

**GUIDELINES
FOR THE
OPERATION OF
THE
AGRICULTURAL
CREDIT SUPPORT
SCHEME
(ACSS)**

1. Establishment of the Scheme

An Agricultural Credit Support Scheme, hereafter referred to as ACSS, has been established through the initiative of the Federal Government and the Central Bank of Nigeria with the active support and participation of the Bankers Committee.

1.1 Source of Fund

The Scheme shall have a fund of ₦50.0 billion (Fifty billion naira) to be contributed by the following participants;

- I. ₦ 30 billion (₦ 1 billion each) from the Universal banks. ₦ 5 billion additionally from the 5 big banks i.e. First Bank, Union Bank, UBA, Zenith and GTB.
- II. ₦ 6 billion from SMEEIS.
- III. ₦ 5 billion from NACRDB
- IV. ₦ 2.5 billion from ACGSF
- V. ₦ 0.7 billion from debt relief (MDG)
- VI. ₦ 200 million each from the State Governments. (₦ 7.2 billion)

2. Purpose of the ACSS

The purpose of the ACSS is to develop the agricultural sector of the Nigerian economy by providing credit facilities to farmers at single digit interest rate. This is to enable farmers exploit the untapped potentials of the sector with a view to reducing the cost of agricultural production, and increase output on a sustainable basis. These efforts are expected to lead to fall in prices of agricultural produce, especially food items, thereby leading to reduction in inflation rate, generate surplus for export, diversify the revenue base and increased foreign exchange earnings for the country.

The willingness of deposit money banks to dedicate part of their loan able funds to participate is indicative of their readiness to actively promote the growth and development of the real sector of the economy. As custodians of shareholders/ depositors funds, participating banks are expected to exhibit high degree of due diligence in appraising credit requests under the ACSS as is applicable in their normal course of business.

At the commencement of the ACSS, credit facilities will be granted to farmers by banks for activities stated in **paragraph 4** at an interest rate of 14%. Borrowers who make timely repayment will be granted a rebate of 6%, thereby, reducing the effective interest rate to be paid by farmers to 8%. This rate shall be inclusive of other charges by banks.

3. Limits of liability under the ACSS.

- a) The maximum interest liability under the scheme in respect of any loan shall be fixed from time to time by the participating banks with the CBN subject to this being in line with the Government's policy on agricultural financing.
- b) The Scheme shall not recognize extension or rescheduling of tenured loans for the payment of rebate.
- c) The interest rebate liability of the scheme shall be 6% (six per cent) of the 14% (fourteen per cent) charged farmers by the lending banks which shall be determined from time to time by the CBN.
- d) Where a consortium of banks jointly finance a project, the limit on interest liability shall apply to the total loan granted by all the banks in the consortium.
- e) In such cases, the Scheme will deal with only one of the banks that may be nominated for the purpose by the consortium of banks concerned as if it has granted the whole loan alone.
- f) In order to ensure that transactions under the Scheme are dealt with as expeditiously as possible, the CBN shall make arrangements to ensure that such matters are attended to in the state where the projects are located unless banks are otherwise directed.
- g) The lending bank shall forward a schedule supported by copies of bank statements sent to the customer to the CBN for prompt processing and payment of the interest support. Transactions under the Scheme shall be dealt with expeditiously by all involved.
- h) Payment of rebate under the ACSS shall be made as soon as demand notices are received from the participating banks subject to confirmation that the borrower(s) has met their obligation(s) in respect of facility under the Scheme.

4. Management of the Programme.

The ACSS shall be managed by a 21 member Central Implementation Committee (CIC) headed by a Chairman. Other members shall be drawn from:

- i. Federal Ministry of Finance,
- ii Federal Ministry of Agriculture,
- iii Federal Ministry of Industries,
- iv Federal Ministry of Commerce,
- v Central Bank of Nigeria (CBN),
- vi Universal Banks (3 Reps.)
- Vii Nigerian Agricultural Cooperative and Rural Devp. Bank (NACRDB).
- Viii Representative from Commodities Dev. & Marketing Companies
- Ix National Poverty Eradication Programme (NAPEP)
- X Representatives from the Industrial Sector (3reps)
- Xi Representatives of AFAN with subsection group (6 reps)
- Xii Representatives from the six geo-political zones (6 Reps.).

The Secretariat or the Managing Agent for the administration of the ACSS shall be decided by the Committee.

5. Agricultural purposes covered by the Programme.

The Agricultural purposes covered under the ACSS shall be:

- (a) Establishment or management of plantations
- (b) The cultivation or production of crops
- (c) Livestock (animal husbandry, poultry, fishery e.t.c.)
- (d) Farm machinery and hire services.

6. Application for interest support.

Application for interest support under the Scheme shall be made by participating banks to the CBN on a prescribed Form. Every application shall be numbered and completed in triplicate. Two copies of the form shall be forwarded to the CBN.

7 Confirmation of projects under the ACSS.

Projects under the Scheme shall be subject to confirmation by the Central Bank of Nigeria and acceptance communicated to the bank and farmer within 21 working days of receiving the returns. The CBN reserves the right to seek further confirmation by requesting for inspection of the books and accounts of the bank in respect of the interest supported loan.

8. Variation in other terms and conditions of loan

A bank shall require a prior approval of the ACSS Secretariat before it can alter any of the terms and conditions governing a loan in respect of which interest support is on-going.

9. Repayment or discontinuation of a credit facility

Whenever an interest supported advance is repaid or the credit facility is otherwise discontinued, the bank shall advise the Secretariat and the CBN immediately, giving particulars of the credit facility.

10. Invoking the interest support.

- a) Temporary interest default on the instalmental repayment of a loan under the programme need not be reported to the Secretariat if the bank has no intention, merely on the basis of such a default, either to discontinue the facility or to call up the loan.
- b) The Scheme shall cease to pay rebate on any loan not serviced by the borrower with immediate effect.

11. Submission of returns

- a) Participating banks shall submit to the CBN progress reports on the prescribed form within seven days after the last day of business of every month.
- b) The ACSS Secretariat may call for such other returns from time to time as may be required for the effective performance of its duties.

**Central Bank of Nigeria,
Abuja.**

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