

Micro, Small and Medium Enterprises Development Fund (MSMEDF) Guidelines

**Development Finance Department
Central Bank of Nigeria**

(Revised – November, 2015)

CHAPTER ONE

1.0 ESTABLISHMENT OF THE FUND

As part of its developmental role and mandate of promoting a sound financial system, the Central Bank of Nigeria (CBN) launched the Micro, Small and Medium Enterprises Development Fund (MSMEDF) on August 15, 2013. This was in recognition of the significant contributions of the Micro, Small and Medium Enterprises (MSME) sub-sector to the economy.

The sub-sector is characterized by huge financing gap which hinders the development of MSMEs. Section 6.10 of the Revised Microfinance Policy, Regulatory and Supervisory Framework for Nigeria, stipulates that ‘a Microfinance Development Fund shall be set up, primarily to provide for the wholesale funding requirements of MFBs/MFIs’. To fulfil the provisions of Section 4.2 (iv) of the Policy, which stipulates that women’s access to financial services to increase by at least 15 per cent annually to eliminate gender disparity, 60 per cent of the Fund has been earmarked for providing financial services to women.

This informed the decision of the Central Bank of Nigeria to establish the Micro, Small and Medium Enterprises Development Fund (MSMEDF). The Fund prescribes 50:50 ratio for on-lending to micro enterprises and SMEs respectively by Participating Financial Institutions (PFIs).

In addition, 2% of the wholesale component of the Fund shall go to economically active persons living with disabilities (PLWD) and 10% provided for start-up businesses.

1.1 Seed Capital

The Fund shall have a take-off seed capital of N220billion.

1.2 Objective

The broad objective of the Fund is to channel low interest funds to the MSME sub-sector of the Nigerian economy through Participating Financial Institutions (PFIs) to:

- Enhance access by MSMEs to financial services;
- Increase productivity and output of microenterprises;
- Create jobs; and
- Engender inclusive growth.

1.3 Components of the Fund

The Fund shall have Commercial and Developmental components.

1.4 Commercial Component

The Commercial Component shall constitute 90 per cent of the Fund which shall be disbursed in the form of Wholesale Funding to PFIs in the following ratio:

- 60% of the Fund: Women
- 40% of the Fund: Others

Objectives of Wholesale Funding are to:

- a) Provide facilities to eligible PFIs for on-lending to MSMEs;
- b) Improve the capacity of the PFIs to meet credit needs of MSMEs; and
- c) Reduce the cost of funds to the PFIs and ensure that this translates to reduction in cost of lending.

1.5 Developmental Component

The Developmental Component makes up the remaining 10 per cent of the Fund. It shall be earmarked for developmental programmes in form of Grants.

1.5.1 Grant

The 10% Grant shall be utilized for the general development of the MSME sub-sector in the following areas:

- a) Capacity building
- b) Development of appropriate regulatory regime for MSMEs lending
- c) Financial literacy and entrepreneurship development
- d) Mobilization, training and linkage of MSMEs to financial services

- e) Research and Development of MSMEs-friendly financial innovations and products
- f) Business Development and Advisory Services
- g) Building of financial infrastructure to support the growth of MSMEs

It shall also serve as incentive targeted at PFIs that demonstrate good performance under the Fund. The grant will position such institutions with improved capacity to expand their outreach.

In order to qualify for the grant, PFIs shall be considered based on their outreach, loan repayment and percentage of women enterprises financed. In applying for the grant, a PFI shall submit clearly defined project(s) including sources of funding. A PFI shall be allowed to access the grant window up to a maximum of 25% of the project cost and at the discretion of the CBN once in three years.

Other uses of the Grant sub-component include supporting internship programme, secondment, mentoring and registration with Mix Market, rating agencies, credit bureau and movable asset registry.

The Fund shall review all proposals taking into account the capacity, organization and the proposed programs of all applicants before they are considered for the Grant. Priority shall be accorded to PFIs based in the rural areas to promote financial inclusion.

In addition, special consideration shall be given to PFIs that have signed Memorandum of Understanding (MoU) with the Central Bank of Nigeria's Entrepreneurship Development Centers (EDCs) to provide access to credit to their graduate trainees.

1.5.2 Selection Criteria

- a) PFIs shall submit request to the Fund in a format prescribed by the CBN.
- b) Applications shall be processed on receipt of complete documentation.
- c) The CBN shall communicate the terms and conditions for the approved Grant within one month of submission.

