REVIEW OF REGULATIONS AND STRUCTURES FOR THE FINANCIAL WELFARE OF SMALL MEDIUM ENTERPRISES IN NIGERIA*

Abstract

It is trite position that SMEs serve as catalysts for the economic growth of any nation. Notwithstanding, the situation is that in low income countries, especially in Africa SME's survival are threatened by various socio-economic inadequacies, especially their usual lack of access to funds. Notwithstanding governments' claims on subsidies and economic emancipations, a complementary problem is the continuous enactment and establishment of regulations that are not streamlined and publicized enough. Therefore, SMEs persistently suffer issues ranging from lack of capital to finance their operations, to problems relating to corrupt practices and undue exposure to unregulated credit facilities, in circumstances that are contrary to the essence of the several laws. This situation has persisted despite the multitudes of outlets to protect and strengthen Micro finance. To aid stakeholders, this paper presents a qualitative, legal review of statutes and regulations for the protection of SMEs in Nigeria. This includes including existing checks and the set ups that prohibit or penalize interlopers.

Keywords: SMEs, Financial Welfare, Nigeria, Laws, Micro Finance

1. Introduction

SME's generally defined as Small and Medium (sized) Enterprise contains fairly small business entities and companies that are usually based in one place and owned by a person or small group of people.[1] Studies have established the importance of small businesses, as they often provide the largest percentage of workforce with employment. Furthermore, empirical evidence shows that finance contributes about 25% to the success of SMEs. However , according to the World Bank, as at October 2021,[2] the International Finance Corporation (IFC) estimates that 65 million firms, or 40% of formal micro, small and medium enterprises (MSMEs) in developing countries, have an unmet financing need of $5.2 trillion every year, which is equivalent to 1.4 times the current level of the global MSME lending. For example, a study by SMEDAN in 2013stressed that most small businesses fail within the first five years of its operation in Nigeria.[3]The implication is that oftentimes, many SMEs in Nigeria lack the capital to continue their business, so they are forced to close shop. The situation is equally compounded by the fact that they are unable to access required funds, because they are not aware of the various safe opportunities and protections that can avail them.[4] For those who remain in business, many struggle to sustain their enterprise due to their obligations under loans with unfriendly conditions. In these regards, their contributions are not maximized within the economy. Instead, lack of capital results in their inability to cover overhead expenses, fund expansion opportunities or launch new products to market.[5]

It is trite that business financing are usually sourced from either the informal finance sector (IFS)[6] or the formal finance sector (FFS)[7]. It is generally opined that commercial banks and development banks in the formal sector are the most popular source of finance for SMEs.[8]Microfinance Banking Services (MFBs) are therefore acknowledged and encouraged as the nearest financing outfits to multitude of local SMEs. MFBs goals are usually to provide finance services for unemployed or low-income individuals.

Apart from the formal sector as described, SMEs thrive on funding from the informal sector mostly consisting of borrowing from friends, relatives, personal savings and cooperatives which are also important sources of funds.[9]It is these informal finance sectors that include money lenders and other credit associations both of regulated and

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[1]Longman Business Dictionary at www.ldoceonline.com. Retrieved on October 24, 2021

[2]https://www.worldbank.org/en/topic/smefinance. retrieved on October 24, 2021

[3]Babandi I.G(2019). 'Mitigating The Challenges Of Small And Medium Enterprises In Nigeria' (2019) (2)(3) Seisense Journal Of Management <https://doi.org/10.33215/sjom.v2i3.129> Accessed 21 March 2021

[4]GbandiE. Lezar and G. Amissah(2014) 'financing options for small and medium scale enterprises in Nigeria' (2014) (10) (1) 'European Scientific Journal' https://www.researchgate.net/publication/260530096_FINANCING_OPTIONS_FOR_SMALL_AND_MEDIUM_SCALE_ENTERPRISES_IN_NIGERIA accessed 26 April 2021

[5] 30th October 2019, How Lack of Capital can Stunt your Business at www.payadvantage.com retrieved on the 12 September 2021

[6] Sections 13 of the Money Lending Act of 1938

[7] Furthermore, enterprise Financing can be either through debt or equity or the combination of both.

[8] Examples of such formal finance institutions in Nigeria therefore include commercial banks, microfinance banks, Development banks, the apex banker and regulator (Central Bank of Nigeria) and other agencies created by statutes.

