a total of 46 projects have received rebate payments amounting to N876.79 million.

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.

1.4.1 Achievements/Activities:

Seven (7) applications from Wema bank valued **N132.474 million** were guaranteed from January to March, 2014 bringing the total number of applications guaranteed under the Scheme from inception in 2010 to **seventy two (72)** valued **N3.216 billion**.

No repayment was recorded during the period; however, **twenty three (23)** projects valued **N1.558 billion** have been repaid from inception of the scheme 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** under RRF between January and March, 2014.
- The sum of N25 billion was approved and disbursed to Sunti Golden Sugar Ltd from the RRF Repayment Account within the period bringing the total amount released from the Repayment Account to **N53.975 billion** to thirty three (33) SMEs.
- Total amount released to BOI so far, stand at **N288.975 billion** and disbursed to **573 projects** from inception to date.

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 Disbursements

- The sum of **N508.00million** was disbursed under the Power and Airline Intervention Fund (PAIF) from January and March, 2014 for an Airline project (Dana air)
- Cumulatively, the sum of **N233.161 billion** had been released to BOI and disbursed through banks to **46 projects** (29 power projects received **N115.734 billion** while 17 airline projects had **N117.427 billion**) (Table.4).

1.6.2 PAIF LOAN REPAYMENT

No repayment was remitted by the BOI to CBN under the PAIF during the period. However, the total repayments stood at **N12.598 billion** by nineteen (19) projects in the following order;

- 9 Airline projects N9.399 billion
- 10 Power projects N3.199 billion

PART TWO: FINANCIAL INCLUSION ACTIVITIES

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. The primary objective is to connect the unbanked population with the mainstream financial services. During the period under review, a number of activities were carried out. Pursuant to the implementation of the strategy, the following activities were executed:

These include;

2.1.1 WORKSHOP ON NATIONAL FINANCIAL INCLUSION STRATEGY FOR HEADS OF STRATEGIES OF DEPOSIT MONEY BANKS

- The FI Secretariat facilitated a workshop on the National Financial Inclusion Strategy for the Commercial banks from 22nd to 24th Jan 2014. The meeting deliberated on the operational guidelines/framework as released by the Central Bank of Nigeria.

The major resolutions at the workshop include:

- That every bank should prepare three years financial inclusion strategy document that specifies the aspects of financial inclusion they intend to focus.
- Templates should be finalized and circulated by CBN to the banks for adoption.

- Banks should submit quarterly progress reports to CBN on their activities to include profile of their clients including income generated, geographical location and type of occupation as well as challenges.
- Commencement of pilot programmes in the other geographical zones, except Borno state because of the lingering security challenges.

2.1.2 ALLIANCE FOR FINANCIAL INCLUSION STEERING COMMITTEE MEETING

- The AFI Steering Committee met on Tuesday, 18th February 2014, to discuss the progress made by the sub-committee on Host Country Evaluation towards selecting a suitable country to host the organization. A two phased approach for the bidding, evaluation and selection process was adopted by the Sub-committee:

2.1.3 BRIEF ON FINANCIAL INCLUSION WORKSHOP ORGANIZED BY CBN

The FI Secretariat facilitated a two day workshop for Microfinance Banks in Lagos from 12th to 13th March, 2014. The objective of the workshop which covered financial literacy, agent banking framework, credit enhancement procedure, as well as cashless initiative and know-your-customer framework was aimed at improving the awareness and understanding of the National Financial Inclusion Strategy as well as identifying the roles of the key stakeholders in attaining the financial system goals. Eighty five (85) MFBs participated in the Workshop.

Highlights of decisions taken included:

- MFBs should be responsible for Agent training while POS machines should be given to MFBs free by Commercial banks.
- MSME development fund rates should be marked to international rates and an institution should be setup to detoxify the risk assets of MFBs

2.1.4 FINANCIAL INCLUSION KNOWLEDGE EXCHANGE PROGRAM WITH DELEGATES FROM MADAGASCAR.

The Central Bank of Nigeria hosted delegates from the Republic of Madagascar in a knowledge exchange program on financial inclusion strategy from 17th to 21st of March, 2014.

Discussions included:

- General insight into the financial inclusion programmes in Nigeria

- Key steps to conducting a successful National Demand side survey for financial inclusion measurement.
- Nigeria's experience regarding geospatial mapping
- Methodologies for data management
- Tools for monitoring and evaluation of financial inclusion key performance indicators

Challenges

- Commercial banks were yet to develop and implement business plans for the Borno State pilot, as a result of the lingering security challenge in the State.
- Dearth of information from relevant stakeholders to assist the development of biz plans by banks and other financial institutions.
- There is a need to organize FI training for insurance companies.
- Insufficient funds for MSMEs capacity building programmes.

Going Forward

- Workshops should be held for stakeholders particularly financial institutions at the Head Office to enlighten them on the guidelines and framework for Financial Inclusion in Nigeria.
- Liaise with Borno State Government to implement time-bound social safety programme as an incentive for opening accounts.
- Embark on train-the-trainers program for Staff of FIS Borno, and Abuja as well as DFO Maiduguri and EDC Maiduguri.
- Circulate the updated Strategy report template and follow up on the adoption.
- Continue the Sensitisation Programme in respect of the implementation of National Financial Inclusion Strategy
- Continue the training of the MFBs in the entire states/six geopolitical zone.

2.2.1 MSME DEVELOPMENT FUND (MSMEDF)

- Concluded the nationwide 1st and 2nd phases of the sensitization on the MSME Development Fund to participating Other Financial Institutions (OFIS), PFIs and End-users of the fund. A total of 11,375 participants attended.
- The department organised capacity building programme for regulators under the MSMEDF at Kano. Participants were drawn from DFD, Financial Policy and Regulation, Other Financial

Institutions Supervision Departments and Nigerian Deposit Insurance Corporation (NDIC). The training was facilitated by BRAC of Bangladesh.