1.6 Management and Administration of the Fund

The Fund shall have a Steering Committee chaired by the Governor, Central Bank of Nigeria. Other members shall include:

1. Deputy Governor, Financial Systems Stability, CBN and Representatives of:
 2. Federal Ministry of Finance Incorporated (MoFI)
 3. Federal Ministry of Agriculture and Rural Development (FMA&RD)
 4. Nigeria Deposit Insurance Corporation (NDIC)
 5. National Association of Microfinance Banks (NAMB)
 6. Association of Non-Bank Microfinance Institutions of Nigeria (ANMFN)
 7. Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)
 8. Banker's Committee
 9. Ministry of Women Affairs and Social Development (MWA&SD)
 10. Director, Development Finance Department of CBN
 11. Head, MSME Development Fund Office, Development Finance Department, CBN (Secretary)

The CBN shall continue to manage the Fund until a Managing Agent is appointed.

1.7 Eligible Enterprises

In line with the provisions of the Revised Microfinance Policy, Regulatory and Supervisory Framework for Nigeria, enterprises to be funded under the Scheme shall include:

- a) Micro Enterprises
- b) Small and Medium Enterprises (SMEs)

The following are eligible activities under the Fund:

Microenterprises

- Agricultural value chain
- Cottage Industries
- Artisans
- Services
- Renewable energy/energy efficient product and technologies
- Trade and general commerce
- Other economic activities as may be prescribed by the CBN

Note:

- Only 10% of the Commercial component of the Fund shall be channeled to trade and general commerce.
- Nigerian Agricultural Insurance Corporation (NAIC) Insurance is compulsory for primary agricultural production

Small & Medium Enterprises (SMEs)

- Manufacturing
- Agricultural value chain activities
- Services
- Renewable energy, energy efficient product and Technologies
- Other economic activities as may be prescribed by the CBN

Note: Refinancing under this programme is strictly prohibited.

1.8 Special Economic Programmes

Special schemes or programmes on economic empowerment and grassroots development shall be eligible to access the Fund through PFIs

CHAPTER TWO

2.0 ELIGIBILITY AND TERMS FOR PARTICIPATION

The PFIs that can participate under the fund shall include all Microfinance Banks, Non-Governmental Organizations-Microfinance Institutions (NGO-MFIs), Financial Cooperatives Finance Companies, Development Finance Institutions and Deposit Money Banks. The Bank of Industry (BoI) and Deposit Money Banks (DMBs) shall participate only under the SMEs window.

2.1 Microfinance Banks & Finance Companies

For a microfinance bank or finance company to be eligible for wholesale funding, it shall submit the following documents with its application:

- a) Latest CBN or NDIC Examination Report
- b) Current Audited or Management Accounts
- c) Certificate of Incorporation or Registration
- d) Board Resolution or Trustee consent to access the Fund
- e) Membership of Apex Association
- f) Any other requirement stipulated by the CBN.

2.2 Microfinance Institutions (NGO-MFIs and Financial Cooperatives)

- a) Registration with Corporate Affairs Commission (CAC) or Relevant Ministries, Departments and Agencies (MDAs) of States/FCT.
- b) Board Resolution or Trustee consent to access the Fund
- c) Corporate, Trustee and Management profile
- d) Financial asset of the institution or the third party guarantor
- e) Twelve (12) months Statement of Account
- f) Current Audited Account or Management Account
- g) Membership of the Apex Association
- h) Any other requirement as stipulated by the CBN from time to time.

2.3 Other Requirements for Borrowing by PFIs (Excluding DMBs & DFIs)

All applications shall be accompanied with the following documents:

- a) Completed Application Form
- b) List of prospective borrowers (showing the loan amount, purpose of the loan, contact addresses, telephone numbers and gender)
- c) Evidence of submission of names of borrowers to licensed Credit Bureaux for credit check
- d) Letter authorizing CBN to debit PFIs account with correspondent bank for the recovery of principal and interest in case of default.

2.4 Deposit Money Banks (DMBs)/Development Finance Institutions (DFIs)

A DMB/DFI to be eligible to access the Fund shall satisfy the following conditions:

- a) Sign MOU with the CBN.
- b) Report of due diligence on the project
- c) Undertake to bear all the credit risks of the loans they shall be granting.

