



DEVELOPMENT FINANCE DEPARTMENT (DFD) – REPORT OF THE ACTIVITIES OF THE BUSINESS UNIT FOR THE MONTH OF OCTOBER, 2015

We provide herewith, the activities of the Development Finance Department for the month of October, 2015.

The Department has the mandate to promote sustainable growth and inclusive growth. The strategic initiatives that drove the operations included: the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL), Commercial Agriculture Credit Scheme (CACs), Agricultural Credit Guarantee Scheme (ACGS), Agricultural Credit Support Scheme (ACSS), Interest Drawback Programme (IDP), Microfinance Policy, Financial Inclusion, Entrepreneurship Development activities, Power and Airline Intervention Fund (PAIF), Small and Medium Enterprises Credit Guarantee Scheme (SMECGS), SME Restructuring/Refinancing Fund (RRF), Real Sector Support Facility (RSSF), National Collateral Registry (NCR) and Nigeria Electricity Market Stabilisation Facility (NEMSF). The report which is structured into three parts highlights the achievements of DFD, challenges and the way forward. **Part 1** reviews the real sector interventions; **Part 2** dwells on entrepreneurship development initiatives of the Department and **Part 3** highlights financial inclusion activities.

Presented below are the 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 exposure of financial institutions that lend to the sector. It will also build 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 in October, 2015

- **No** Credit Risk Guarantees (CRGs) was approved within the month of October, 2015. The cumulative Credit Risk Guarantees (CRGs) issued is **two hundred and forty seven (247)** valued **N21.673 billion** from inception to date.
- **No** GES CRG was approved in October, 2015, under the NIRSAL-GES Framework. However, the GES related guarantee stood at **N39.487 billion** in respect of **207 projects** from inception to date.
- During the period under review, **three (3)** IDB Claim (NIRSAL) valued **N13.759m** were paid. Cumulatively, **26** projects valued **N314.275million** are benefitting under NIRSAL IDB claims. (NIRSAL IDB claims are paid quarterly in respect of each of the projects.)
- No GES IDB was paid in October, 2015. However, the cumulative total GES IDP paid to date stood at **N439.085 million** for **91** projects.
- NIRSAL PLC. in collaboration with GIZ and Bankers Committee trained 104 Middle Management and Agric. Desk officers of Money deposit Banks on Agric. Value chain Financing. The training was held in Lagos from 5th-9th October, 2015.
- Held stakeholders meeting at WACOT Headquarters Funtua, Katsina State on 16th October, 2015. The meeting was to review the training of 5,000 Cotton Farmers for FBS training. A total of 4, 079 farmers were trained under this initiative and outstanding of 921 farmers to be trained at a later date.

1.1.2 Challenges

- Non- payment of 50% by Federal Ministry of Agriculture and Rural Development under the GES input supply scheme has triggered claim settlement by NIRSAL to Counter parties;
- Manpower shortage; substantive Managing Director and other supporting staff are yet to be recruited
- The IT Infrastructure for the NIRSAL Office at Danube Street is yet to be provided and this is stalling the relocation of NIRSAL to its permanent office.

1.1.3 Going Forward

- NIRSAL will sell guarantee of 75%, 50% and 30% to primary producers, processors and logistics provider respectively;
- Guarantee to be issued on Face Value as against First Loss;
- Continue to collaborate with stakeholders on the way forward.

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 up to 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 activities were carried out;

1.2.1 Highlight of Activities/Achievements

- The sum of **N7.300 billion** was released from **CACS Repayment** Account to **three (3)** banks in respect of **one (1) private and two (2) state projects** in the month under review.
- From inception in 2009 to October 2015, the sum of **N318.145billion** has been released to the economy for **399 projects**.
- In pursuit of the real sector development, with special focus on **seven commodities (rice wheat, sugar, fish, diary, oil palm and cotton)**, a total sum of **N45.698 billion** was released to the rice sub-sector in October, 2015. The cumulative sum of **N75.184 billion** has been released to the economy in respect of all the focal commodities as at October, 2015.
- From January to date, 2015 a total of **937,044** jobs were created. Thus, the cumulative job created from inception to date is **1,131,600**.
- The sum of **N6.318 billion** was recorded as repayments by **nine (9)** banks in respect of **sixty-six (66)** projects bringing the total fund repaid to **N180.086 billion** in respect of **140** fully repaid projects and **148** steady repayments at end of October, 2015
- **Six (6)** out of the **357** private projects are owned and managed by women
- No bank was sanctioned for infringements during the month under review. However, the balance of CACS penalty account as at October, 2015 was **N1.413billion**.

Table 1: Total Disbursement by Deposit Money Banks (DMBs) under CACS

Financing Bank		Receivable from DMBs Accounts		Repayment Account		Total Amount Released	
		Projects	Amount Released to Banks (N'Bn)	Projects			Amount released (N'Bn)
				New	Enhancement		
1	Access Bank Plc	11	10.326	6	0	4.3	14.626
2	Citibank	2	3	0	0	0	3
3	Diamond Bank	12	2.744	4	2	1.666	4.41
4	Ecobank Plc	7	3.82	3	2	2.555	6.375

5	Fidelity Bank Plc	8	8.575	2	2	4.296	12.87
6	First Bank of Nigeria	62	22.359	29	3	14.667	37.026
7	First City Mon. Bank	8	4.785	10	2	4.689	9.474
8	Guaranty Trust Bank	9	5.8	7	0	11.6	17.4
9	Heritage Bank	6	0.52	7	1	4.294	4.814
10	Keystone Bank	1	0.2	3	0	2.005	2.205
11	Skye Bank Plc	8	11.217	0	2	0.475	11.692
12	Stanbic IBTC	23	11.742	10	4	5.866	17.608
13	Sterling Bank	14	7.193	11	7	13.145	20.338
14	Union Bank Plc	21	18.167	4	0	2.431	20.598
15	United Bank for Africa	35	41.757	4	0	11.0	52.757
16	Unity Bank Plc	23	19.932	2	3	4.25	24.182
17	Wema Bank	5	0.74	3	2	0.44	1.18
18	Zenith Bank Plc	18	26.955	21	3	30.635	57.59
	Total	273	199.831	126	31	118.314	318.145

