Distribution of Microfinance Banks by Geo-political Zones as at December, 2009

Geo-Political Zones	Number of MFBs	Total Per Zone	% of Total
North-West			
Jigawa	8		
Kaduna	23		
Kano	7		
Katsina	5		
Kebbi	6		
Sokoto	5		
Zamfara	6		
Sub-total	*60*	*60*	*6.6*
North-Central			
Abuja FCT	41		
Benue	10		
Kogi	21		
Kwara	22		
Nasarawa	3		
Niger	12		
Plateau	13		
Sub-total	*122*	*122*	*13.4*
North-East			
Adamawa	8		
Bauchi	12		
Borno	4		
Gombe	4		
Taraba	4		
Yobe	1		
Sub-total	*33*	*33*	*3.6*

Geo-Political Zones	Number of MFBs	Total Per Zone	% of Total
South-West			
Ekiti	13		
Lagos	220		
Ogun	54		
Ondo	18		
Osun	33		
Oyo	48		
Sub-total	*386*	*386*	*42.4*
South-south			
Akwa Ibom	15		
Bayelsa	5		
Cross River	16		
Delta	36		
Edo	25		
Rivers	31		
Sub-total	*128*	*128*	*14.1*
South-east			
Abia	28		
Anambra	80		
Ebony	I7		
Enugu	22		
Imo	44		
Sub-total	*181*	*181*	*19.9*
Total	**910**	**910**	**100.0**

The Nigerian

Microfinance NEWSLETTER

www.yearofmicrocredit.org www.cenbank.org/microcredit

An Initiative of the National Organising Committee of the International Year of Microcredit 2005

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Women Development Initiative (WDI) Impacts on Women Micro Entrepreneurs in Kano and Jigawa States: Excerpts of Interview With Hajia Talatu S. Bashir, Chief Executive Officer, WDI, Kano

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Courtesy of Bill and Melinda Gates Foundation

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The Nigerian Microfinance Newsletter
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Avoiding Mission Drift in the Microfinance Industry in Nigeria

The global importance of microfinance in poverty reduction has created a compelling need to design strategies for providing financial services to the vulnerable, poor and low income groups on a sustainable basis. Owing to the peculiar conditions of the poor, these services were originally provided at subsidised rates through non-governmental organization and self-help groups by donors and government. However, donor and government funds had continued to dwindle in the face of competing alternatives, creating the need for more efficient ways of service delivery.

Institutions with commercial orientation, low transaction costs, appropriate fees and interests charges became the choice in recent times. Also, institutionalisation of financial programmes and policies that support effective and efficient financial intermediaries have begun to gain increasing attention. In Nigeria, the microfinance policy, regulatory and supervisory framework was launched in December, 2005. The policy provided for the provision of financial services by non-governmental organizations, deposit money banks and microfinance banks.

To ensure that the mission of the policy was achieved, key policy targets were stipulated. These included ensuring that majority of the active population are reached with financial services, and that total credit as a percentage of Gross Domestic Product (GDP) ratio increases steadily, as well as micro credit as a percentage of total credit to the economy. Equally important was the need to improve access of women to microfinance on a consistent basis. These targets form the mission of the microfinance policy framework and the institutions that have emerged from it.

The achievement of the objectives of microfinance in Nigeria depends on the extent to which the institutions in particular, regulators and other stakeholders perform their respective roles. Current operational strategies of microfinance banks present serious challenges, as many of the banks are yet to come to terms with the tenets of practical microfinance principles. Owing to the lack of technical skills and capacity, the banks are engaged in lending and savings practices that could ration out poor clients they were designed to serve. Licensed purchase order financing, larger transactional lending (large average loan size) and large scale deposit mobilization dominate their activities. Rural lending is very minimal, owing to the fact that the banks are located in cities and urban areas.

This trend portends a drift from the overall mission of the microfinance policy and indeed micro-financing in Nigeria. Unless the challenges are addressed, access of micro-entrepreneurs to financial services and the viability of microfinance institutions might be compromised in the long run.