2.5 Obligor Limit per Cycle

The maximum loan amount to Microfinance Banks and Finance Companies per cycle for lending shall be as indicated in the table below or 50% of its Shareholder's Fund unimpaired by losses whichever is higher.

a) PFIs

S/No.	Financial Institution	Facility Limit
1	Unit Microfinance Bank	N10 million
2	State Microfinance Bank	N50 million
3	National Microfinance Bank	N500 million
4	NGO-MFIs	N10 million
5	Financial Cooperatives	N10 Million
6	Finance Companies	N10 Million

NGO-MFIs/Financial Cooperatives with proven track record of performance (i.e. good loan recovery rates) shall be eligible to a limit of 50% of their capital as indicated in their latest audited accounts and financial statements.

b) Borrowers

The structure and limits of loans to beneficiaries of PFIs are as shown in the table below:

Enterprise	%	Maximum Loan Limit (N)
Micro	50	500,000
SMEs (financed by MFBs & FCs)	50	5,000,000
SMEs (financed by DMBs & DFIs)		50,000,000

2.6 Loan Tenor

The facility shall have a maximum tenor of one (1) year for micro enterprises. Loan tenor for SMEs shall be from one (1) to five (5) years with the option of moratorium as may be deemed necessary. PFIs shall access the fund upon full repayment of the outstanding.

2.7 Loan Repayment

Principal and Interest repayment for micro and SME loans shall be annually.

2.8 Interest Rates

All PFIs shall access funds at an interest rate of 2% per annum and on-lend at 9% per annum inclusive of all charges.

The interest rate chargeable under the MSMEDF may be reviewed by the Central Bank of Nigeria from time to time.

2.9 (a) Acceptable Collateral from PFIs (excluding DMBs and DFIs)

Collateral requirement under the Fund shall be a minimum of 30% of the loan amount requested.

Any of the following collateral shall be accepted as security for loans to PFIs:

- (i) Financial Assets including Treasury Bills, Placements, Bonds, etc.
- (ii) Third Party Guarantee backed by financial assets.

However, collateral shall be waived for Microfinance Banks with PAR of 10% and below as indicated in their latest CBN/NDIC Examination Report.

2.9(b) Collateral Requirement for DMBs

Signed MoU with CBN and undertake to bear all credit risks for projects presented.

2.10 Start-ups

PFIs are required to fund start-up projects under the MSMEDF. To encourage DMBs and DFIs, some incentives shall apply (see Section 3.0).

PFIs are expected to accept charge on fixed and floating assets of the financed projects as collateral for start-ups.

Collateral requirement from start-ups by PFIs (DMBs and DFIs) shall be educational certificates such as SSCE, National Diploma (ND), National Certificate of Education (NCE), National Business and Technical Examination Board (NABTEB), Higher National Diploma (HND), University degree (NYSC Certificate where applicable) and a guarantor. The start-ups to access the MSMEDF must present their Bank Verification Number (BVN)

Venture Capital Firms (VCFs) that wish to finance start-ups in form of equity participation shall be eligible to access the MSMEDF at 2% for investment in start-up projects. The collateral for such facility to the VCF shall be bank guarantee.

2.11 Monitoring and Evaluation (M&E)

A Monitoring & Evaluation (M&E) framework has been put in place to track the MSMEDF operations. The M&E framework includes the following:

- a) On-site verification and routine monitoring of projects under the Fund by the CBN and PFIs during the loan period;
- b) Off-site ICT-based reporting system to provide up-to-date information on the Fund's activities;
- c) Make available reports of the monitoring exercise to the concerned PFIs;
- d) Leverage on the capacities and information in monitoring and evaluation of relevant Apex Associations; and
- e) Periodic evaluation of the activities of all PFIs to ensure achievement of the objectives of the Fund.

2.12 Discontinuation of the Facility

All undisbursed funds, repaid funds or discontinued facilities shall be reported and repatriated to the CBN within 5 working days.

CHAPTER THREE

3.0 INCENTIVES

Incentive shall be offered to PFIs that repay loans as at when due.

a) Start-Ups

- (i) DMBs/DFIs playing in this space, shall access MSMEDF facility at 0% interest for on-lending at 9% (all-inclusive) to start-ups.
- (ii) The PFIs shall qualify for a 50% risk shared on the net outstanding balance in the case of default.

b) Other Incentives

Microfinance Banks with PAR of 10% and below shall be exempted from providing financial assets as collateral to access facility under the MSMEDF.

3.1 INFRACTIONS AND SANCTIONS

3.1.1 Sanctions for DMBs/DFIs

The following sanctions shall apply to DMBs/DFIs that contravene the Guidelines under the Fund.