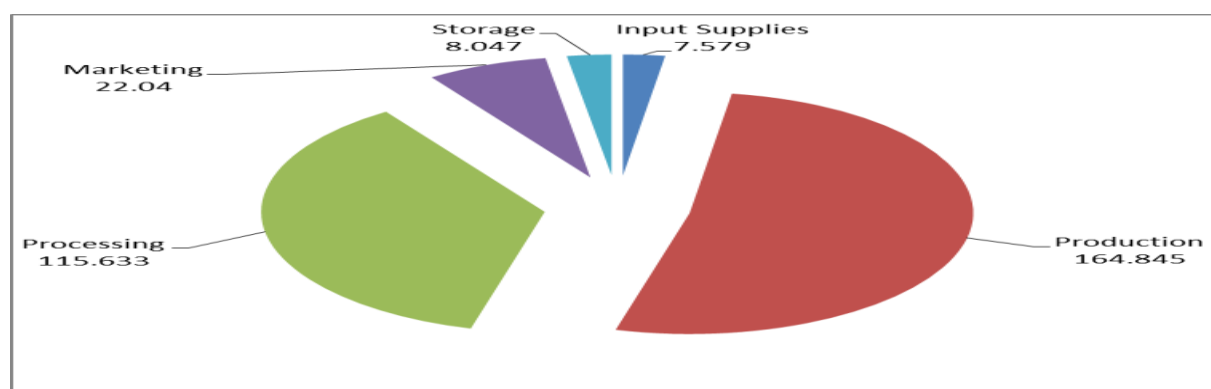
The analysis of number of projects financed under CACS by value chain showed that out of three hundred and ninety nine (399) private sector projects, sponsored from inception, production accounted for 59.90% and dominated the activities funded, processing accounted for 31.58% while marketing, storage and input supplies accounted for 4.01%, 3.26% and 1.25% per cent respectively. (Table 2)

Table 2: Analysis of CACS Financed Private Projects by Value Chain as at October, 2015

Category	Number (%) of Projects	Value {N 'billions and %}
Input Supplies	5 (1.25%)	7.579 (2.38%)
Production	239(59.90%)	164.845 (51.81%)
Processing	126(31.58%)	115.633(36.35%)
Marketing	16 (4.01%)	22.04 {6.93%}
Storage	13 (3.26 %)	8.047 {2.53%}
Total	399	318.145

Analysis by value of funds released showed that production accounted for 51.81%, Processing recorded 36.35% while marketing, storage and input supplies accounted for 6.93% 2.53% and 2.38% per cent respectively. (Table 2)

Figure 1: Banks' Disbursements to Projects by value of funds under CACS as at October, 2015 based on Value Chain Distribution



1.2.2 Challenges

- Poor monitoring of projects by some participating banks.
- Slow pace of implementation of projects by State Governments.
- Non-adherence to CACS guidelines by banks.

1.2.3 Going Forward

- Improved monitoring of CACS projects by CBN.
- Impact Assessment to ascertain the actual gains of CACS.

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

The Performance of ACGS in the month of October, 2015:

In October 2015, the number of loans guaranteed totalled **11,536** valued **N1.552 billion** by **two (2)** Deposit Money Banks and **Thirty four (34)** Microfinance banks. This is in comparison with **5,134** loans valued **N0.621 billion** guaranteed in September, 2015. This indicated an increase in number and value of 6,402 or 124.69% and N0.931b or 149.92% respectively. The total loans guaranteed from inception in 1978 to October, 2015 is **990,292** valued **N94.366 billion**.(Table 3)

The Performance of ACGS in the month of October, 2015:

PARAMETERS	October, 2015 POSITION	September, 2015 POSITION
1. Guaranteed Loans	<p>Guaranteed 11,536 loans valued N1.552billion in October, 2015 as against 5,134 loans valued N0.621 billion guaranteed in September, 2015. This trend indicated an increase in number and value of 6,402 or 124.69% and N0.931billion or 149.92% in respectively.</p> <p>The total loans guaranteed from inception in 1978 to October, 2015 is 990,292 valued N94.366 billion.</p>	<p>Guaranteed 5,134 loans valued N0.621billion in September, 2015 as against 8,330 loans valued N1.640 billion guaranteed in August, 2015. This trend indicated a decrease of 3,196 or 38.37% in number and N1.019billion or 62.13% in value.</p> <p>The total loans guaranteed from inception in 1978 to September, 2015 is 978,756 valued N92.814 billion.</p>
2. Number of Loans Guaranteed ranked on State Basis	<p>October, 2015: The breakdown of the October, 2015 performance is as follows:</p> <p>Highest: Jigawa State with 2,750 (23.84%) valued N85 million (5.48%).</p> <p>Second: Zamfara State with 1,201 loans (10.41%) valued N27.897 million (1.80%).</p> <p>Third: Ogun State with 1,080 loans (9.36%) valued</p>	<p>September, 2015: The breakdown of the September, 2015 performance is as follows:</p> <p>Highest: Oyo State with 693 (13.50%) valued N42.920 million (6.90%).</p> <p>Second: Zamfara State with 497 loans (9.68%) valued N7.164 million (1.15%).</p> <p>Third: Katsina State with 461 loans (8.98%) valued N57.610</p>

	N96.445 million (6.22%).	million (9.26%).
3. Number of Loans Guaranteed by Size of Loan	<p>October, 2015 - The breakdown of the October, 2015 performance is as follows:</p> <p>N5,000 and below = 1 loan valued N.005m</p> <p>N5,001 - N20,000 = 3,102 loans valued N60.635m</p> <p>N20,001-N50,000= 2,761 loans valued N126.783m</p> <p>N50,001-N100,000= 2,246 loans valued N202.638m</p> <p>Above N100,000 = 3,426 loans valued N1.161bn</p>	<p>September, 2015 - The breakdown of the September, 2015 performance is as follows:</p> <p>N5,000 and below = Nil</p> <p>N5,001 - N20,000 = 776 loans valued N10.216m</p> <p>N20,001-N50,000= 1,585 loans valued N69.187m</p> <p>N50,001-N100,000=1,430 loans valued N133.014m</p> <p>Above N100,000 =1,343 loans valued N409.476m</p>
4. Number of Loans Guaranteed by Category of Loan	<p>October, 2015 - The breakdown of the performance is as follows:</p> <p>Individuals = 11,524 loans valued N1.544b</p> <p>Informal Groups = 9 loans valued N5.300m</p> <p>Co-operatives = 2 loans valued N1.100m</p> <p>Companies = 1 loan valued N1.000m</p>	<p>August, 2015 - The breakdown of the performance is as follows:</p> <p>Individuals = 4,949 loans valued N609.247m</p> <p>Informal Groups = 41 loans valued N1.000m</p> <p>Co-operatives = 142 loans valued N7.648m</p> <p>Companies = 2 loans valued N4.000m</p>
5.Loans Guaranteed by Purpose	<p>October, 2015 - The breakdown of loans granted by purpose is the following:</p> <p>Livestock = 438 loans valued N115.490m</p> <p>Fisheries = 98 loans valued N28.413m</p> <p>Mixed crops = 1,398 loans valued N190.630m</p> <p>Food Crops= 8,540 loans valued N822.112m</p> <p>Cash Crops = 361 loans valued N51.460m</p> <p>Others = 701 loans valued N343.419m</p>	<p>September, 2015 - The breakdown of loans granted by purpose is the following:</p> <p>Livestock = 278 loans valued N73.667m</p> <p>Fisheries = 156 loans valued N48.026m</p> <p>Mixed crops = 364 loans valued N57.945m</p> <p>Food Crops= 3,473 loans valued N369.487m</p> <p>Cash Crops = 18 loans valued N4.400m</p> <p>Others = 845 loans valued N68.370m</p>
6.Loan Repayment	<p>A total of 5,739 loans valued N841.117 million was fully repaid under the Scheme in October, 2015 as against 2,043 loans valued N340.667mn that was recovered in September, 2015. This brings the total of fully repaid loans from inception to October, 2015 to 743,839 valued N64.163 billion.</p>	<p>A total of 2,043 loans valued N340.667 million was fully repaid under the Scheme in September, 2015 as against 7,110 loans valued N1.239bn that was recovered in August, 2015. This brings the total of fully repaid loans from inception to September, 2015 to 738,100 valued N63.322billion.</p>
7.Loans Repayment by State	<p>October, 2015 - The breakdown of performance is as follows:</p> <p>Highest: Edo State with 1,709 loans (29.78%) valued N171.780m (20.42%).</p>	<p>September, 2015 - The breakdown of performance is as follows:</p> <p>Highest: Edo State with 587 loans (28.73%) valued N57.320m (16.83%).</p>

