



Opening Remarks by
Governor Godwin I. Emefiele

At the ~~N~~220 billion MOU Signing Ceremony between the CBN and participating State Governments

Your Excellencies, the Governors of Akwa Ibom, Bayelsa, Benue, Borno, Delta, Enugu, Gombe, Imo, Katsina, Ondo, Osun, Oyo, and Zamfara States, members of the Senior Management of the Central Bank of Nigeria, ladies and gentlemen.

It is my pleasure to welcome you all to this ceremony to sign the Memorandum of Understanding (MOU) between the Central Bank of Nigeria and the State Governments on the ~~N~~220 billion Micro, Small and Medium Enterprises Development Fund. I am even more delighted by the response and interest that we at the CBN have received on this important partnership. Indeed, the number of State Governments here today attests to the importance of this event.

MSMEs are globally recognized as the critical engines of economic growth due to their potential to create jobs, boost production, generate income, and reduce poverty. Despite this recognition, MSMEs in Nigeria do not have the adequate financing needed to play this pivotal role in our development trajectory. According to a joint report by the International Finance Corporation and McKinsey, the

financing gap of this critical sub-sector of the country is about ~~N~~9.6 trillion as of 2010.

In order to address this gap and unlock the potential of Nigerian MSMEs, the Central Bank of Nigeria (CBN) has initiated this ~~N~~220 billion fund as an innovative way of improving their access to finance, shoring up their potentials for job creation, and enabling them reduce poverty within the country. This effort is in furtherance of the Bank's earlier endeavor at establishing six Entrepreneurship Development Centres (EDCs) in each Geopolitical Zone to support the mandate of the 23 Industrial Development Centres (IDCs) under the purview of the Small and Medium Enterprises Development Agency (SMEDAN).

While the micro-loans will be administered through private or state-owned microfinance institutions, Finance Houses, and Cooperative Finance Agencies, the SME loans will be disbursed through our commercial banks. State governments will be able to access up to ~~N~~2 billion each for on lending to eligible beneficiaries through participating financial institutions in their states.

Your Excellencies, this fund is directly in conformity with my resolve to create a professional and people-centred Central Bank that will act as a financial catalyst for job creation and inclusive economic growth. While these are our ultimate goals, our main intermediate objective is to ensure that these funds get to people at the very bottom of our social pyramid at single digit interest rates. Without achieving this

intermediate objective, I have no doubt that it would be impossible to achieve the ultimate goal of job creation and poverty reduction.

In order to ensure the attainment of our goals, therefore, the CBN would be committing considerable human, material, and financial resources to monitoring both the disbursement and utilization of these funds in a robust and verifiable manner. Participating financial institutions will be required to submit periodic returns on disbursements as well as an analysis of the social impacts of the Fund. The CBN will also undertake regular on and off site checks to ascertain veracity of the reports received. I enjoin all of you, Your Excellencies, to help us in achieving these goals by ensuring that these funds are deployed in an effective and efficient manner.

Let me end these remarks by thanking and congratulating all the State Governments present here today on taking this bold initiative to partner with the Central Bank of Nigeria. I wish all of us every success as we put our hands on deck to making Nigeria a better place.

I thank you for your attention.

Godwin I. Emefiele
Governor, Central Bank of Nigeria
24th July 2014