

**A BILL
FOR
AN ACT TO PROVIDE A REGULATORY FRAMEWORK FOR THE AGRICULTURE CREDIT FUND WHICH SHALL
PROMOTE COMMERCIAL AGRICULTURE IN NIGERIA, ENSURE CREDIT SUPPORT FOR PRODUCTION,
STORAGE AND PROCESSING OF TARGET COMMODITIES, DEVELOP MARKET AND AGRICULTURAL
ENTERPRISE AND FOR OTHER RELATED MATTERS SB20**

Clauses	Original Provision	Committee's Recommendation	Remarks
<i>Commencement</i>	BE IT ENACTED by the National Assembly of the Federal Republic of Nigeria and by the Authority of same as follows:	BE IT ENACTED by the National Assembly of the Federal Republic of Nigeria and by the Authority of same as follows:	Retained as amended
PART I – ESTABLISHMENT OF THE COMMERCIAL AGRICULTURE CREDIT SCHEME			
Establishment of the Scheme	1.-(i) There is hereby established for the Federation a Commercial Agriculture Credit Scheme which shall comprise of the Central Bank of Nigeria (CBN), in collaboration with the Federal Government of Nigeria represented by the Ministries of Agriculture and Water resources;	1.- (i)	Retained
	(ii) The scheme shall under this Act provide and oversee fund which shall complement other special initiatives of the CBN in providing concessionary funding for agriculture.	(ii) The scheme shall under this Bill provide and oversee fund which shall complement other special initiatives of the CBN in providing concessionary funding for agriculture <i>such as Agricultural Credit Guarantee Scheme(ACGS) which is mostly for small scale farmers, interest draw-back scheme, Agricultural Credit Support Scheme</i>	Retained as amended
Objectives of the Scheme	2. The objectives of the scheme shall be:	2.	Retained
	(i) To fast track development of the agricultural sector of the	(i)	Retained

	Nigerian economy by providing credit facilities to commercial agricultural enterprises at a single digit interest rate;		
	(ii) To enhance national food security by increasing food supply and effecting lower agricultural produce and product prices, thereby promoting low food inflation;	(ii)	Retained
	(iii) To reduce the cost of credit in agricultural production to enable farmers to exploit the potentials of the sector;	(iii)	Retained
	(iv) To increase output, generate employment, diversify the revenue base, increase foreign exchange earnings and provide input for the industrial sector on a sustainable basis.	(iv)	Retained
Funding of the Scheme	3. (i) The Scheme shall be funded from the proceeds of not less than N500billion bond which shall be raised by the Debt Management Office (DMO), in collaboration with the Central Bank of Nigeria (CBN).	3. (i) The Scheme shall be funded by the FGN and CBN in the ratio of 60:40. Each party shall meet its full contribution in 2 years from the date of the Act.	Retained as amended
	(ii)The fund of the scheme shall be made available to the Participating Bank(s) to finance commercial agricultural enterprises.	(ii) Funds awaiting disbursement shall be invested in eligible securities by the Managing Agent and adequate levels be set aside in line with the projections of the Project Management Committee.	Retained as amended
Administration of the Fund	4. (i) The fund shall be administered by at least four (4) commercial banks hereinafter referred to as Participating Banks (PBs) which shall be carefully selected by the CBN through a competitive process taking into consideration the banks' capacity, assets, branch network, liquidity experience in agricultural lending, credit risk exposures, etc.	4. (i) The fund shall be administered by any DMB operating in Nigeria that meets the disbursement criteria established by the Project Management Committee, as well as has relevant experience in Agricultural lending.	Retained as amended
	PART II: MANAGEMENT OF THE SCHEME		
Management of the Scheme	5. (i) The management of the Commercial Agriculture Credit Scheme shall be the responsibility of the Central Bank of Nigeria and the Federal Ministries of Agriculture and Water Resources in collaborative manner to ensure the success of the Scheme;	5. (i)	Retained