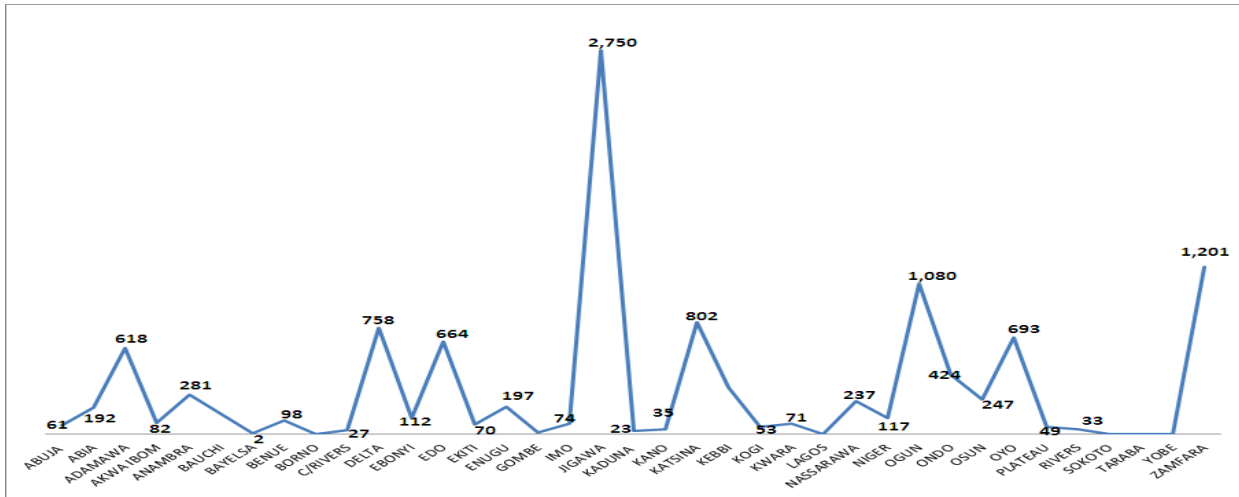
	<p>Second: Delta State with 1,156 loans (20.14%) valued N262.647m (31.23%).</p> <p>Third: Sokoto State with 879 loans (15.23%) valued N60.265m (7.16%).</p>	<p>Second: Kwara State with 404 loans (19.77%) valued N22.766m (6.69%).</p> <p>Third: Abia State with 187 loans (9.15%) valued N18.600m (5.48%).</p>
8.ACGSF Claims Settled	<p>20 ACGSF Claims valued N1.091m were settled in October, 2015. The cumulative number of settled claims from inception to date stood at 16,800 valued N622.029 million.</p>	<p>19 ACGSF Claims valued N5.334m was settled in September, 2015. This brings the cumulative number of settled Claims from inception to date to 16,780 valued N620.937 million</p>
9.IDP Claims Settled	<p>4,974 IDP claims valued N54.281m was settled in October, 2015. This brings the total number and value of IDP claims settled since inception in 2003 to October, 2015 to 281,173 valued N2.564 billion.</p>	<p>1,466 IDP claims valued N13.165m was settled in September, 2015. This brings the total number and value of IDP claims settled since inception in 2003 to September, 2015 to 276,199 valued N2.510 billion.</p>
10.Banks' Performance under the ACGS	<p>Performance of banks under the ACGS as at October, 2015:</p> <p>(i) Banks</p> <p>2 Banks granted a total of 1,914 loans valued N712.102 million under the ACGS as at end of October, 2015. The breakdown of the disbursements by the bank is as follows; First Bank Nig. Plc {117 loans valued N14.880m}; Union Bank Nigeria Plc. {1,797 loan valued N706.222m}</p> <p>(ii) Microfinance Banks (MFBs)</p> <p>34 MFBs granted a total of 9,622 loans valued N830.422 million under the ACGS in October, 2015.</p>	<p>Performance of banks under the ACGS as at September, 2015:</p> <p>(i) Banks</p> <p>4 Banks granted a total of 494 loans valued N134.133 million under the ACGS as at end of September, 2015. The breakdown of the disbursements by the bank is as follows; Diamond Bank, {1 loan valued N3.0m}; Keystone Bank, {17 loans valued N2.700m}; Union Bank Nigeria Plc. {268 loans valued N117.065m}; and, Unity Bank, {208 loans valued N11.368m}.</p> <p>(ii) Microfinance Banks (MFBs)</p> <p>37 MFBs granted a total of 4,640 loans valued N487.762 million under the ACGS in September, 2015.</p>
11. Number of Memoranda of Understanding (MOUs) signed under the Trust Fund Model.	<p>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.</p>	<p>No new Memorandum of Understanding (MOU) was signed by the Department under the TFM during the period under review; however, 56 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.</p>
12. ACGSF Resources	<p>The total resources of the Agricultural Credit Guarantee Scheme Fund stood at N5.997 billion as at October, 2015.</p>	<p>The total resources of the ACGSF as at September of 2015 stood at N5.998 billion.</p>
13.IDP Resources	<p>The total resources of the Interest Drawback Programme Fund as at October, 2015 stood at N1. 494 billion.</p>	<p>The value of the total resources of IDP at the end of September 2015 was N1.540 billion.</p>

<p>14. Expenses Recoverable Payable to the Managing Agent (CBN)</p>	<p>The total expenses recoverable incurred by the Development Finance Offices nationwide including Head Office (salaries) under the ACGSF amounted to ₦72,037,226.29 (Seventy-two million, thirty-seven thousand, two hundred and twenty-six naira, twenty-nine kobo).</p>	<p>The recoverable expenses incurred by the Development Finance Offices (excluding the Head Office due to system problems) under ACGSF for the month of September, 2015 amount to ₦66.650 million.</p>
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1.3.2 DISTRIBUTION OF GUARANTEED LOANS BY STATE