- a) Established cases of collusion with other PFIs to either divert monies into private accounts or unduly with-hold any part or outright conversion of the purpose of the released funds by DMBs under the MSMEDF shall attract a penalty at MPR+300 basis points at the time of infraction. The CBN shall recover the diverted fund by debiting the DMBs'/DFIs' account. In addition, such DMBs/DFIs shall be barred from further participation under the Fund.
- b) Non-rendition of returns for three consecutive quarters or rendition of false returns, shall attract the penalty stipulated by BOFIA Section 60.
- c) Charging of upfront interest rates under the Fund is not allowed.

- d) Charging of interest rates higher than prescribed shall attract the penalty stipulated by BOFIA section 60.
- e) Any DMB/DFI that fails to disburse the fund within 10 working days of receipt to the borrower shall be charged a penalty interest rate of MPR+300 basis points for the period the fund was not disbursed.
- f) Any other breach of the Guidelines as may be specified from time to time.
- g) Notwithstanding the agreement between the DMB/DFI and the project promoter, the CBN has the right to reject an application from any PFI that did not conform to requirements of the Guidelines.

3.1.2 Sanctions for Other PFIs

S/No	INFRACTIONS	SANCTIONS
1	Diversion of funds to unauthorized activities	<ul style="list-style-type: none"> • Amount diverted shall be recovered by the CBN • Penal charge of the MPR+300 basis points on the amount diverted • Outright ban from participating under the Fund
2	Non rendition of returns	<ul style="list-style-type: none"> • Fine of 2.5% of the loan amount • Issuance of warning letter to the Management of the PFI • Failure to render returns for three consecutive months shall lead to recall of the outstanding loan amount and 1 year suspension from the Fund.
3	False returns	<ul style="list-style-type: none"> • False returns shall attract a recall of the loan and two (2) years suspension from the Fund.
4	Non-compliance with 60% exposure of the loan amount to women entrepreneurs	<ul style="list-style-type: none"> • Issuance of warning letter to Management • Suspension of lending to other clients until the recommended ratio is complied with • Exclusion from the incentives under the Fund.
5	Charging of upfront fees/interests or interest rates higher than the prescribed.	<ul style="list-style-type: none"> • Reversal of excess interest charged • Penal charge of the MPR+200 basis on the over charge • Issuance of warning letter to Management

6	Failure to disburse approved funds within 10 working days to the borrowers	<ul style="list-style-type: none"> • Penal charge of MPR + 300 basis points for DMBs/DFIs and maximum lending rate for other PFIs for the period the fund were not disbursed
7	Failure of Venture Capital Firm (VCF) to inject equity in the enterprise	<ul style="list-style-type: none"> • The fund shall be called up while the VCF will be blacklisted.

CHAPTER FOUR

4.0 ROLES AND RESPONSIBILITIES OF STAKEHOLDERS

4.1 Central Bank of Nigeria

- a) Provide the Seed Fund
- b) Act as Managing Agent (pending the appointment of one).
- c) Chair the Steering Committee
- d) Issue the MSMEDF Guidelines
- e) Set the borrowing limits and collateral requirements under the Fund
- f) Specify the rate at which PFIs on-lend under the Fund
- g) Provide regulatory and supervisory oversight
- h) Determine sanctions under the Fund
- i) Sanction PFIs in case of infractions
- j) Review the Guidelines of the Fund as may be necessary
- k) Monitor, Evaluate and Conduct impact assessment of the programme
- l) Invoke ISPO/ Bank Guarantee in case of default.

4.2 The Managing Agent(MA)

- a) Appraise applications from PFIs
- b) Release funds to qualified PFIs
- c) Verify/monitor projects
- d) Receive periodic returns from PFIs
- e) Ensure compliance with the Funds' Guideline and publish periodic report on its performance
- f) Make periodic report to relevant stakeholders
- g) Retrieve funds from PFIs at the expiration of the loan tenor or infractions on the Guidelines.
- h) Build capacity of stakeholders

4.3 Deposit Money Banks (DMBs) and Development Finance Institutions (DFIs)

- a) Serve as PFIs for State Governments to channel funds to SME borrowers under the MSMEDF.
- b) Act as correspondent banks to other PFIs
- c) Participate under the SME window (DMBs, BOA & BOI only)
- d) Access the fund for on-lending to eligible SMEs
- e) Bear the credit risk of loans accessed for on-lending under the Fund
- f) Ensure due diligence is followed in the administration of credit facilities
- g) Monitor and ensure proper utilization of the funds
- h) Lend under the Fund at the specified rate
- i) Submit to the CBN, Letter of offer by the bank and full details of the projects to be financed, disbursement schedule, repayment schedule, the Credit Risk Management System (CRMS) report of the borrower
- j) Render monthly returns under the Scheme to the Managing Agent and CBN in the prescribed reporting format.