- The Department met with Information Technology Department (ITD) and reviewed the business requirement document (BRD) for MFIs.

2.2.1 Challenges

- Awareness creation about the MSMEDF in order to achieve wider outreach;
- To enlighten the participants on modalities for accessing funding from the PFIs under the programme, and the need for prompt repayment.
- Secure the buy-in of State Govts/FCT in respect of MSMEDF

2.2.2 Going Forward

- Commence preparation for the take-off of the MSMEDF Office
- Sensitization of State Governments on the modus operandi of the MSMEDF Guidelines.
- Continue to collaborate with ITD on the business requirement document for MFIs.
- Implementation of the comprehensive work plan.

PART THREE: ENTREPRENEURSHIP DEVELOPMENT INITIATIVES

3.1 Entrepreneurship Development Centres (EDCs)

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

3.1.1 Achievements

- Held a terminal audit exercise on January 28th, 2014 where it was agreed that the payment of N65,484,583.66 being outstanding liabilities of EDC Onitsha be effected.
- Held a meeting with the representative of the International Labour Organization (ILO), to set an agenda for the promotion of financial inclusion for women entrepreneurs in Nigeria for 2014. The meeting resolved that:
 - Activities for the year on women entrepreneur be held;
 - Invite EFINA to present the outcome of its survey to FAMOS Task Force.

- The 18th meeting of the governing council of CBN Entrepreneurship Development Centres was held on March 3, 2014. The meeting agreed on the following:
 - Explore possible avenues for accessing funds by the graduates of the CBN- EDCs.
 - Encourage IAs to select the six (6) Micro-finance banks (MFDs) earlier identified as suitable to provide funding for various centres.
 - Commence operations in the Outreach Centres (Gombe, Minna, Bayelsa) of the Banks approved by EDCs.

- As at March, 2014, the existing EDCs located in North-East (Maiduguri), North-Central (Makurdi) and South-South (Calabar) had collectively, trained 1,461 participants out of a target of 1,500 people.
 - This included:
 - 355 participants trained in North-East
 - 570 participants trained in the North-Central
 - 536 participants trained in South-South

2.1.2 Challenges

- Setting aside convenient dates for all the parties involved to discuss the audit outcome.
- Securing an appointment to make a presentation on FAMOS to the Bankers Committee.
- Securing a date for the presentation by EFINA.

2.1.3 Going Forward

- Invite all the stakeholders to discuss the outcome of the audit exercise and commence the evacuation of CBN's assets with the Centres.
- Presentation to Bankers Committee on FAMOS.
- Invite EFINA to make a presentation on the outcomes of their survey to the FAMOS Taskforce.
- Implementation of the Actual plan.
- Identifying the financing products for the EDC Graduates to key-in.
- Commencing the process of launching outreach Centres to be located in the North-East (Gombe), North-Central (Minna) and South-South (Bayelsa).

PART FOUR: COMMODITY PROMOTION

4.1 Commodity Promotion Activities

4.1.1 Achievements

Participated in the meeting of the Export Commodity Coordinating Committee (ECCC), which was organized from 10th to 11th March, 2014 to review the activities of the National Shea nut Producers Association of Nigeria. Highlights of issues discussed included the following:

- Smuggling of shea nuts through the borders to other West African Countries.
- The world market of Shea nut was put at US\$48 billion. Nigeria was said to produce about 57% of world Shea nuts but earned little or nothing from it.
- The issue of Quality and Certification of Shea butter from Nigeria was emphasized.

Resolutions

- Enforcement of quality and certification of Shea products by the relevant agencies as a means of curbing the sub-standard Shea from Nigeria into the global market.
- There is need for Government to support the Shea industry by placing it on the exclusive list of commodities or increase tariff on it to discourage importers.
- The producing States were mandated to develop a data base of Shea actors and strengthen the Associations as a means of checkmating the excesses of the practitioners.
- The ECCC Secretariat was urged to ensure prompt payment of contributions to International Commodity Organisations in which Nigeria is a member and stop perennial default in payment.
- The ECCC was also advised to ensure judicious utilization of export commodity levy collection.

4.1.2 Funding the National Survey of Agricultural Exportable Statistics for 2013/2014

A meeting of the Consultative Committee on Agricultural Export Commodity Statistics was held on 18th March, 2014 in Abuja. The meeting was convened to review the level of compliance by the Agencies on the sharing formula of funding the survey and resolved that:

- A letter of reminder should be written by CBN to the Ministries and NBS on funding of the national survey of agricultural export commodity, and a timeframe of one month allowed for response.
- The members agreed on the relevance of the survey to Nigerian economy and emphasized the need for continuity.

- The committee appealed to the CBN not to abandon the project.

PART FIVE: OTHERS

5.1 Achievements

- The Department represented the Bank at the 3rd meeting of the Technical Working Group (TWG) on electronic warehouse receipt system on Wednesday, March 19, 2014. The meeting agreed on the following:
 - TWG was mandated to develop a business model for the electronic warehouse receipt system (e-WRS) implementation.
 - Work-out the modalities of developing the business model for the successful implementation of e-WRS.
- The Department represented the Bank at the meeting on the Technical Committee on the Design of a Wholesale DFI to fashion out the best approach to the establishment of the Wholesale DFI. The concept documents and Draft Business plan prepared by the PricewaterhouseCoopers Team was reviewed.

Some of the issues discussed that have not been concluded were;

- The interest rate to be charged by the participating financial institution (PFI)
- Ways to raise fund for the Wholesale DFI.

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