QUESTIONS AND ANSWERS ON THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT FUND (MSMEDF)

1. What is the Micro, Small and Medium Enterprises Development Fund?

   It is a Fund set aside to enable Microfinance Banks (MFBs) and other Participating Financial Institutions (PFIs) to borrow for on-lending to Micro, Small and Medium Enterprises (MSMEs).

2. What is the purpose of the Fund?

   It is to provide wholesale funds to the Participating Financial Institutions (PFIs) to enable them lend to the MSMEs at lower interest rate to boost their economic activities.

3. What are the activities covered under the Fund?

   The activities are:
   • Agriculture (farming, agro-processing, etc.).
   • Trading/Commerce.
   • Cottage Industries (local industries).
   • Artisans (hairdressers, mechanics, vulcanizers, welders, etc.).
   • Services (hotels, schools, restaurants, salons, eatery, laundry, etc.).
   • Any other income-generating activities as prescribed by the Guidelines.

4. Is it free money?

   No, you must borrow and repay back to enable you borrow again.

5. Who are the Participating Financial Institutions (PFIs)?

   The Participating Financial Institutions (PFIS) are:
   a. Microfinance Banks (MFBs)
   b. Non-Governmental Organization - Microfinance Institutions (NGO-MFIs)
   c. Financial Cooperatives
   d. Finance Companies
6. How can I apply for the Fund?

You are to apply for the Fund through a Microfinance Bank, Finance Company, Financial Cooperatives or NGO-MFI.

7. Is the Fund for women only?

No, it is for both men and women.
However, 60% of the Fund is dedicated to support women businesses.

8. What is the interest rate?

The maximum interest rate under the MSME Development Fund is 15%. However, those who pay back their loans at agreed time shall be refunded 40% of the total interest paid on such loans.

9. What is the duration of the loan?

The duration of the loan will be determined by Participating Financial Institution from which you borrow.

10. What are the eligibility criteria?

For information on the eligibility criteria, please visit a Microfinance Bank, Financial Cooperative, NGO-MFI or Finance Company of your choice.

11. Do I have to give money or pay any person/agent/ middleman to access the Fund?

No, you must not allow anybody to cheat you. Go to any Microfinance Bank, Financial Cooperative, NGO-MFI or Finance Company that is participating in the MSME Development Fund’s activities to submit your application.

12. When can I access the Fund?

Since September, 2013, we have been educating the PFIs (Microfinance Banks, Financial Cooperatives, NGO-MFIs and Finance Companies), women groups, trade associations and the general public on the operation of the Fund. The focus would be on incorporating inputs from
these sensitization workshops to finalize arrangements for the commencement of operation by the Fund soon enough.

FOR FURTHER INFORMATION, PLEASE CONTACT THE DEVELOPMENT FINANCE OFFICE IN THE BRANCH OF THE CENTRAL BANK OF NIGERIA (CBN) NEAREST TO YOU

OR

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