	(ii) The day to day implementation of the project shall be the responsibility of the Development Finance Department of the Central Bank and the Commercial Agriculture Development Programme (CADP) Secretariat of the Federal Ministry of Agriculture and that of Water Resources which shall coordinate actions, and report to the Project Management Committee.	(ii)	Retained
Establishment of a Technical Committee and the Project Management Committee	6. (i) There shall be established a Project Management Committee under this Act;	6. (i). There shall be a Technical Committee <i>comprising of the Central Bank of Nigeria, the Commercial Agriculture Development Programme (CADP) Secretariat of the Federal Ministry of Agriculture and Rural Development which shall coordinate actions, and report to the Project Management Committee.</i>	Retained as amended
	(ii)The Project Management Committee shall meet regularly to review progress and propose changes if required in the running of the programme and advise the relevant stakeholders, and shall be composed as follows:	(ii) <i>The Project Management Committee shall be the highest policy organ for the project.</i>	Retained as amended
		(iii) <i>Members shall meet for a minimum of two (2) times a year to review progress and propose changes if required in the running of the programme and advise the relevant stakeholders. The composition of the committee shall be as follows:</i>	New insertion Retained
	(a) Deputy Governor, Central Bank of Nigeria (Financial Sector Surveillance), as Chairman;	(a) Deputy Governor, Central Bank of Nigeria (<i>Financial System Stability</i>), as Chairman	Retained as amended
	(b) National Coordinator, Commercial Agriculture Development Programme, as Secretary;	(b)	Retained

	(c) Director, Development Finance, Central Bank of Nigeria, as Member;	(c)	Retained
	(d) One Representative each of the Participating Banks (PBs) as Member;	<i>(d) One Representative of the Bankers' Committee, as Member;</i>	Retained as amended
	(e) Executive Director, National Food Reserve Agency as Member;	<i>(e) A Representative each from the Federal Ministry of Finance, Agriculture, Trade and Industry;</i>	Retained as amended
	(f) A Representative each from the Federal Ministry of Finance, Water Resources, Agriculture, Debt Management Office, Large Scale Farmers Association as members.	<i>(f) Representative of NACCIMA; as member.</i>	Retained as amended
	(iii)The quarterly report of the committee shall be sent to the Ministers of Agriculture, Water Resources, Finance and Central Bank of Nigeria Governor	(iii)	Retained
Target Agricultural Commodities	7. -(1)The scheme shall cover key agricultural commodities like:	<i>7. (1) The scheme shall cover agricultural value chain activities from input supply, production of economic crops, storage, marketing, processing, mechanization and other infrastructure.</i>	Retained as amended
	(i) Rice, cassava, cotton, oil palm, wheat, rubber, sugar cane, jatrophaearcus, fruits and vegetables;	<i>(i) Rice, cassava, cotton, oil palm, wheat, rubber, sugar cane, jatrophaearcus, fruits and vegetables; maize, soybeans, sesame seed, cocoa, groundnut, tea, coffee, kola, cashew, millet and sorghum</i>	Retained as amended
	(ii) Livestock (dairy, poultry, piggery etc);	<i>(ii) Livestock, cattle, sheep, goat, rabbitry, guinea pig, poultry, piggery, quail, snailery, guinea fowl, duck and ostrich.</i>	Retained