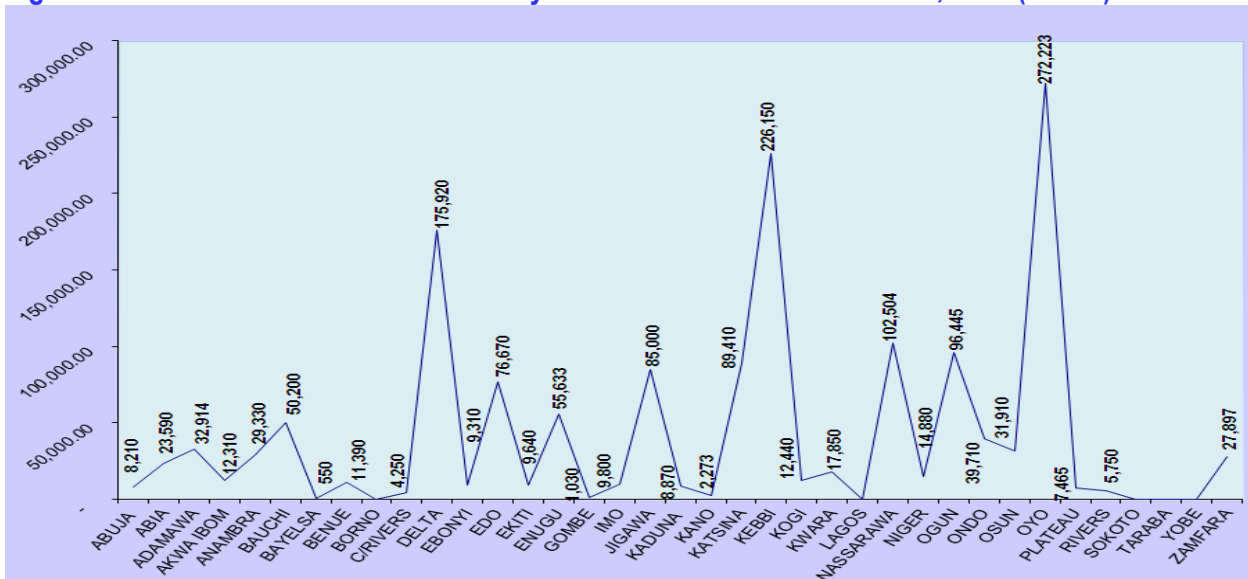
The analysis of loans guaranteed indicated that **Jigawa State** granted the highest number of loans with **2,750 loans**, followed by **Zamfara** and **Ogun States** which granted **1,201** and **1,080** loans respectively in October, 2015. (Fig 2)

Fig. 2: Distribution of Loans Guaranteed by States and Number as at October, 2015



In October, 2015 the analysis of loans guaranteed by value indicated that **Oyo State** granted the highest with **₦272.223 million** followed by **Keppi** and **Delta States** which granted **₦226.150 million** and **₦175.920 million** respectively, (Fig.3)

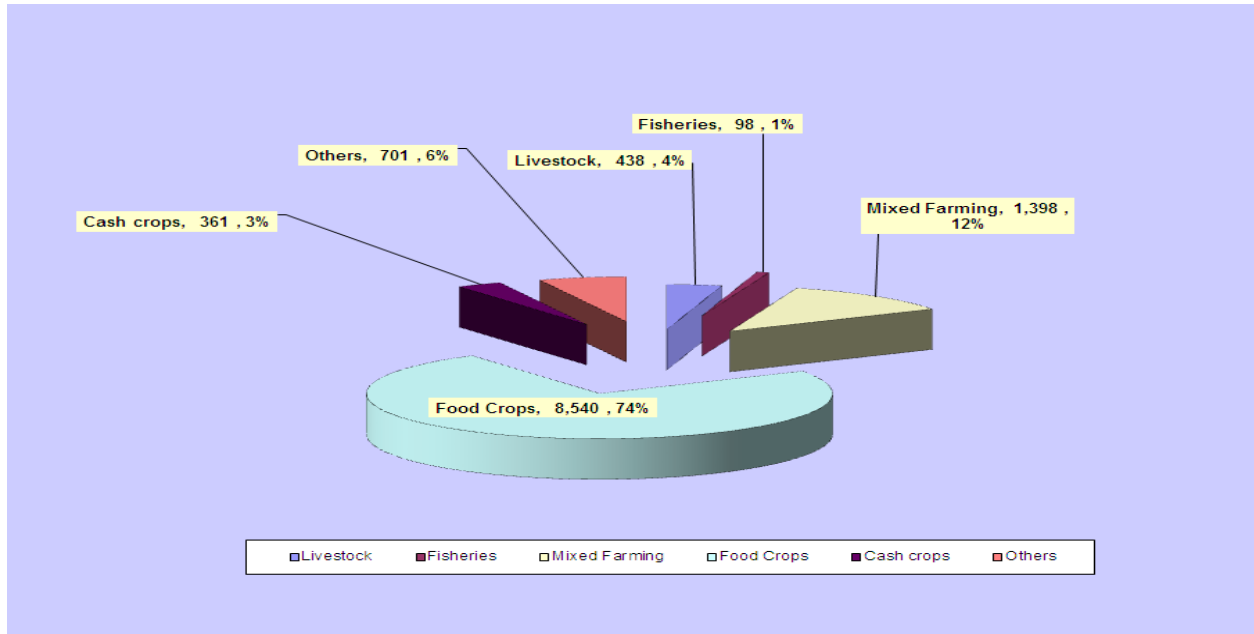
Fig. 3: Distribution of Loans Guaranteed by States and Value as at October, 2015 (N '000)



1.3.3 DISTRIBUTION OF LOANS BY PURPOSE

The distribution of number of loans guaranteed by purpose indicated that Food Crops accounted for **8,540 loans (74 per cent)**, followed by Mixed Farming, Others which recorded **1,398 loans (12 per cent)**, **701 loans (6 per cent)** respectively. Livestock, Cash Crops and Fisheries recorded **438 loans (4 per cent)**, **361 loans (3 per cent)**, **98 loans (1 per cent)** (Fig 4.)

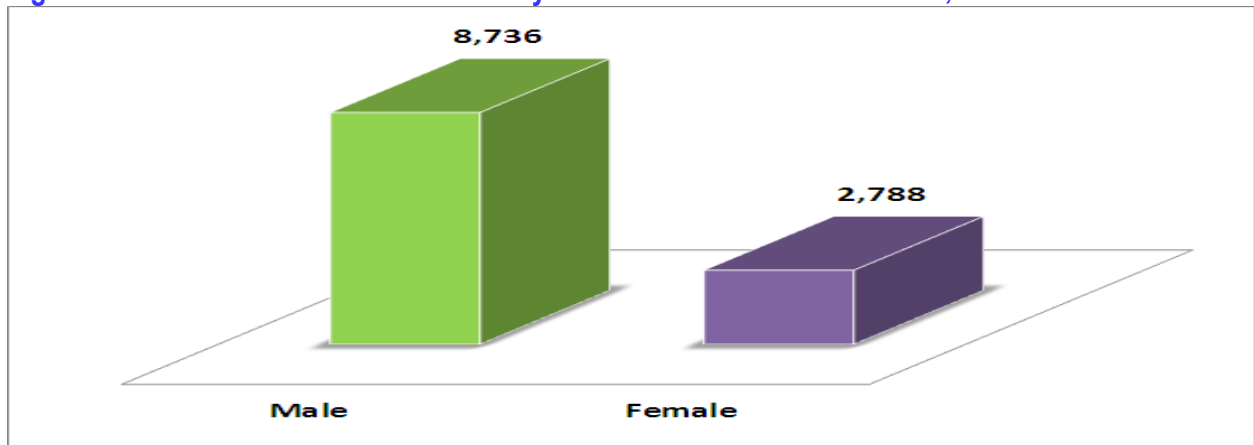
Fig. 4: Distribution of Loans Guaranteed by Purpose as at October, 2015