[9] Ibid

unregulated particulars. Extremes include the unlicensed operators in places that regulators have no access to. Considering the population of fake operators parading as licensed MFB, and duping unsuspecting SMEs, the Central Bank of Nigeria has over the years updated guidelines to address this challenge. One is the CBN's extreme reservation of power to investigate, inspect, regulate or revoke licenses of operators. To stay atop, the CBN also invoke extreme measures on managements of banks. This includes the frequently used measure of removing the Board and Directors of banks. As done recently with First Bank Holding and First Bank Nigeria Limited.[10]However, in the quest to provide better services, the CBN has equally established a federal governments microfinance outlet(NIRSAL),[11]thereby making itself a competitor with microfinance banks at the grassroots. If CBN is the central regulator of MFBs, establishing a competing institution (NIRSAL) is distracting and of course detrimental to the welfare and survival of MFBs. Nevertheless, the federal nature of the outlet has not prevented the recent indictments that has ensued criminal investigations. The Nigerian National Assembly re-iterates the fact that since the approval NISRAL, most farmers have not been able to access funds due to bureaucracies. The legislative bodies equally allege that the Micro Finance team of has misappropriated over ₦105 billion meant for farmers.[12] Also, MFBs often suffer the absence of liquidity. This is due to presumed reputational risks, and the fact that in the operating policy of MFBs they are banned from accessing public funds as opposed to commercial banks. They also cannot assess government funding directly. In this regard, MFBs source for savings for onward lending at exorbitant rates. It goes without saying that funds sourced at such high rates when given out as loans will also be disbursed at high rates. In addition, governance has been an issue with most MFBs. As obtainable in other huge institutional financial institutions, non repayment of insider related credit facilities lead to systemic risks in the banking sector. Because of these, collateral based financing has become increasingly difficult for them. More SMEs are resorting to viability lending in which case they obtain loans based on how buoyant their business and cash flow is. Banks are also reluctant to lend to SMEs because of their usual inability to meet the bank's lending requirements. SMEs also often possess low management and entrepreneurial skills with unreliable financial records which makes financial review difficult.[13]

This study presents the provisions of laws that are available to address these above listed problems, to see how effective they would have been, if inconsistent economic policies have not stifled them. The purpose of this paper is to discuss the welfare of SMEs in Nigeria vis-a-vis the provisions and frameworks of laws that cater for them. The descriptive but analytical nature of this study examines how coherent, effective, sustainable and relevant these rules are on issues including those as identified above. This paper presents the levels of structures that regulate issues on SMEs in Nigeria. These include their provisions on the protections of customers/borrowers, checks and balances and other set up that prohibit and penalize illegal structures.

2. Regulations for SMEs and their Financing Bodies in Nigeria

Financial institutions (FI) are engaged in the business of handling monetary, financial as well as economic transactions, for instance, credits, investments, credit exchange, loans and advances. This involves a wide range of business operations inside the financial sector that includes banks, trust companies, insurance companies, brokerage firms, and investment dealers. They are intermediaries between customers and the debt markets offering banking and investment services. They are institutions where customers can efficiently manage earnings and develop financial footing. Furthermore, they are private or public institutions that serves as a link between savers and borrowers of funds.[14] Before a person[15] or a company can validly carry out banking businesses in Nigeria, it must be a company duly incorporated in Nigeria and holds a valid banking license.[16] Failure to obtain a banking license before carrying out a banking business in Nigeria attracts sanctions.[17]The background and basis of this is entrenched inMoney Lenders Laws whereby various states have localized the Money Lending Act of 1938. To this effect, all money lending contract must be in writing and the lender is mandated to supply the borrowers with all details of the loans.[18]Sections 4 of the Lagos State Money Lenders Law Chapter 7 have provided that 'a person

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[10]Adegboyega A.(2021), First Bank Reacts to CBN's Sacking of Its Board, Premium Times News, October 22, 2021 at www.premiumtimesng.com retrieved on 26th October 2021

[11] The Nigeria Incentive-Based Risk sharing System for Agricultural Lending

[12]Msugh H. and Adamu A.(2021) , Reps to Probe N275 Billion loans for farmers, accuse NISRAL of Siphoning N105 Billion Naira, The Guardian News 10, June 2021 at www.guardian.ng retrieved on 26, October 2021

[13] Ocheni, S.I, Gemade, T.I 'Effects of Multiple Taxation on The Performance of Small and Medium Scale Business Enterprises in Benue State' (2015) (5)(3) International Journal of Academic Research in Business and Social Sciences <Http://Dx.Doi.Org/10.6007/IJARBSS/V5-I3/1525> accessed 27 March 2021

[14]Anthony Ilegbinosa Imoisi (PhD), 'Nigerian financial systems' https://nou.edu.ng/sites/default/files/2020-09/ECO724%20Nig;erian%20Financial%20System.pdf accessed 27 march 2021

[15] According to s2(3) BOFIA 2020 'any person' includes a body corporate, its promoter, directors, managers or officer that are in any way connected with super intending, directing or manging the affairs of the company.