There is need for some persistent and pragmatic steps to be taken by stakeholders. Microfinance banks and institutions that lack appropriate orientation, institutional preparedness, technical capacity, capital base and other necessary prerequisites should be given a time frame within which to amend their strategies, failing which, they should be shown the way out. Banks which show signs of low capital base, insolvency and illiquidity should be given the support and encouragement to restructure through mergers and acquisitions. More importantly, the issue of capacity building for stakeholders should be addressed head long by the banks, regulators, development partners, as this will put the institutions in a good stead to practically achieve their original mission. Regulators should fully enforce necessary compliance with the prescribed guidelines and impose sanctions where necessary to create sanity in the system.

The application of these measures will go a long way to put micro-financing in proper perspective in Nigeria and create an institutional infrastructure that will provide for the needs of micro entrepreneurs, and support development. ■

Women Development Initiative (WDI) Impacts on Women Micro Entrepreneurs in Kano and Jigawa States:

Excerpts of Interview With **Hajia Talatu S. Bashir**, Chief Executive Officer, WDI, Kano

WDI, a non-governmental organization (NGO) based in Kano has been providing microfinance services to microentrepreneurs in Kano and other States as far back as 1998. In this interview conducted by Mr. S. F. Mohammed, a member of the Editorial Committee of the Nigeria Microfinance Newsletter, the Chief Executive bares her mind on the operational activities of her organization, as well as some critical issues affecting the microfinance sub-sector in the country. Below are the excerpts.

S. F. Mohammed: *Can you give a brief history of WDI?*

T. S. Bashir: WDI was initiated by my humble self who out of concern for women's plight in the Northern part of the country contacted fellow women professionals who came together and made concerted efforts to start WDI.

The WDI was incorporated with the Corporate Affairs Commission as a non-profit, non-religious organization in 1998. The Head Office of the organization is in Kano Metropolis, while the program activities with women's groups are undertaken in forty-four and fourteen Local Government Areas (LGAs) across Kano and Jigawa States, respectively.

S. F. Mohammed: *What are the impacts of WDI on its clients?*

T. S. Bashir: WDI's intervention has impacted positively on the lives of its clients especially women. It has economically and socially empowered over 3,000 women. It has led to the establishment of over 50 women groups both in the rural and urban communities.

Women who have never travelled beyond their communities have travelled extensively around Nigeria. A few have improved their western education from adult education to diploma level.

S. F. Mohammed: *What are the objectives of WDI and to what extent have they been achieved?*

T. S. Bashir: The objectives of WDI are to:

- Promote the establishment and ownership of small-scale businesses;
- Facilitate women's access to credit, other materials and financial support for enterprises development;
- Promote savings mobilization amongst women for income generating initiatives;
- Promote political and leadership development among women in Kano/Jigawa States;
- Build the capacity of women to participate in decision-making at personal, family and community levels; and
- Promote advocacy for women's active participation in the nation's political process.

All the objectives in this context have been largely achieved. Many enterprises and small scale agricultural production outfits have been started and sustained. Classical examples of these are the Groundnut Oil Processing in Maitsidau and aluminum cutlery smelting in Kura. Many women have been economically empowered in order to be reckoned with as partners in the development of their communities. However, lack of adequate funding has restricted the number of people we could reach.

S. F. Mohammed: *Your organization is among the few NGOs-MFIs that has successfully established a subsidiary Microfinance Bank (MFB). To what extent has this affected your loan portfolio?*

T. S. Bashir: Our loan portfolio before the establishment of the subsidiary MFB was just twelve (N12) million naira. Now the loan portfolio has risen to over eighty (N80) million naira.

S. F. Mohammed: What are the opportunities in microfinancing in Nigeria?

T. S. Bashir: The opportunities in microfinancing are many and endless. In a country where 92% of the population are un-banked, and 80% out of this are poor, you can see there is a large market out there waiting to be tapped. Owing to the fact that microfinancing is structured to reach out to these majority, and has the capability of economically empowering and setting them on the road to development, it is the quickest and strongest single tool to promote development.

WDI Loan Officer with Client

S. F. Mohammed: *The concept of MFBs is new in the country, what efforts is WDI making to improve the quality of its staff?*

T. S. Bashir: In reality, there is dearth of trained staff in the microfinance industry. However, WDI is particularly lucky to have staff who have been on the ground for 7 – 11 years and have garnered experience in microfinance operation, having gone through training offered by the United Nations Development Programme(UNDP), African Development Foundation (ADF) and CBN. Nonetheless, the establishment of a MFB subsidiary has necessitated the recruitment of new staff who need a new set of skills. Consequently, WDI has between August, 2008 to March, 2009 organized 3 series of training programmes where resource persons from both within and outside the bank were invited.