4.4 Non-DMB /DFI Participating Financial Institutions (PFIs)

- a) Grant credit facilities to MSMEs
- b) Approve loan requests based on normal business consideration.
- c) Open dedicated account with their correspondent banks for this window and forward details of the account to the CBN
- d) Issue a letter authorizing the CBN to debit its account with the correspondent bank for recovery of outstanding principal and interest
- e) Disburse released funds to eligible borrowers within ten (10) working days
- f) Ensure that 60 per cent of the accessed fund is disbursed to women entrepreneurs.

- g) Put in place appropriate institutional arrangements for loan disbursement, monitoring and recovery.
- h) Obtain credit information on borrowers from the Credit Bureaux
- i) Report all disbursed loans to at least two (2) Credit Bureaux
- j) Render periodic returns on of all loans granted under the Fund
- k) Any other responsibility that may be required by the CBN

4.5 Federal Government (FG)

- a) Contribute to the Fund
- b) Support the Fund to achieve its objectives
- c) Serve on the Steering Committee

4.6 Development Partners

- a) Contribute to the Fund
- b) Provide technical assistance for the Fund's activities
- c) Promote and support the development of the MSME sub-sector

4.7 Apex Associations

- a) Register their members
- b) Provide information on their members to the Managing Agent/CBN periodically or as may be required.

4.8 Borrower

- a) Utilize the funds for the purpose for which it was granted.
- b) Adhere strictly to the terms and conditions of the Fund.
- c) Make the project and records available for inspection by the CBN and PFIs.
- d) Repay the loan as when due.

CHAPTER FIVE

STATE GOVERNMENTS' AND FEDERAL CAPITAL TERRITORY (FCT) PARTICIPATION UNDER THE FUND

5.0 Background

In recognition of State Governments/Federal Capital Territory (FCT) strategic role in grassroots economic development, the Fund considers them as a major partner in the development of the MSME sub-sector. They are allowed to participate through the nominated PFIs approved by the CBN in their respective jurisdictions.

5.1 Requirements

To participate in the Fund, a State Government/FCT shall satisfy the following conditions:

- a) Provide Resolution of the State House of Assembly authorizing the State to access the Fund.
- b) Establish a Micro Credit/MSME Special Purpose Vehicle (SPV) which shall coordinate the applications and activities of the PFIs under the Fund and also monitor disbursement and recovery of all loans.
- c) Provide a Bank Guarantee/Irrevocable Standing Payment Order (ISPO) equivalent to the amount requested including interest charges.
- d) Sign a Memorandum of Understanding (MoU) with the CBN.
- e) Make repayment to the CBN as and when due.
- f) Submit to the CBN, the States' empowerment programme for the utilization of the fund to be accessed.

5.2 Capacity Building

The State Government/FCT shall build capacity of borrowers through State-owned Skills Acquisition/Vocational Centres, CBN Entrepreneurship Development Centres (EDCs) or any such relevant agencies while the CBN shall do same for the PFIs.

5.3 Utilization of Fund

a) Limit per State/FCT

A State Government / FCT shall access a maximum of ₦2.0 billion.

b) Tenor

The facility shall have a maximum tenor of one (1) year for micro enterprises and up to five (5) years for SMEs.

c) Interest Rate

The interest rate shall be at 2% per annum to the nominated PFIs for on-lending to borrowers at a maximum of 9% per annum, inclusive of all charges.

5.4 Participating Financial Institutions (PFIs)

The State Government/FCT shall participate in the Fund through any of these PFIs (government or privately owned) across the State:

- a) Microfinance Banks (MFBs)
- b) Non-Governmental Organization – Microfinance Institutions (NGO-MFIs)
- c) Accredited Financial Cooperatives
- d) Finance Companies
- e) Deposit Money Banks (DMBs)

5.5 State-Special Purpose Vehicle (S-SPV)

An entity established or nominated by a State Government for the sole purpose of coordinating the activities of the PFIs that shall access funds under the MSMEDF. A PFI is therefore not eligible to function as an S-SPV under the Fund.

5.6 Mode of Application

- a) The borrowers shall apply to the nominated PFIs for a facility.