[16] BOFIA 2020 s2(1)

[17] BOFIA 2020 s2(2)

[18] Sections 8,9 and 10 of the Money Lenders Act

who lends money at interest or who lends a sum of money in consideration of a lager sum being repaid shall be presumed to be a money lender until contrary is proven'. In addition, banking business in Nigeria means the business of receiving deposits in current accounts, savings, deposit accounts or other similar accounts paying or collecting cheques drawn by or paid in by customers. The business include the provision of finance consulting and advisory services relating to corporate and investment matters; making or managing investment on behalf of any person, whether such business are conducted digitally, virtually or electrically only or as the governor of CBN may by order published in the Gazette.[19] For efficiency and safety, the Banking and Other Financial Institution Act stipulates the details for all financial businesses within the Nigerian Jurisdiction. For territorial protections; BOFIA provides: 'A foreign bank cannot operate branch offices or representatives' office in Nigeria except with the prior approval of the Central Bank of Nigeria'[20]. Also the CBN governor can 'with the approval of the board[21] and by notice published in the Federal Government Gazette or print and electronic media, revoke any license granted under the act'[22].

Apart from the above, there are different types of financial institutions not only for regulations but those that exist in the financial market for the flow of funds. They are divided principally according to the kind of transactions they carry out. For example, some are engaged in depositary activities whereas others are engaged in non-depositary transactions.[23]

Depository Institutions

Depository institutions are financial institutions that are legally allowed to receive deposits (cash and other valuable items from consumers). Their activities are generally regulated in Nigeria by the Banking and Other Financial Institutions Act 2020. They include commercial and savings banks, credit unions, savings and loan associations.[24] The different kinds of depository institutions are briefly explained below:

Commercial Banks – They receive deposits from the general public including SMEs as well as provide security for SMEs. The establishment of more commercial banks has reduced the tendencies for small business owners to keep huge currency at hand. By means of commercial bank facilities, transactions can hence be carried out through cashless procedures.

Savings Banks – They carry out the role of receiving savings from individuals, corporations and loaning them out to the other customers including SMEs.

Credit Unions – These are institutions which are formed by participants who willingly connect with the aim of putting aside their money and then loaning it out to members of their union only. Thus, they are non-profit institutions that enjoy tax exemptions.

Savings and Loan Association – These institutions bring together the money of most small savers and thereafter loan them to people who want to buy homes or other types of borrowers including small and medium scale business owners. They offer assistance to persons in getting residential mortgages.[25]

Non-Depository Institutions:

These are the financial institutions that operate as the intermediary between savers and the borrowers, but they do not receive deposits. Such institutions carry out their lending activities to the general public including SMEs either by selling securities or through the insurance policies. Non depository institutions include insurance companies, finance companies, pension funds, and mutual funds. In the United States of America, the Federal Deposits Insurance Corporation (FDIC) ensures that the deposit accounts of people and businesses with financial institutions are safe. While in Nigeria, the Nigerian Deposit Insurance Corporation (NDIC) is saddled with this responsibility.[26]

Central Bank of Nigeria

CBN is the Apex financial institution in Nigeria, thus regulates all other financial institution in the country. The Central Bank of Nigeria is responsible for ensuring financial stability as well as economic growth and development of the Nigerian economy. Section 1 of the Central Bank of Nigeria Act of 2007(from herein forth called CBN Act) establishes the Central Bank. The mandate of the Central Bank of Nigeria (CBN) is gotten from the 1958 Act of Parliament, as amended in 1991, 1993,1997,1998,1999 as well as 2007. The Central Bank of Act

[19] BOFIA 2020 s131
[20] BOFIA 2020 s8
[21] According to s131(1) of BOFIA 2020, 'board' Means the board of directors of the Central Bank of Nigeria
[22] BOFIA 2020 s12
[23]Anthony Ilegbinosa Imoisi (PhD), 'Nigerian financial systems' https://nou.edu.ng/sites/default/files/2020-09/ECO724%20Nig;erian%20Financial%20System.pdf accessed 27 march 2021
[24] ibid
[25] ibid
[26] ibid

of 2007 of the Federal Republic of Nigeria charges the bank with the complete management, control as well as administration of the monetary and financial sector policies of the Federal Government.[27]The objectives of the Central Bank of Nigeria are as follows[28]:

i. Guarantee monetary and price stability;
ii. Issue legal tender currency in Nigeria;
iii. Sustain external reserves to protect the international value of the legal tender currency;
iv. Encourage a sound financial system in Nigeria; and
v. Serve as Banker as well as offer economic and financial advice to the Federal Government.