In addition, Women Development Microfinance Bank (WDMFB) made sure that all the staff attended their relevant CBN Zonal training programmes for microfinance operators. Two more in-house trainings have been scheduled for the rest of the year.

S. F. Mohammed: *What in your opinion, are the threats to microfinance operations in the country?*

T. S. Bashir: The major threat to microfinance in the country is lack of infrastructure. A lot of small businesses find it difficult to survive or make meaningful profits without adequate electricity, water

2007, Co-ordination of NAPEP Micro-credit Schemes and COPE Programmes just to mention a few.

In addition, I also attended various CBN and UNDP training programmes and workshops such as training for Board of Directors and Sensitization Workshop on microfinance.

I also served as member of the National Technical Committee on the Drafting of Microfinance Bank Policy and National Association of Microfinance Banks.

WDI Customers

SMEDAN and Ondo State Government Deepen Collaboration on SME Development

By Levi Anyikwa

Ondo State Governor Dr. Olusegun Mimiko and DG SMEDAN Nadada Umar

The Akure Business Support Centre has remained the focal centre of SMEDAN's activities in South-West Nigeria and impacted positively on the MSME sub-sector in Ondo State. More than 5,000 people had been reached with the Agency's entrepreneurship development services which include awareness and business sensitization, business management training, counseling, mentoring and linkages.

During a recent courtesy call on the Ondo State Governor, Dr. Olusegun Mimiko, the Director-General of SMEDAN, Alhaji Muhammad Nadada Umar highlighted the success recorded by the Business Support Centre [BSC] jointly established by SMEDAN and Ondo State Government in Akure. He sought further collaboration for the establishment of Business Information Centres [BICs] in order to take the services of the Agency to the grassroots.

The SMEDAN Chief Executive also solicited the support of Governor Mimiko's Administration in resuscitating ailing industries in the State, the involvement of SMEDAN in re-packaging the State's Micro-Credit Scheme and linking it with the Akure BSC's entrepreneurship development programmes. Furthermore, SMEDAN expected that the renewed partnership would enable it assist prospective applicants from Ondo State to package their proposals to benefit from the N200 billion Commercial Agricultural Credit Scheme (CACS) of the Federal Government.

In his response, the Executive Governor, assured the Director General that the State Government would continue to collaborate with the Federal Government agencies in the development of micro, small and medium enterprises [MSMEs] in the State.

Focus on Enhancing Financial Innovation and Access (EFInA)

By Modupe Ladipo

EFInA is an independent, professional, and non -profit organisation conceived by the United Kingdom's Department for International Development (DFID). Established in late 2007 to promote Financial Sector Development and Financial Inclusion in Nigeria, it is funded by DFID and the Bill & Melinda Gates Foundation.

EFInA focuses on three distinct but mutually reinforcing sets of activities:

- Providing credible market information on the Nigerian financial sector;
- Supporting projects which will augment development of Innovative Inclusive Financial Services for the unbanked and under-banked through its Innovation Fund; and
- Engaging in policy related advocacy to promote financial inclusion.

To realise its objectives, it holds regular fora to trigger debate, disseminate information and stimulate innovation in the Nigerian financial sector. In 2009, the following themes were covered:

- Transforming Access to Finance through Branchless Banking;
- Increasing Access to Finance through Islamic (Non-Interest) Banking; and
- Card and ATM Fraud: Trends, Prevention and Legislation.

EFInA recognises that one of the critical success factors for the microfinance industry in Nigeria is the development of viable institutions that customers can trust. It provides support for the development of the microfinance industry. In pursuance of this objective, EFInA will provide capacity building to develop robust back office systems and innovative products that are profitable and cost effective through a series of workshops and the Innovation Fund.

For more information, please visit www.efina.org.ng

Alliance for Financial Inclusion (AFI) Holds First Global Policy Forum

By J. A. A. Attah, CBN

The Alliance for Financial Inclusion, a non-profit organization based in Bangkhok, Thailand held its first Global Policy Forum at the Windsor Country Club, Nairobi, Kenya from 14th to 16th September, 2009. The AFI is a global network of policy makers, central banks/regulators, microfinance practitioners, development partners, microfinance experts, researchers and academicians from various parts of the world. It uses its strategic partners to develop and implement policies and products that will provide diverse financial services for different categories of entrepreneurs in various countries.

