

## **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**

**THE DIRECTOR,  
DEVELOPMENT FINANCE DEPARTMENT,  
CENTRAL BANK OF NIGERIA,  
CORPORATE HEADQUARTERS, ABUJA  
TEL: 0946238644**