

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

BANK OF AGRICULTURE LTD. (BOA)/SMALL AND MEDIUM ENTERPRISES DEVELOPMENT AGENCY OF NIGERIA (SMEDAN) MATCHING FUND PROGRAMME FOR MICRO AND SMALL ENTERPRISES (MSEs): 2ND EDITION

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 partners (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 important aspect of their respective mandate SMEDAN and Bank of Agriculture Ltd (BOA) hereby announces the continuation 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 enterprise 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 (MSEs), operating in the real sector. These shall preferably have innovative value-added products that are establishing footprint in the Nigerian market, and require additional funds to increase output. Qualified enterprises shall also be utilizing local raw materials (at least 65%); are regulatory-compliant and capable of generating employment for at least 2 – 5 additional persons as a result of the facility obtained. Finally, in line with current emphasis of the Federal Government, enterprises within the agricultural value chains – especially agro-processing - shall receive priority.
- ii. **Loans available under the programme:** Prospective beneficiaries may apply for loans within the range of N1.2 – N5.0 million, with enterprise 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 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 et.c.). These approved charges 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 borrowers account in any financial institution to repay the due 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 applications.

- i. **Portal Opening:** This shall be done via a public notice placed in selected national dailies inviting all suitably qualified MSEs to apply on the SMEDAN website (www.smedan.gov.ng) by clicking on the icon BOA-SMEDAN Matching Fund Programme. The latter migrates applicants to the Simplified Credit portal, where pre-qualification shall commence.
- ii. **Pre-qualification of Applicants:** 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. Applicants shall have a maximum of three opportunities to submit an acceptable entry. Thereafter, disqualified applicants shall be barred from further participation.
- iii. **Business Plans Submission:** To continue, pre-qualified applicants shall be required to pay a processing fee of ten thousand (N10,000.00) naira only 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 slots shall be allocated to each participating state. 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. Validated MSEs from 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 notify 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) accounts 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. **Loans Disbursement/On-field Repayment and Advisory Services:** Loans disbursement shall be by BOA, who shall also commence loans recovery at the end of the relevant moratorium period. SMEDAN, on its part, shall carry out quarterly advisory visits 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 invite applications from all suitably qualified micro and small enterprises (MSEs) located in **Plateau, Kano, Edo and Imo States**. It should be clearly understood that programme particulars set out in paragraphs 2 – 3, above, form the basis for consideration of loan requests under this programme. Consequently, applications from qualified micro and small enterprises, under this programme, shall be received over a period of at least six (6) weeks or when the allocated quota of business plans per participating state is exhausted (whichever comes first). **Portal Opening Date is Tuesday, 30th March, 2021**. All suitably qualified MSEs are to apply on SMEDAN website (www.smedan.gov.ng). Please click on the BOA-SMEDAN Matching Fund Programme icon to commence prequalification on the Simplified Credit portal. If you need help to upload your information on the portal, you may approach a friend or consultant. However, **insist** that your actual business information is sent as your data shall be confirmed during field visit.