The activities of the organisation are steered by a Committee made up of:

- Bank of Thailand
- Central Bank of Kenya (CBK)
- Bango Sentral Ng Philippines
- Commission National Bancarsay de Volores, Mexico
- Executive Director of AFI Management Unit
- GTZ Senior Management Representative
- 2 policy making institutions and
- 2 independent experts.

In attendance at the Policy Forum was a total of 181 persons from 65 countries. Nigeria was represented by the Central Bank of Nigeria and Enhancing Financial Innovation and Access (EFIna).

The forum, highlighted that mobile banking had been greatly improving access of poor people to financial services in Kenya, Philippines and South Africa. In addition, it was stressed that mobile technology was reducing cost and enhancing the speed and convenience of financial services in various countries. The existence of very active telecommunication services was an essential precondition for an effective mobile banking programme.

Another major strategy being used by other countries to improve access to finance was agent banking. Brazil was prominently featured as a country that was using postal system, gas stations, restaurants and supermarkets as agents of banks. In Brazil, the methodology had made financial services faster and convenient for customers that were located in remote and rural areas.

A key learning point of the programme was the adoption of a three-tiered approach to microfinance institutional practice and regulation in Cambodia. The first tier corresponded with the regulated institutions which were licensed and supervised by the country's central bank. The second, though not licensed, were registered by the central bank and subjected to light and simple regulatory ecosystem, while the third tier was those that carried out intermediation on very low scales and were neither registered nor regulated.

Deriving from Nigeria's participation in the programme, mobile banking could be a potential source of business for telecommunication operators in the country as obtained in Kenya and Philippines. The adoption of mobile and agent banking would enhance the delivery of microfinance services in Nigeria and facilitate the achievement of the target set out in the microfinance policy, particularly, those aimed at outreach to women. In addition, the three tiered approach will enhance the regulatory authorities' ability to capture financial intermediation at the lower level. To make the process workable, formalised arrangement and policy/regulatory guidelines would need to be put in place. ■

African Rural and Agricultural Credit Association (AFRACA) Holds Agribanks Forum 2010

The African Rural and Agricultural Credit Association (AFRACA), a Sub-Saharan African association of banks and financial institutions, will be holding its Agribanks Forum from May 4 to 7, 2010, at the Sheraton Hotel and Towers, Abuja, Nigeria. The theme of the forum is "Financing Options for Agricultural and Rural Development in Sub-Saharan Africa".

AFRACA is directly involved in providing financial services for rural development. Established in 1977, it helps to foster cooperation among Governments and Financial Institutions in the field of rural agricultural finance and banking. Towards attaining its objectives, AFRACA member institutions are involved in a number of activities including support for financial services development through seminars and conferences.

Its Secretariat is currently in Nairobi, Kenya, while membership cuts across 20 countries which are represented by Central Banks, commercial banks, government agencies and other institutions involved in rural development.

Papers will be delivered by experts in various fields of agriculture and finance. The programme will provide opportunity for interaction among member institutions, development partners and other stakeholders.

Participation is strictly by invitation.

Local Organizing Committee Secretariat

The World Bank Micro, Small and Medium Enterprises (MSME) Project and Emerging Commercial Microfinance in Nigeria

By Emeka Ile
World Bank Nigeria MSME Project

Small Scale commercial fishermen along River Niger

Dry Season (Irrigation) Okra farmers selling their farm produce

The MSME Project is a joint pilot project of the Federal Government of Nigeria and the World Bank. Under its Access to Finance sub-component, it has provided support for strategic technical assistance to seven registered financial institutions. These include six microfinance banks namely AB, ACCION, Integrated, MIC, Microcred and Susu Microfinance Banks and the Development Finance Department of Oceanic Bank. As at June 30, 2009, these institutions had over one million savers, about 100,000 borrowers and a weighted average Portfolio at Risk at 30 days of 2.5%. These institutions collectively had a total loan portfolio of about N6 billion and N7.5 billion deposits.