	(iii) Fisheries.	(iii) Fisheries including Fish feeds.	Retained as amended
	(2)Any other activity as may be specified from time to time.	(2)	Retained
Eligibility of Borrower under the Scheme include:	8. -(1) Corporate and Large Scale Commercial Farm/Agro Enterprises:	8. -(1)	Retained
	(i) Integrated large scale farm or Agro-based Enterprise with assets not less than N350million with prospects of growing the assets to N500million on within 3years;	<i>(i) Integrated large scale farm or Agro-based Enterprise with agricultural asset (excluding land) of not less than N100 million with prospects of growing the assets to N250 million within the next three years.</i>	Retained as amended
	(ii) Non-Integrated Commercial Farm/Agro Enterprises with assets not less than N200million with prospect of growing the assets to N350million within the next 3years.	<i>(ii) Non-Integrated Commercial Farm/Agro Enterprises with assets not less N50 million with prospects of growing the assets to N150 million, except in the case of on-lending to farmers' cooperative societies</i>	Retained as amended
	(2) State Government/FCT:All State Governments/FCT can access up to 20% of the fund through specialized agencies or secretariat established for the purpose of on-lending such funds to cooperative unions, cooperative societies, self-help groups and agricultural commodities association in their respective states.	<i>(2) All State Governments/FCT can access up to N5 billion of the fund through specialized agencies or secretariat established for the purpose of on-lending such funds to cooperative unions, co-operative societies, self-help groups and agricultural commodities association in their respective states</i>	Retained as amended
Eligibility for Participation in	9. -(1) To participate in the scheme the borrower shall:	9. -(1)	Retained

the Scheme			
	(i) Be a limited liability company and shall comply with the provisions of the Companies and Allied Matters Act (1990);	(i)	Retained
	(ii) Have a clear business plan;	(ii)	Retained
	(iii) Provide up-to-date record on its business operations if any.	(iii)	Retained
	(2) To participate in the scheme a State Government/FCT shall:	(2)	Retained
	(i) Submit an expression of interest;	(i)	Retained
	(ii) Put in place appropriate institutional arrangements by setting up a secretariat (special Unit or agency) staffed with experienced agricultural experts and credit officers dedicated for the administration of the fund to be borrowed which shall be approved by the Project Management Committee e; and	(ii)	Retained
	(iii) Sign an Irrevocable Standing Payment Order (ISPO) in favour of the Central Bank of Nigeria to deduct at source the total amount in default from the state(s) on monthly basis of State revenue allocation on behalf of the Participating Banks.	(iii)	Retained
Modalities of the Scheme	10. -(1) Agricultural credit from the participating banks shall be in the form of loans or overdraft.	10.-(1)	Retained
	(2) Interest on loan shall not exceed 5 percent, inclusive of all charges.	(2)	Retained
	(3) Loan tenure under the scheme shall be a maximum of 10 years.	(3)	Retained
	(4) Enhancement of credit facility, extension or rescheduling of payment shall be approved by the Project Management Committee.	<i>(4) Enhancement of credit facility, extension or rescheduling of payment shall be approved by the CBN Management</i>	Retained as amended
	(5) The interest subsidy shall be borne-wholly by the Central Bank of Nigeria.		Deleted
Acceptable Collateral	11. -The security which may be offered to a participating bank for the purpose of any loan under the scheme may be one or more of the following:	11.-	Retained
	(a) A charge on the movable property of the borrower;	(a)	Retained

	(b) A charge on land in which the borrower holds a legal interest or a right to farm, or a charge on the land including fixed assets, crop or livestock;	(b)	Retained
	(c) A life insurance policy, a promissory note or other negotiable security;	(c)	Retained
	(d) Stocks and shares;	(d)	Retained
	(e) Any other collateral acceptable to the participating bank(s).	(e)	Retained
Procedure for Applying for the Loan	12. (1) All applications for loans under the scheme shall be made to the Participating Banks in duplicates; one copy of which will be stamped by the Participating Bank concerned and forwarded to the Development Finance Department of Central Bank of Nigeria and Committee on Agriculture Development Programme. Both departments shall set up a joint task-force that promptly (within 48 hours) issues a “no objection” letter to the Participating Bank on the loan application, after confirming that the products/purposes conform to the focus of the scheme.	12.-(1)	Deleted
	(2) Thereafter, the Participating Bank shall quickly process the loan and effect disbursement. Applications received by the Participating Bank shall be processed promptly and not exceeding thirty days. The banks shall set up Task-Forces and fast-track processes to ensure prompt service delivery.	(2)	Deleted
	(3) All applications under the scheme shall be treated by Participating Bank with high degree of diligence, good faith and competence.	(3)	Deleted
Verification and Monitoring of Projects	13.- Both the Development Finance Department of the Central Bank of Nigeria and the Committee on Agriculture Development Programme Secretariat of Federal Ministry of Agriculture and Water Resources shall ensure periodic monitoring of the projects funded under the scheme, and report to the Project Management Committee.	13.-	Deleted
Verification of other Terms and Conditions of	14.- A participating bank shall require a prior approval of the Project Management Committee before it can alter any of the terms and conditions governing a loan in respect of which Commercial Agriculture facility is on-going.	14.-	Deleted