1.3.4 Analysis of Loans Guaranteed by Gender of Borrowers

In October, 2015, a total of **8,736 (75.73%) male** beneficiaries obtained loans under the ACGS, amounting to **N1.191 (76.75%) billion**, while **2,788 (24.17%) female** borrowers received **N353.288 (22.77%) million** (fig 5)

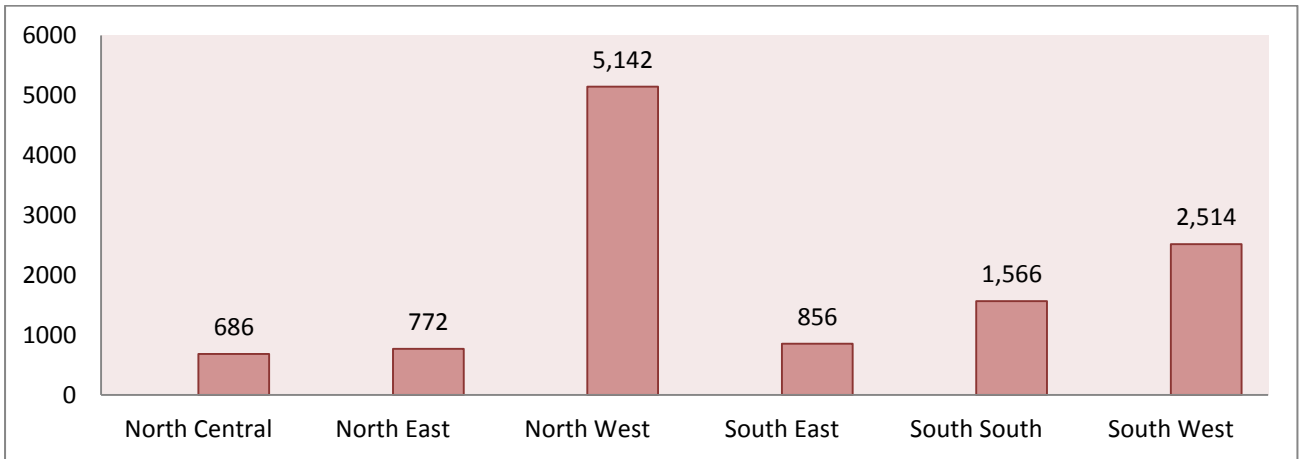
Fig. 5: Distribution of Loans Guaranteed by Gender and Number in October, 2015



1.3.5 LOANS GUARANTEED ANALYSED BY GEO-POLITICAL ZONES (N '000)

Analysis of number of loans guaranteed by States in the geo-political zones in October, 2015, showed that the **North-West zone** comprising (Kaduna, Kano, Katsina, Kebbi, Jigawa, Sokoto and Zamfara States) guaranteed the highest with **5,142 loans valued N439.600million** followed by **South-West zone** comprising (Ekiti, Lagos, Ogun Ondo, Ogun and Oyo States) with **2,514 loans valued N449.927 million**. **South-South** which comprises ((Akwa-Ibom, Bayelsa, Cross-River, Delta, Edo and Rivers States) came in third with **1,566 loans valued N275.450m**. (Fig.6).

Fig. 6: Distribution of Loans Guaranteed by Number and Geo-Political Zones In October, 2015

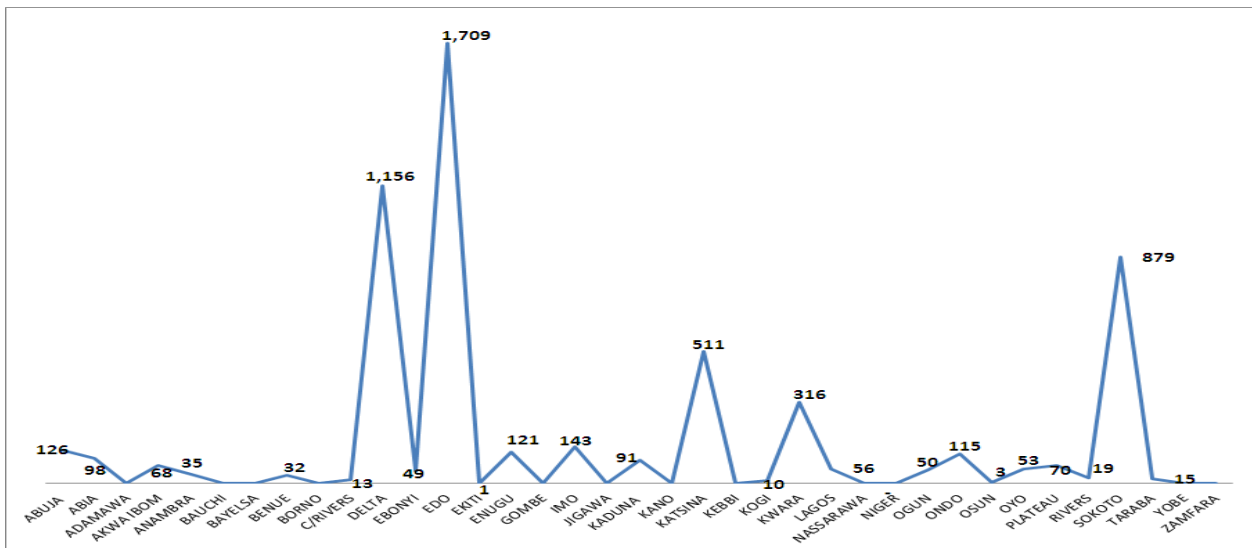


1.3.6 Loans Repayment (N '000)

A total of **5,739 loans valued N841.118 million** was fully repaid under the Scheme in October, 2015 as against **2,043 loans valued N340.667m** that was recovered in September, 2015. This showed an increase in number and value of **3,696 (180.91%)** and **N500.451mn (146.90%)** respectively when compared with the repayment in September 2015. The cumulative fully repaid loans from inception to October, 2015 stood at **743,839 valued N64.163billion**.