Under the Business Development Services (BDS) sub-component of the Project, about 10,000 MSMEs had received various types of training from the BDS grantees. Also, the Industry Value Chain Development Program for the Catfish industry in Abia, Kaduna, Lagos and Ogun States had been completed, while that of Cross River State on Tourism had reached an advanced stage. In addition, rice and oil palm projects under the Industry Value Chain Development Programme are being implemented in Kaduna and Abia States, respectively.

Under the Investment Climate sub-component of the Project, a collaborative work with the Central Bank of Nigeria to assist in implementing the regulatory and legal framework for privately owned credit bureaux in the country is in progress. In this regard, two credit bureaux had been licensed and have commenced operation. Also, the programmes for promoting Secured Lending Against Movable Property and Leasing, and Developing Alternative Dispute Resolution centers in Abia and Kaduna States are also being implemented by the project. ■

*For more detailed information on the Project, please visit **www.msme-nigeria.org** website.*

GTZ Undertakes Performance Evaluation of 24 Microfinance Banks in Nasarawa, Niger and Plateau States

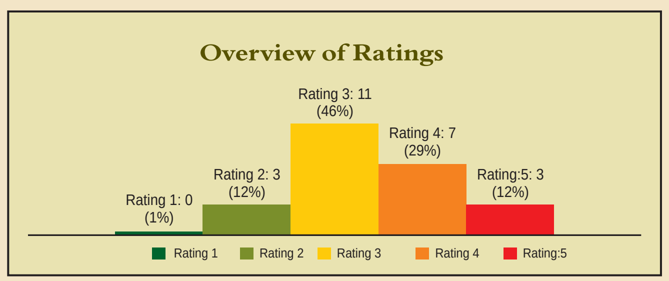
The Employment-Oriented Private Sector Development (EoPSD) Programme, sponsored by German Technical Cooperation (GTZ), commenced operations in August, 2003 in Nasarawa and Niger States, and extended to Plateau State in 2009. It aims at systematically transforming the Micro, Small and Medium Enterprises (MSMEs) into more efficient and competitive businesses, creating new employment opportunities and improving incomes. The programme facilitates regular public-private dialogues, provides business development services, skills upgrade and vocational training for MSMEs. It also supports better access to financial services for this target group by improving the capacity of the Microfinance Banks (MFBs). Recently GTZ conducted an institutional assessment on 24 MFBs in Nasarawa, Niger and Plateau States participating under the EoPSD Programme using the CAMELS methodology.

Keffi Microfinance Bank's stand during one of the GTZ EoPSD Stakeholders Exhibition

What is *'Camels Rating'*?

The acronym "CAMELS" refers to Capital adequacy, Asset quality, Management, Earnings, Liquidity and Sensitivity to market risk. The MFBs' financial condition, managerial composition and compliance with relevant laws and regulatory guidelines were evaluated. Ratings were assigned to each component in addition to the overall rating of a bank's financial condition. The ratings were assigned on a scale of 1 to 5. Banks with ratings of 1 or 2 were considered to present few, if any, supervisory concerns, while banks with ratings of 3, 4, or 5 present moderate to extreme degrees of supervisory concerns.

The exercise revealed that while none of the banks was adjudged strong enough to be rated 1 or Sound,



three banks (12.5%) achieved a composite rating of 2 or Satisfactory. Eleven (46%) of the banks were rated 3 or Marginal, while seven (29%) were rated 4 or Unsound. The remaining three (12.5%) were rated 5 or considered to be in Critical and Unsound condition.

On a general note, 58.5% of the banks assessed were rated either satisfactory or marginal. Thus, they did not pose strong enough regulatory anxiety, as the concerns they had could be sufficiently addressed by their management. The remaining 41.5% of the banks were either unsound or in critical and unsound condition, requiring drastic attention by regulators and stakeholders.

Key Success Factors

Some of the factors observed as being responsible for the relative success of 12.5% of the banks that were rated satisfactory include:

- a Strong and Experienced CEO with Good Management and Teamwork,
- supportive Stakeholders,
- location,
- Technology and Change Management, and
- Capacity for Lateral Thinking ('Thinking Outside the Box')

Key Poor Performance Factors

Five of the most obvious factors that accounted for the poor performance of 41% of the banks were:

- Weak CEO and Management with Poor Team Work
- Poor Governance Practices
- Resistance to Change
- Short comings of CBN Supervision/Regulation
- Toxic Assets Inherited from the Community Bank (CB) Era

Burning Issues Requiring Urgent Attention

It is quite a daunting picture to observe that 41.5% of the banks were rated as unsound or even critical and unsound. If this is a true reflection of the national industry situation, given an industry size of over 900 microfinance banks, there may be serious (fundamental) challenges ahead.

