



CENTRAL BANK OF NIGERIA
Financial Policy & Regulation Department,
Central Business District,
P.M.B. 0187
Garki, Abuja.

Tel:.....09-462-37401...

09-462-37411

E-mail:.....

Website: www.cbn.gov.ng

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CIRCULAR TO ALL BANKS IN NIGERIA

RE: ESTABLISHMENT OF AGRICULTURAL FINANCE DEPARTMENTS/ UNITS /DESKS IN HEAD OFFICES/ZONAL/REGIONAL AND DESKS BY DEPOSIT MONEY BANKS (DMBs)

All Deposit Money Banks are hereby required to establish Agricultural Finance Department/ Units /Desks in their Head/Zonal/Regional offices and branches to facilitate lending to Agricultural value chain in Nigeria.

1.0 DEPOSIT MONEY BANKS ARE REQUIRED TO IMPLEMENT THE FOLLOWING INITIAIVES WITHIN SIX (6) MONTHS:

- 1.1 Establish Agricultural Finance Departments/Units/Desks in their Head Offices, Regional and Branch Offices.
- 1.2 Appoint qualified agricultural graduates and other professionals with relevant experience in Agriculture to handle all agricultural lending activities.
- 1.3 Develop sound financial delivery system that would serve the needs of farmers and the sector at large.
- 1.4 Lend to the entire agricultural value chain (Agric input supply, Production, Storage, Processing, Marketing and other areas of agric development);
- 1.5 Provide advisory services to their target clientele; and
- 1.6 Establish reliable data base on agricultural finance for use in planning by government and the private sector.

2.0 FUNCTIONS OF THE DEPARTMENT/ REGIONAL OFFICES AND DESKS

2.1 The Agricultural Finance Department in the Head Office Shall have two Units. These are (i) Business Plan Unit; and (ii) Development and Advisory Unit.

(i) Business Plan Unit shall;

- 2.1.1 Assist farmers to fit into the agricultural value chain.
- 2.1.2 Give policy direction on agricultural lending processes and Procedures.
- 2.1.3 Maintain the data base of all agricultural lending activities.

(ii) Development and Advisory Unit shall;

- 2.1.4 Assess credit risks and develop markets.
- 2.1.5 Develop need-based products targeted at agricultural value chain financing.
- 2.1.6 Develop Business plan for the operations of the Department.
- 2.1.7 Determine capacity building requirements of all agricultural personnel/Desk Officers.
- 2.1.8 Develop reporting lines that are in consonance with the bank's structure.

2.2 Agricultural Regional/Zonal Offices:

- 2.2.1 Monitor and supervise the performance of field Officers.
- 2.2.2 Identify bank customers.
- 2.2.3 Provide technical/advisory services to the bank's clients on Agricultural lending.
- 2.2.4 Liaise with Government/private sector organizations and other relevant agencies connected with agricultural development.

2.3 Agric Desks at the Branch Offices:

- 2.3.1 Identify loan beneficiaries.
- 2.3.2 Ensure proper loan documentation.
- 2.3.3 Receive and carry out appraisal of loan applications.
- 2.3.4 Recommend applications for approval (after pre-sanction visit to the borrower's farm/business).
- 2.3.5 Disburse loans, re-structure and monitor Agric financed projects.
- 2.3.6 Undertake loan recovery visits and manage loan delinquency.
- 2.3.7 Provide technical advice to borrowers.

3.0 MANNING LEVELS

- 3.1 The Department shall be headed by a **General Manager or Deputy General Manager** with Post graduate Degree in Agricultural Sciences, Specializing in Agric Economics, having at least 10 years exposure in handling Agricultural Credit/ Development Credit portfolios covering the real sector. Relevant experience in product development, investment banking, risk management and project financing should be an advantage.
- 3.2 The Units shall be headed by an **Assistant General Manager or Principal Manager or Senior Manager**, a graduate of Agricultural Science, with relevant experience in management and supervision of field staff, risk and investment analysis in agriculture and products development.
- 3.3 The Agricultural Desks shall be headed by **middle level Managers** with relevant qualifications in agriculture and cognate experience in investment/risk management.

4.0 RENDITION OF RETURNS

- 4.1 Each Deposit Money Bank shall render returns on its Agricultural business portfolio to the Development Finance Department, Central Bank of Nigeria, Abuja, on quarterly, half yearly and annual basis, on forms that would be provided by the CBN.
- 4.2 Failure to render such returns shall attract sanctions from the CBN.

5.0 TAKE OFF DATE:

- 5.1 This circular takes immediate effect while Deposit Money Banks are required to establish Agricultural Departments/Regional/Desks Offices within a period of six months from the date of the circular.



SOLA AWOYUNGBO

For: DIRECTOR, FINANCIAL POLICY & REGULATION DEPARTMENT