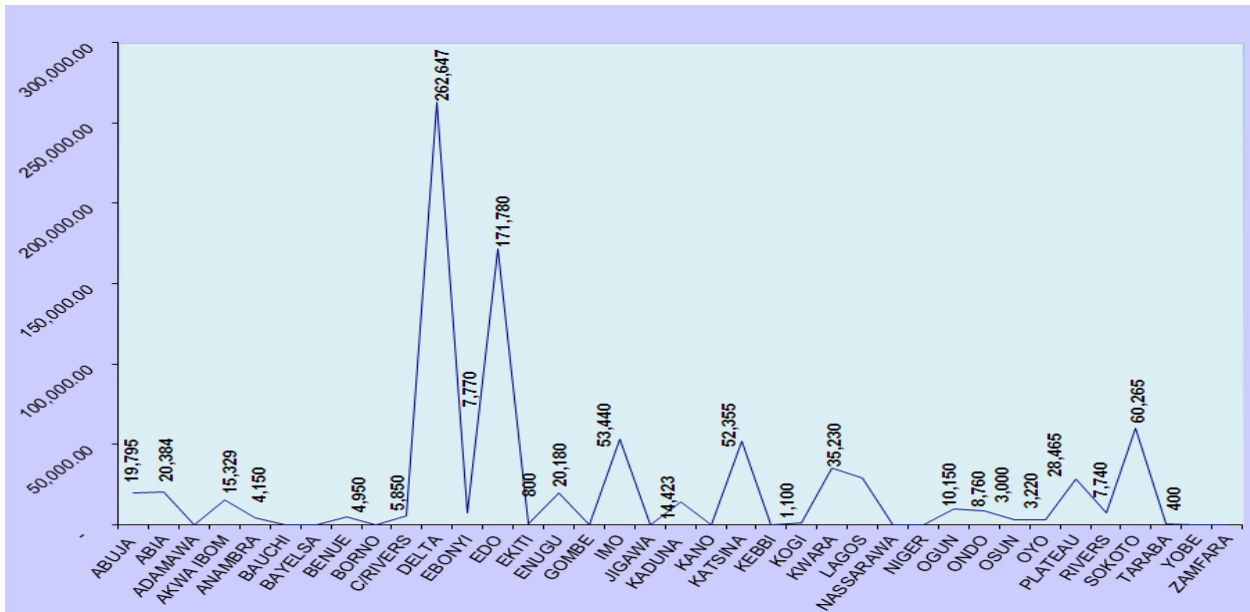
An analysis of repayment by States showed that **Edo State** repaid the highest with **1,709 loans** which represents **29.78** per cent in number, followed by **Delta and Sokoto States** which recorded **1,156** and **879 loans**, representing **20.14** per cent and **15.23** per cent in number respectively. (Fig. 7)

Fig. 7: Distribution of Loans Repaid by States and Number as at October, 2015



The analysis of loans repaid by value indicated that **Delta State** repaid the highest with **N262.647m**, followed by **Edo and Sokoto States** which recorded **N171.780m** and **N60.265m** respectively. (fig. 8)

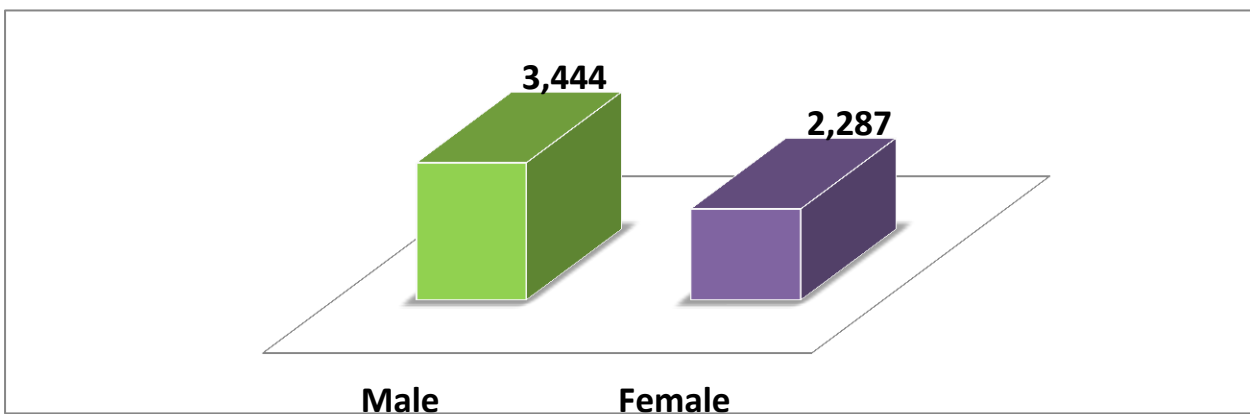
Fig. 8: Distribution of Loans Repaid by States and Amount as at October, 2015 (N '000)



1.3.7 Loans Repayment by Gender of Borrowers (N '000)

In October 2015, the analysis of repayment by gender of borrowers (Fig: 9), showed that **3,444 (60.01%)** which represented male beneficiaries repaid **N529.248million (62.92%)** while **2,287 loans (39.85%)** valued **N307.769million (36.59%)** were repaid by female borrowers.(fig 9)

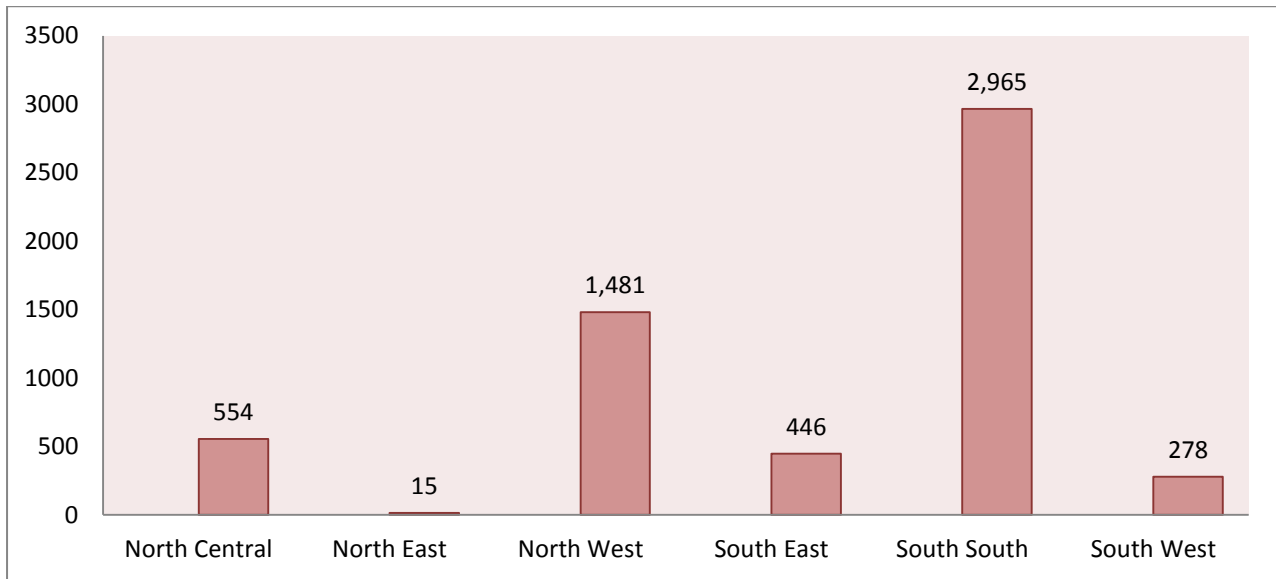
Fig: 9: Distribution of Loans Repaid by Gender in October, 2015



1.3.8 Loans Repayment by Geo-Political Zones (N '000)

Analysis of loan repayments on geo-political zone basis in October 2015, revealed that the **South-South zone** comprising (Akwa-Ibom, Bayelsa, Cross-River, Delta, Edo and Rivers States) repaid the highest with **2,965 loans valued N463.346m** followed by **North-West zone** comprising (Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto and Zamfara States) with **1,481 loans valued N127.043m**. **North-Central zone** comprising (Abuja, Benue, Kogi, Kwara, Nasarawa, Niger and Plateau States) came in third with **554 loans amounting to N89.540m**. (Fig.10).