During the assessment exercise, the following five issues that required urgent remedial actions were identified:

Operational/Regulatory: The Microfinance Policy Framework appeared not to have gone deep enough to ensure a clean break from community and commercial banking. This resulted in a situation in which the driving principle behind the success of microfinance, that the active poor can save, borrow and repay loans priced even above conventional banking market rates was lacking. Also the penchant to regard commercial banks as their competitors rather than use them as partners shows that the MFBs were missing their target market.

The organizational structure prescribed by the CBN (which is top-heavy and does not allow for the appropriate loan officer ratio as reflected in international standards) led to sub-optimal returns of the MFBs. Also, the supervisory posture of CBN is inadequate to serve the needs of this market segment. Evidently, the sheer number of MFBs makes it very difficult, if not impossible to execute enough on-site examinations in time. In addition, as CBN supervision is mostly posterior, more efficient instruments (internal audit, local external audit, etc) should be implemented to avoid fraud and error before it happens.

Recommendations:

- It may be time to revise and update the MF Policy and Regulatory Guidelines to reflect international best practice.
- CBN should consider outsourcing the supervision of microfinance banks or expand its staffing to cope with the size of the market.

The Capital Adequacy Paradox: The performance assessment of the MFBs showed a more than satisfactory capital adequacy in the majority of the banks. This component scored the best average ranking of 2.87 in the CAMELS rating across-the-board (all other components had averages ranging from 3.04 – 3.61). Yet, this result does not reflect any prudential strategies of balance sheet management by the banks. Rather, it reflects a poor understanding of the opportunities to leverage their capital. A right leverage would lead to growing balance sheets through the exploitation of the attendant business and give the MFBs the chance to earn strong returns and ensure long term sustainability. The principle of financial intermediation that drives bankers' appetite for growth is not well internalized here.

This lack of understanding is also shown in the fact that half of these banks are still musing on getting additional funding (of

Nasarawa Microfinance Bank's stand during one of the GTZ EoPSD Stakeholders Exhibition

course, without recourse to new savings products), while the other half - which have more funds than they know how to efficiently on-lend would rather leave money in commercial bank money market instruments at sub-optimal levels of returns. Poor understanding of how to efficiently manage balance sheets for growth and sustainability can have severely restraining effects and frustrate efforts to midwife a strong microfinance sector.

It was also observed that about 70% of the banks rated with 4-5 were manned by Managing Directors who were not equipped with the skills base or the vision and commitment to run these banks. Under such circumstances, they cannot attract and retain good staff. A correlated human resource issue is the defective loan officer ratio observed across the industry.

Recommendation

- Urgent training required for Managing Directors, Heads of Credit and Operations on Balance Sheet Management (Assets and Liability Management) to enhance their skills base.
- The CBN Certification Programme should be fast-tracked to address the problem of executive capacity.
- Continuing education/capacity building programmes to bridge the observed deficiencies of other staff.

Governance and Change Management: Corporate governance concerns have continued to haunt the banks and remained a strong causative factor for failure. Governance was found to be strongly correlated to change management. Institutions which imbibed good governance practices were more amenable to change, whether in the management of transition from Community Banks to MFBs, adoption of new technology and implementation of IT projects and compliance with regulatory reporting requirements and standards.

Recommendations:

- More targeted corporate governance courses for directors and chief executive officers.
- CBN should exercise more due diligence in the appointment of skilled directors.
- CBN should be firmer in ensuring the adoption of appropriate IT platforms by the banks, this is one of the biggest catalysts for change.

Overhang of Inherited Toxic Assets: The industry is replete with MFBs carrying very large proportions of toxic assets inherited from the community banking era. Some of the banks that are now forging ahead with new profitable businesses could have achieved good rating, if not for the burden of the past toxic assets.

