

BANK OF AGRICULTURE LTD. (BOA) / SMALL AND MEDIUM ENTERPRISES DEVELOPMENT AGENCY OF NIGERIA (SMEDAN)

MATCHING FUND PROGRAMME FOR MICRO AND SMALL ENTERPRISES (MSEs)

INTRODUCTION

As a concept, pioneered in Nigeria by Development Finance Institutions (DFIs), fund matching has proved popular and successful in making micro and small enterprises (MSEs) attractive to access finance. The strategy requires the fund matching partner (often a DFI and an MSMEs-promoting institution/Government) to share the risks of making funds available to target MSEs – usually at concessionary rates over the medium-term.

Consequently, desirous of building synergy on this very important aspect of their respective mandate Bank of Agriculture Ltd (BOA) and SMEDAN hereby announces the commencement of the **BOA/SMEDAN MATCHING FUND PROGRAMME FOR MICRO AND SMALL ENTERPRISES**. This intervention is to deliver credit, to the sub-sector, as a promotional mechanism to enhance enterprises output, competitiveness and jobs creation. The disbursing entity, under the programme shall be the Bank of Agriculture Ltd (BOA).

2. PROGRAMME TERMS AND CONDITIONS

The here-under definitions, terms and conditions shall apply under the Programme, viz:

- i. **Target Beneficiaries Definition:** Target beneficiaries for this Programme shall be labour-intensive, micro or small enterprises (SMEs), operating in the real sector. These shall ideally be innovative value-added products that are establishing footprint in the Nigeria market, and requires additional funds to increase output. Qualified enterprises shall also be utilizing local raw materials (at least 65%); are regulatory-compliant and as a result of the facility obtained. Finally, in line with current emphasis of the Federal Government, enterprises within the agricultural value chains shall receive topmost priority.
- ii. **Loans available under the programme:** Prospective beneficiaries may apply for loans within the range of 1.2 million – 5 million, with enterprises modernization and/or expansion as the focus.
- iii. **Conditions/Terms applicable:** The interest rate chargeable on all loans under the programme, is currently fixed at 9% per annum. The Loan tenor is for a maximum period of 30 months, effective from the date of first disbursement. This is inclusive of moratorium (which may vary between 2-6 months depending on the type of enterprise). Beneficiaries must complete a loan application form in hard copy or online, sign all necessary documents with BOA, and shall also bear cost of all approved charges (appraisal fee, stamp duty etc.) All approved charged shall not exceed 0.5% of the facility amount and are expected to be paid up-front. Finally, mandatory insurance cover by NAIC applies to all beneficiaries under this programme. Insurance premium shall be paid annually, by beneficiaries, over the project life.
- iv. **Applicable Security:** To improve accessibility to the target beneficiaries, this facility **does not require provision of collateral security**. This is in line with global best practices for delivering development financing to MSEs. Nevertheless, all prospective beneficiaries shall:
 - a. Provide Bank Verification Number (BVN)
 - b. Execute Global Standing Instruction (GSI), giving right to the Bank to activate the Global Standing Instruction and debit the loan in the event of repayment default.
 - c. Procure NIRSAL Credit Guaranty Cover
- v. **SMEDAN Identification Number:** All applicants for this facility are expected to have registered and received a SMEDAN unique Identification Number (SUIN) from the link smedanregister.ng on our website (www.smedan.gov.ng). Please note that registration is still ongoing and as such interested MSEs are welcome to register as part of this process. Registration is free.

3. PROGRAMME IMPLEMENTATION MODALITIES

To facilitate inclusiveness and transparency, under the programme, the hereunder are the approved, step-wise, implementation modalities for all applicants.

- i. **Portal Opening:** This shall be done via a public notice placed in selected national dailies to invite all suitably qualified MSEs to apply via link smedan.simplifiedcredit.net on the SMEDAN website (www.smedan.gov.ng). Once migrated to the Simplified Credit portal, pre-qualification of application shall commence.
- ii. **Pre-qualification of Application:** This takes the form of soliciting binary (i.e. Yes/No) responses to a number of fields to confirm the applicant's suitability for the facility. Disqualified applicant cannot proceed beyond this stage.
- iii. **Business Plans Submission:** To continue pre-qualified applicants shall be required to pay a processing fee of ten thousand (N10,000.00) naira for the Business Plan template on the platform (**Note that a separate training fee is not required**). Also, note that a number of Business Plan slot shall be allocated to each participating state/FCT. Consequently, entries for such state shall cease when the required number is met
- iv. **Business Plans Evaluation:** it shall be the responsibility of SMEDAN, using approved in-house criteria, to shortlist business plans for field validation. Such criteria shall include the following, bankability of business plans; equitable distribution of prospective beneficiaries; gender balance.
- v. **Field Validation Visits/Referral to BOA:** Field visits shall be carried out to all shortlisted MSEs, from the preceding stage. Validation MSEs form this process shall be referred to BOA.
- vi. **Due Process/Confirmation of Final Beneficiaries:** This shall be based on BOA lending policy/agreed criteria for this programme. BOA shall thereafter inform all successful applicants, with guidance on next steps.
- vii. **Refresher Training of Selected Beneficiaries:** All selected beneficiaries shall receive refresher entrepreneurship training, at no fee, by SMEDAN, as a condition to draw-down.
- viii. **Opening of Bank Accounts:** All successful applicants shall open (and operate) account with the BOA branch nearest to their project location. The required 10% lien deposit shall thereafter be paid into their accounts by SMEDAN, prior to draw-down.
- ix. **Loan Disbursement/On-field Recovery and Advisory Services:** Loans disbursement shall be by BOA, who shall also commence loans recovery at the end of the advised moratorium period. SMEDAN, on its part, shall carry out quarterly advisory visit to beneficiaries, during this period.

CALL FOR PARTICIPATION:

The joint programme partners – Bank of Agriculture Ltd (BOA) and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) - hereby invites applications from all suitably-qualified micro and small enterprises (MSEs) located in **FCT, Kaduna and Oyo states**. It should be clearly understood that programme particulars set out in paragraphs 1 – 3, above, form the basis for consideration of loan requests under this programme. Consequently, applications from qualified micro and small enterprises, shall be received over a period of six (6) weeks or when the allocated quota of business plans per participating state/FCT is exhausted (whichever comes first). **Portal Opening Date** is Tuesday, 15th December, 2020. All suitably qualified MSEs are to apply via link smedan.simplifiedcredit.net on the SMEDAN website (www.smedan.gov.ng). Once migrated to the Simplified Credit portal, pre-qualification of applicants shall commence.