- b) The PFIs shall appraise the applications for economic and financial viability.
- c) The PFIs shall forward their applications through the State SPV to the CBN in the prescribed format.
- d) CBN shall undertake a pre-disbursement assessment of loan request presented to it by the SPVs on behalf of the nominated PFIs.
- e) CBN shall approve and disburse funds directly to the PFIs' correspondent bank accounts.

5.7 Roles and Responsibilities of Stakeholders

5.7.1 Central Bank of Nigeria

- a) Articulate clear guidelines for the implementation of the Fund.
- b) Provide funds for the programme.
- c) Open a Repayment/Sinking Fund Account for the ISPO proceeds and the interest charges from the State Governments/FCT
- d) Build capacity of PFIs
- e) Release approved fund to the PFIs through their correspondent banks and advise them accordingly.
- f) Notify the State Government/FCT through the State-SPV of all disbursements made to the PFIs
- g) Monitor the implementation of the Fund and prepare periodic reports
- h) Receive returns from PFIs as may be specified
- i) Ensure compliance of all parties to the Guidelines.

5.7.2 State Government/FCT

- a) Provide the Resolution of State House of Assembly. In the case of FCT, the Executive Council Resolution shall be required.
- b) Establish a Micro Credit/MSME Special Purpose Vehicle (SPV) for the purpose of coordinating applications by PFIs

for the Fund. The PFIs shall be responsible for the administration (disbursement and recovery) of the Fund.

- c) Provide a bank guarantee or Irrevocable Standing Payment Order (ISPO) signed by the State Governor, Commissioner for Finance and State Accountant General, for the loan amount plus interest charges and comply with terms and conditions of the MoU. In the case of FCT, the Honourable Minister and Director of Finance of FCT shall sign.
- d) Access the Fund on behalf of their nominated PFIs
- e) Submit acceptable empowerment programme for the utilization of the fund.
- f) Build capacity of borrowers through State-owned Skills Acquisition/ Vocational Centres, CBN Entrepreneurship Development Centres (EDCs) or any such relevant agencies.
- g) Establish a State Technical Committee which shall include relevant MDAs and the Development Finance Officers (DFOs) of the CBN Branch as members.

5.7.3 State Special Purpose Vehicle (S-SPV)

- a) Collate applications by approved PFIs and forward to the CBN
- b) Carry out quarterly monitoring of the PFIs under the Fund
- c) Render quarterly report on performance of the loans to the State Government and CBN.
- d) Build capacity of MSMEs

5.7.4 Participating Financial Institution (PFIs)

- a) On-lend funds to MSMEs
- b) Disburse funds to borrowers within ten (10) working days of receipt.
- c) Monitor funds utilization by borrowers
- d) Ensure repayment by borrowers
- e) Open dedicated account with their correspondent banks and forward details to the CBN

- f) Repay principal and the interest on the approved facility to the CBN as and when due
- g) Render periodic returns to CBN and State SPV
- h) Not be eligible to function as SPVs for State Governments under the Fund.

5.7.5 Deposit Money Banks (DMBs)

- a) Open a dedicated account for the nominated PFIs by the State.
- b) Release funds to the PFIs within 48 hours of receipt.
- c) Remit repayments by PFIs to CBN within 5 working days.

5.7.6 Borrowers

- a) Utilize the funds for the purpose for which it is granted and repay same as when due
- b) Make the project records available for verification and inspection by the PFIs and CBN;
- c) Adhere strictly to the terms and conditions of borrowing
- d) Satisfy all the requirements specified by the PFI and
- e) Insure all primary agricultural production activities with NAIC

5.8 Monitoring & Evaluation (M & E) Framework

- a) The projects shall be subject to on-site verification and monitoring by the CBN in conjunction with the PFIs/SPVs during the loan period.
- b) There shall be off-site monitoring through quarterly reports submitted by the PFIs to State SPVs and the CBN.
- c) Reports of the monitoring exercise by the Managing Agent/CBN shall be made available to the PFIs and State Governments.
- d) The State SPVs and CBN can leverage the services of the Apex Associations in the monitoring and evaluation exercises.

- e) CBN shall periodically evaluate the activities of the State SPVs and PFIs to ensure compliance with the Fund Guidelines.

5.9 Infractions

PFIs and State Governments/FCT may be suspended or black listed from participating under the Fund for any infractions etc.

6.0 Amendments

The provisions of this Guideline may be reviewed from time to time as deemed necessary.

All Enquiries and Returns should be addressed to:

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