Recommendations:

- Banks should be advised on programmed write-offs of these bad assets.
- CBN could consider hiving-off these toxic assets into the proposed Asset Management Company, to relieve the MFBs of the burden.

In the interim, the banks can grow much faster than they have done, to dilute the negative influence of these bad assets on their books.

CBN Sensitizes Managing Directors of Banks on the Micro Credit Fund (MCF)

By Habib A. A.

The Central Bank of Nigeria (CBN) held a one-day workshop for Managing Directors and other key officers of Deposit Money Banks (DMBs) at the Ocean View Hotel, Victoria Island, Lagos on 1st December, 2009. A total of 60 participants attended the programme.

The objective of the workshop was to sensitize them on the MCF and find out why they were not finding the product attractive.

Welcoming participants, the Deputy Governor, Financial Sector Surveillance (D/G, FSS) represented by Mr. Joe Alegieuno, Director Development Finance Department (DFD) stated that the impact of the MCF after nearly two years of its operation had been below expectation. He added that, as at 31st October, 2009, only six (6) out of the twenty four (24) DMBs sent monthly MCF reports to the CBN, while only two (2) of the reporting banks had set aside a total of N2.7 billion.

The D/G stated that twelve (12) out of the fifteen (15) States of the Federation recently visited by the Central Bank of Nigeria, set aside funds under the Scheme. However, the twelve states that set aside funds did not have appreciable partnerships with the banks to access and on-lend funds under the scheme. This, he said revealed that neither the State Governments nor the DMBs were conversant with the operational modalities of the Fund and the benefits offered.

He urged participants to make the best of the opportunity provided by the workshop by making useful contributions and seeking necessary clarifications that would enhance the workability of the Scheme.

The participants were better informed on the mode of operation of the MCF and pledged to support the CBN in ensuring its success.

SMEDAN and Odekhoa Foundation Introduce Widow Empowerment Programme

By Levi Anyikwa, SMEDAN

The Small and Medium Enterprises Development Agency of Nigeria [SMEDAN] and a Non-Governmental Organization [NGO], Odekhoa Memorial Foundation [OMF] have begun the process of empowerment of widows for self-reliance and sustainable livelihood.

The empowerment programme commenced with entrepreneurship sensitization and needs assessment conducted by SMEDAN as part of activities to mark the First Odekhoa Foundation Memorial Lecture held at the new Chelsea Hotel, Abuja recently. The Lecture was organized in memory of Dr. (Mrs) Ngozika Okaisabor's late husband, Mr. Odekhoa Akhume Okaisabor who died on board the ill-fated Bellview aircraft which crashed in Ogun State on October 22, 2005.

In her welcome address, the Executive Director of Odekhoa Memorial Foundation, Dr. Mrs. Ngozika Okaisabor urged the widows to remain focused, strive to be economically independent and God-fearing. Also speaking at the occasion, the Senior Programme Officer, Enterprise Promotions Department of SMEDAN, Mrs. Bimpe Fawale, urged the widows to choose businesses they had the skill and passion for, instead of following bandwagon effects.

Recalling her experience, Dr. Okaisabor stated that "after the demise of my husband, I had this burden in me to help widows who due to circumstances beyond their control and the situation they have found themselves in, find it difficult to pay their children's school fees and take care of other domestic needs. To accomplish this vision, I have been implementing a scholarship programme for children of widows, carefully selected from across the country". She also added that she had passion to economically and spiritually empower the widows by facilitating vocational and entrepreneurship training programmes and access to business finance.

Under the collaboration, SMEDAN is expected to assist in the area of business information provision, mentoring, business counseling and registration, monitoring and evaluation, as well as other support services.

The next stage of the empowerment process is entrepreneurship/vocational training at the end of which the Foundation will provide seed capital for the widows.

Fifty three (53) widows benefited from the first sensitization workshop.

USAID *MARKETS* Trains Credit Officers of Development and Exchange Center (DEC), Bauchi and Nigeria Agricultural, Cooperative and Rural Development Bank (NACRDB)

By Farouk Kurawa, USAID Markets

The United State Agency for International Development (USAID) through its Maximising Agricultural Revenue and Key Enterprises in Targeted Sites (MARKETS) Project, in collaboration with Diamond Development Initiatives (DDI), Kano trained twenty one (21) credit officers of the Development and Exchange Center (DEC), Bauchi on Business Planning and Financial Projections using "Microfin 4.0"[1]. The exercise, which was held from October 19 - 23, 2009, was part of the MARKETS' contribution in enhancing operations and credit service delivery for microfinance institutions.