Loan			
	15. INFRACTIONS AND SANCTIONS [PARTICIPATING BANK(S)] (i) Diversion of funds by the Participating Bank(s) shall attract a penalty at the bank's average lending rate at the time of infraction. In addition, such Participating Banks shall be barred from further participation under the scheme;	15. <i>(i) Diversion of funds by PBs shall attract a penalty at the bank's MAXIMUM lending rate at the time of infraction.</i>	Retained as amended
	(ii) Non rendition or false returns shall attract the penalty stipulated by Banks and other Financial Institutions Act section 60;	<i>(ii)</i>	Deleted
	(iii) Charging interest rate higher than prescribed shall attract the penalty stipulated by Banks and other Financial Institutions Act section 60;	<i>(iii)</i>	Retained
	(iv) Any of the Participating Banks that fails to follow the agreed disbursement schedule with the borrower after the receipt of the fund shall be charged the prevailing interest rate for the period the fund was not disbursed.	<i>(iv) Any PB that fails to follow the agreed disbursement schedule with the borrower after the receipt of the fund shall be charged its MAXIMUM interest rate for the period the fund was not disbursed and any additional penalty as specified by the CBN</i>	Retained as amended
	(v) Any other breach of the guide lines as may be specified from time to time.	<i>(v)</i>	Retained
Borrower	16. The borrower shall: (a) Utilize the funds for the purpose for which it is granted;	16.- <i>(a)</i>	Retained
	(b) Insure the project being financed;	<i>(b)</i>	Retained
	(c) Adhere strictly to the terms and conditions of the scheme;	<i>(c)</i>	Retained
	(d) Make the project and records available for inspection and verification by the Project Management Committee;	<i>(d)</i>	Retained
	(e) Render periodic returns to the participating Banks as may be required; and	<i>(e)</i>	Retained
	(f) State Government/FCT shall agree to utilize the funds solely for on lending to registered cooperative unions, cooperative societies, commodity associations and self-help groups and qualified	<i>(f)</i>	Retained

	individuals.		
Repayment or Discontinuati on of a Credit Facility	17.- Whenever a credit facility is otherwise discontinued, the Participating Banks shall advise the Project Management Committee immediately, giving particulars of the credit facility.	17.-	Retained
Disbursement of Fund	18. The Participating Banks and borrowers shall strictly adhere to agree disbursement/repayment schedule. Any deviation from the schedule shall be mutually agreed between the parties and the Project Management Committee informed accordingly.	18.-	Retained
Citation	19. This Bill may be cited as Commercial Agriculture Credit Scheme Bill, 2015	19.- This Bill may be cited as Commercial Agriculture Credit Scheme Bill, 2016	Retained as amended
	EXPLANATORY MEMORANDUM		Retained
	<p>This Bill seeks to provide a regulatory framework for the agricultural credit fund which shall promote commercial agriculture in Nigeria, ensure credit support for production, storage and processing of target commodities, develop market and agricultural enterprise and for other related matters.</p> <p>Among other things, the scheme shall complement other special initiatives of the Central Bank of Nigeria in providing concessionary funding for agriculture such as the Agricultural Credit Guarantee Scheme (ACGS) which is mostly for small scale farmers, Interest Draw-back scheme, etc.</p>		