Fig: 10: Distribution of Loans Repaid by Geo-Political Zones and Number October, 2015



1.4 SME Credit Guarantee Scheme (SMECGS)

The 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:

- No project was guaranteed under the Scheme during the period. The total number of projects guaranteed since inception to date is **87 (Eighty Seven)**, valued **N4.219 billion**.
- No project was repaid in October, 2015. However, the cumulatively, the total number of fully repaid loans stood at **40** valued **N2.439 billion** since inception to date.

1.5 SME Restructuring/Refinancing Fund (RRF)

The N200 Billion SME Restructuring /Refinancing Fund (RRF) has been discontinued by the Management of the bank. However, the repayment from RRF will be utilised in the new Scheme (RSSF).

- The sum of **N9.68b** was disbursed to BOI under RRF within the period under review. However, the total amount released to BOI so far stands at **N378.991 billion (N235 billion from the main account, N126.991 billion from the repayment account and N17bn loan from PAIF)** to **604** projects from inception to date.
- The sum of **N11.0b** was repaid by the DMBs to BOI within the period under SME-RRF. The total loan Repayments by the DMBs to BOI as at October, 2015 stood at **N133.724bn** out of which **N130.491bn** was disbursed bringing the balance in the repayment account to **N3.233bn**.

1.6 Real Sector Support Facility (RSSF)

The Bank, had in November 2014 approved the establishment of a N300 billion Real Sector Support Facility (RSSF) to address the funding needs of large ticket SMEs in Nigeria. It is aimed at closing the short-term and

high- interest financing gap for SME/Manufacturing and start-ups as well as create jobs through the Real Sector of the Nigerian economy.

1.6.1 Disbursements

- No project was approved in the October, 2015 under RSSF. However, the sum N3.5b was disbursed to one (1) project from inception to date.

1.7 Power and Airline Intervention Fund (PAIF)

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. It was component of the **N500 billion** fund approved by the Bank in 2010 for intervention of the SME, Manufacturing, aviation and power sectors of the economy.

1.7.1 Disbursements

- No fund was released under the Power and Airline Intervention Fund (PAIF) during the period. Cumulatively, the total sum of **N249.614 billion** had been released to BOI from inception to date and disbursed to **55 projects (39 power projects received N128.852 billion while 16 airline projects had N120.762 billion)**.

Table 4: Tenure

Activity Report for the Month of:	October , 2015
PAIF FACILITY	300 Billion (N)
Amount released to BOI (October)	NIL
Net Amount Released to BOI as @ October	249.614 billion
Amount Disbursed by BOI as @ October	249.614 billion
Amount released to BOI but not yet disbursed to PBs as at October	NIL
Balance of PAIF facility as at 21/10/2015	25.511 billion

1.7.2 PAIF LOAN REPAYMENT

The sum of **N5.557b** was received as principal repayment under the PAIF in the month under review. However, the total fund repaid under PAIF since inception stood at **N64.197 billion** by **fifty five (55)** projects. (Table 5);

Table 5: PAIF LOAN REPAYMENTS RECEIVED BY CBN

Type	Airline	Power	Total
No of projects	16	39	
Amount received by CBN as PAIF repayment in October 2015	2,457,624,384.10	3,100,024,792.23	5,557,649,176.33
Cumulative as at September , 2015	31,841,704,657.91	26,797,976,315.87	58,639,680,973.78
Grand total as at October, 2015	34,299,329,042.01	29,898,001,108.09	64,197,330,150.11

1.8 Nigeria Electricity Market Stabilisation Facility (NEMSF)

The Bank has established the Nigerian Electricity Market Stabilisation Facility to the tune of N213 billion which is aimed at settling certain outstanding debts in the Nigerian Electricity Supply Industry (NESI) and guarantee the take-off of the Transitional Electricity Market (“TEM”). In specific terms, the proposed facility will cover legacy gas debts and the shortfall in revenue during the Interim Rule period (IRP).

1.8.1 Disbursements

- No fund was disbursed under Nigeria Electricity Market Stabilisation Facility (NEMSF) in October, 2015. However, the total sum of **N64.755billion** has been approved and disbursed to **eighteen (18)** participants since inception.

1.8.2 Challenges

- Suit against the establishment of NEMSF by a legal firm Baribefi Tebira
- Downward review of electricity tariff by Nigeria Electricity Regulatory Commission (NERC)

1.8.3 Way Forward

- Discussions are on-going by NERC to review of the Electricity tariff

PART TWO: ENTREPRENEURSHIP DEVELOPMENT INITIATIVES

2.1 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.

2.1.1 Progress Report of the South-East CBN-EDC.

During the period under review, the Department held a meeting with representatives of Abia State Government and the South-East Implementing Agency, International Centre for Development Affairs on September 29, 2015. The aim of the meeting was to enlighten the Abia State Government on the objectives and expectations of the EDC and the roles of stakeholders in the implementation of the programme.

A memorandum has been forwarded to Management to approve the appointment of Abia State to host the South-East CBN-EDC.

2.1.3 Challenges

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

2.1.4 Going Forward

- Continue advocacy on entrepreneurship training and prudent use of the funds.
- Commence plans to launch the Outreach centres located in North-East (Gombe) and South-South (Yenagoa).

2.2 MICROFINANCE MANAGEMENT

2.2.1 Activities

2.2.2 Rural Finance Outreach Coordinating Committee (ROCC)

The Department in collaboration with RUFIN Central Project Management Unit developed a reporting template for the Rural Finance Outreach Coordinating Committee in September 2015. This was adopted by members of (ROCC) for reporting their activities on quarterly basis and would serve as input to the National Microfinance Policy Consultative Committee meetings. The template covers preliminary information about the institution, its performance, sources of wholesale funds accessed, progress report on the implementation of the Rural Business Plan, innovations, success stories, upscaling and replications, challenges and way forward. The training was held from 13th to 29th October, 2015 in the 12 (twelve) RUFIN participating States.

2.2.3 NIRSAL/RUFIN Collateral Guarantee Scheme (RBP)

The Department in collaboration with IFAD/RUFIN developed a framework to facilitate access to the MSMED Fund through the use of Collateral Guarantee Scheme. The members were enlightened on the framework, job and process flow of the RUFIN/NIRSAL Collateral Guarantee Scheme in order to provide technical assistance and advisory services to the RUFIN mentored Financial Institutions (R-MFIs). The R-MFIs are expected to complete their applications for wholesale funds under the MSMEDF through NIRSAL which will issue guarantee cover of 25%.