Participants at USAID Training Programme

The objectives of the training were to enable participants:

- gain better understanding of practical approaches to planning;
- develop long-term diversified financing strategies;
- design products to meet clients' needs; and
- develop financial projections, monitor and interpret financial ratios.

The training was declared open by the Executive Director of DEC, Mr. J. C. Makka who thanked MARKETS for accepting the request of DEC to build the capacity of its accounts and microfinance officers in business planning and financial projections. He encouraged the participants to take full advantage of the training.

[1]**Microfin** is a sophisticated, Excel-based spreadsheet projection tool for planning an institution's financial services activity and is meant to be used as part of the annual planning process for monitoring purposes.

The participants rated the training as relevant to their needs and appealed to USAID MARKETS to organize more of such programmes in the future. Giving the closing remarks, Mr. Kayode Faleti, MARKETS Lagos Business Promotion Office Manager advised the participants to utilize the knowledge gained and train other staff that could not attend. Certificates of participation were presented to all the participants at the end of the workshop.

In a related development, USAID MARKETS, in late August and early September, 2009, trained the Credit Officers and Managers of the Nigerian Agricultural, Cooperative and Rural Development Bank (NACRDB) on "Effective Lending and Financial Management". Topics covered during the week long course included credit appraisal and reporting, loan approval and follow up, identification of problem loans, managing late repayment and steps in repackaging of bad loans as well as risk analysis and product development.

A total of 67 staff of the NACRDB were trained (29 in Ilorin and 38 in Kano).

Participants at USAID Training Programme

World Bank Offers Agriculture Finance Support Facility (AFSF)

A World Bank initiative supported by the Bill and Melinda Gates Foundation

The World Bank, with the support of the Bill and Melinda Gates Foundation, has established the Agriculture Finance Support Facility (AFSF). The Facility will support activities that are expected to substantially increase financing for agriculture, particularly for smallholder farmers.

A major activity of AFSF will be to provide grants to financial institutions in Africa and Asia to partially finance the business development costs of their agriculture finance initiatives. These initiatives would enable them to either enter the agriculture finance market at a significant volume or substantially scale up their agriculture finance portfolios.

The grants will be made to retail financial institutions, such as commercial banks and regulated non-bank finance companies.

- Grants are expected to range from US$500,000 to US$1 million. Smaller and larger grants will be considered for financial institutions assessed to have significant potential to influence the local rural finance market.
- Grants will finance up to 50 percent of the business development costs, structured on a case-by-case basis. Business development costs can include expenses, such as: a) technical advice for rural finance strategy development and implementation; b) rural outreach infrastructure, such as leasing of office-space or mobile banking vehicles, smart cards and card-reading devises, point-of-sale devices; c) management and staff training expenses; d) client training expenses (financial literacy); e) consultancy expenses for developing products, processes, marketing campaigns, and, f) staff salaries, on a temporary and declining basis.
- Grants cannot be used for activities not directly related to AFSF's objectives (e.g., purchase of land and buildings).
- Grants cannot be used as capital (e.g., for equity, on-lending, and partial-guarantees).
- Grants need to be utilized over a maximum period of two years.
- Grantees will be required to report periodically on the project progress, facilitate independent assessments of the projects and be willing to share the findings of such assessments, and participate in peer-learning events.
- Grantees will have the opportunity to participate in peer-learning and networking opportunities through participation in grantee conferences and study tours.

Financial institutions can apply either individually or, if members of a network, as a consortium for grants from AFSF. Applicants would have to initially submit a Concept Note, and if selected for further consideration, submit a Business Plan.

Criteria for selection of Business Plans for financing will include:

- Scalability and sustainability potential of the initiative.
- Organization's track-record of financial and service delivery performance.
- Level of increased outreach to smallholder farmers and other low-income clients.

The Facility is now accepting Concept Notes. For further inquiries regarding the grants, institutions in Africa can contact Graham Owen, Senior Program Officer ***(gowen@worldbank.org)***, and those in Asia may contact Rainer Haberkorn, Program Officer ***(rhaberkorn@worldbank.org)***.