2.2.4 Peer Review for Microfinance Banks

The Bank organized Peer Review for microfinance banks in Abuja and Lagos zones under the RUFIN Programme. The MFBs were requested to present the information in the questionnaires earlier completed by the institutions. These were categorized into Corporate Governance, MicroCredit, Management Information System, Gender/Social Performance Indicator, Deposit Products, Rural Penetration Services/ Rural Business Plans and Other Financial Products /services being rendered by the institution. Among the challenges highlighted by the MFBs were inadequate funding, lack of infrastructure, insecurity, poor corporate governance, political/ environmental issues. Others included policy inconsistency, competition with other financial institutions, loan default by clients, inability to access MSMEDF as a result of some stringent conditions.

2.2.4 Challenges

- Keeping to the timeline and securing stakeholders buy-in

2.2.5 Going Forward

- Continue to promote development financing to promote inclusive growth in Nigeria.
- Continue to sensitize the public on the way forward
- Continue to disburse funds to applicants that meets the RUFIN requirements
- Training of staff of the Department on the use of the application by ITD.

2.3 Micro, Small And Medium Enterprises Development Fund (MSMEDF)

MSMEDF was launched on August 15, 2013 to provide a low interest funds to the MSME sub-sector of the Nigerian economy through PFIs; to enhance access by MSMEs to financial services; increase productivity and output of microenterprises; increase employment, create wealth; and engender inclusive growth.

2.3.1 Disbursements under the Scheme

The sum of **N0.509 billion** was approved and disbursed to **fourteen (14) PFI's** under the MSMEDF Commercial Component during the period, bringing the wholesale amount disbursed to **N52.330 billion** in respect of **One hundred and thirty four (134) PFIs/States (110 PFIs and 24 States)**.

Table 6: MSMEDF Commercial Component Activity Summary: October, 2015

Wholesale Fund	Wholesale Amount	198 Billion
	Wholesale Amount Disbursed in October, 2015	0.509
	Cumulative Wholesale Amount Disbursed as at September 21, 2015	51,819.47
	Cumulative Wholesale Amount Disbursed as at October 21, 2015	52,330.82

2.3.2 Meeting with various Stakeholders

- Held a meeting with the Head, Katsina State Special Purpose Vehicle (S-SPV) to explain the requirements needed by the State to access the Fund.
- Meetings were also held with Kebbi and Benue States rice value chain actors under the Anchor Borrower Programme (ABP). Aimed at meeting with genuine rice farmers and have an understanding of rice production dynamics in the States with a view to planning the timing for loan disbursement under the ABP. Consequently, the meetings resolved as follows:
 - That the farmers would utilize seeds from Syngenta Nigeria Ltd.
 - That the seeds would be supplied at N330 per kilo;
 - Elephant fertilizer would be adopted and supplied at N5,000 per 50kg bag;
 - Fidelity Bank to send their staff to Suru to help the farmers open accounts;
 - UMZA to off-take paddy at the N64 per kilo;
 - That the farmers will decide on the type of water pumps they require and forward the information to the CEO of Umza Farms; and
 - That the Average loan size per hectare to be loaned to the farmers would be at N210,000 per hectare.

2.3.3 MSMEDF Guidelines

In the period under review, the Committee of Governors (COG) had considered and approved in principle the reviewed MSMEDF Guidelines.

In a related development, Management approved the withdrawal of MSMEDF from three (3) state for non-compliance with some section of the Guidelines

2.3.4 Challenges

- Deployment of MSMEDF IT solution
- Inadequate staff complement to process applications
- Capacity Building for staff
- Awareness creation for stakeholders

2.3.5 Going Forward

- Obtain approval from management for contracting the job
- Deployment of additional staff to the office
- Need to build capacity for staff
- Arrange workshops in all Geo-political zones

PART THREE: 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. Pursuant to the implementation of the strategy, the following activities were executed in the period under review:

3.1 ACTIVITIES

3.1.1 RUFIN/LAPO Review of Training Manual for Village Savings and Credit Groups (VSCGs)

The Department attended a 2-day meeting organized by RUFIN and LAPO to review a draft training manual targeted at Village Savings and Credit Groups. The organisers provided a brief update on the current status of the targets set in the National Financial Inclusion Strategy, synergies that could exist between the development of the training manual for these groups and the financial literacy framework developed by the Central Bank of Nigeria, and activities of the Financial Literacy working group set up to improve understanding of concepts and risks associated with financial products and services.

The draft training manual was then exposed to participants to review. Some of the sections contained in the manual include;

- Training Methodology
- Financial Management and Record Keeping for VSCGs
- Group Dynamics and Management
- Social Performance and Linkage to Microfinance Institutions
- Training assessment methods.

At the end of the sessions, RUFIN was encouraged to consider the following recommendations;

- The tone of the manual should be simplified to cater for the semi-literate and illiterate members of the Village savings and Credit groups,
- The training manual should be further reviewed by a consultant as the two-day period provided was insufficient to extensively review the document,
- The final draft of the manual should be circulated to participants prior to publication.

3.1.2 Product Development and Capacity Building Workshop on Child and Youth Financial Services

The Financial inclusion Secretariat (FIS) participated in a 3-day workshop organized by the Central Bank of Nigeria in collaboration with Child and Youth Finance International (CYFI) to explore the dynamics of developing financial products and services suited for children and youth.

The workshop attracted participants from deposit money banks as well as external facilitators from Hatton National Bank of Sri Lanka, Post Bank of Kenya and Linking youth of Nigeria through Exchange (Lynx Nigeria).

Some of the presentations provided key benefits for financial institutions when investing in financial inclusion of children and youth compared to adults including;

- Lower cost to reach
- Parents reached through Youth
- Lower cost to serve

At the end of the workshop, some key recommendations were proffered by the Financial Institutions in attendance;

- That the legal account opening age for children without the need for a parent to operate the account should be reduced from 18 to 16 years of age to cater for children and youth effectively.
- That the KYC framework needs to be revised to include requirements for children and youth accounts
- That the means of identification required to open a tier 1 account needs to be revised to be more child and youth friendly.

3.1.3 Financial Inclusion Product Launch for PLWD's at ACCION Microfinance Bank

The Financial Inclusion Secretariat participated at the formal launch of the Accion Microfinance Product for People Living with Disabilities (PLWD). The Special Adviser to the CBN Governor on Development Finance lauded the product as a means of addressing some of the challenges faced by the physically challenged persons in accessing financial services. The event marked a significant milestone in the financial inclusion of people living with disabilities.

3.1.4 Challenges

- A marginal reduction in the financial exclusion rate to 39.5% in 2014 due to increase in size of the adult population in the period under review.

3.1.5 Going Forward

- An increased effort targeted at excluded segments of the population to scale up financial inclusion in 2015.

Compiled by:

Board Matters & Publications Office,
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Abuja.
October, 2015