In addition to its functions, the Central Bank of Nigeria has over the years carried out a number of key developmental functions[29], focused on all the vital sectors of the Nigerian economy (financial, agricultural as well as manufacturing sectors). In general, these mandates are performed by the Bank through its numerous units. The Central Bank of Nigeria however, does not do business directly with the general public. It carries out its functions with the assistance of commercial banks, merchant banks and development banks to provide the formal sources of finance to SMEs.[30] As a result, the CBN is charged with the obligation of administering the Banks and Other Financial Institutions Act (BOFIA) (2020) as amended, with the sole purpose of making sure that there is high standard of banking practice and financial stability due to its surveillance activities, as well as the encouragement of an effective payment system which can be seen as its primary function[31]. Section 20 provides that banks may acquire or hold part of the share capital of any agricultural, industrial, private equity or venture capital company subject to the approval of the Bank. It is pertinent to recognize financial institutions' efforts at improving the capital base of SMEs through creation of specialized and developed institutions. Specific directives of these financial institutions as well as the Central Bank, targeted towards increased lending to indigenous (SMEs) borrowers. The Central Bank of Nigeria, as the apex regulatory financial institution in Nigeria, has over the years been playing a leading role in the promotion of SMEs among these includes; the Small and Medium Enterprise Credit Guarantee Scheme (SMECGS) which was launched in 2010 as a Guarantee Scheme to participating commercial banks and development finance institutions; to guarantee their lending to SMEs. The SMECGS operates with no interest rate caps, requires collateral from SMEs for secured lending and is funded and managed by the CBN. Loans can be as long as 7 years in tenure, making it a useful source of long-term funding for SMEs.[32]

The Central Bank as part of its developmental role established the scheme for promoting access to credit by SMEs in Nigeria. The scheme has a fund of ₦200 billion (two hundred billion Naira) wholly financed by CBN. One of the schemes is to fast track the development of the manufacturing SME sector of the Nigerian economy by providing guarantee for credit from banks to SMEs and manufacturers. Activities to be covered under the scheme include;

(a) Manufacturing
(b) Agricultural value chain
(c) Educational institutions
(d) Any other activity as may be specified by the managing agent (CBN).

Credit facilities are therefore essentially for the following*;*

a. Long term loan for acquisition of plants and machinery
b. Refinancing of existing loans
c. Resuscitation of ailing industries
d. Refinancing of existing lease
e. Working capital

All Deposit Money Banks (DMB) and development finance institutions are to participate in the scheme, while the Bank of Industry (BOI) is the managing agent. The interest rate of 7% will apply to the loans, tenor is 15years. The scheme also makes provision for refinancing/restructuring facilities. The overall goal is to increase output,

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[27] ibid
[28] CBN ACT s2
[29] CBN ACT s31
[30]Anthony Ilegbinosa Imoisi (PhD), 'Nigerian financial systems' https://nou.edu.ng/sites/default/files/2020-09/ECO724%20Nig;erian%20Financial%20System.pdf accessed 27 march 2021
[31] BOFIA s1
[32] National Policy On Micro, Small And Medium Enterprises <https://Www.Smedan.Gov.Ng/Images/Pdf/National-Policy-On-Msmesnew.Pdf> accessed 28 March 2021

generate employment, diversify the revenue base, increase foreign exchange earnings and provide inputs for the industrial sector on a sustainable basis.[33]

Another initiative of the CBN is the Small and Medium Enterprises Equity Investment Scheme (SMEEIS) The emergence of SMEEIS, the brain child of the Bankers' Committee, was testimony of the banking sector's resolve to contribute to the development of the real sector of the economy, which should in turn serve as a catalyst to growth and development. Participation of banks in this scheme was formally suspended in 2008. This scheme is a voluntary initiative of the bankers' committee. The 246th meeting of the bankers' committee held in December 1999 approved the scheme. The initiative is in response to the federal government concerns and policy measures for the promotion of Small and Medium Enterprises as vehicles for rapid industrialization, sustainable development, poverty alleviation and employment generation. The scheme requires all banks in Nigeria to set aside 10% of their profit after tax for investment and promotion of Small and Medium Enterprises. The scheme is essentially a pool for venture capital. The scheme covers every legal business activity except **t**rading/merchandising and financial services The funds invested by participating banks shall be in the form of loans or equity investment or a combination of both in eligible enterprises. The interest on the loans shall be single digit subject to a maximum of 9% (CBN, 2012). Banks shall remain equity partners in the business enterprises for a minimum of three years after which they may exit. Under the scheme, existing debts owed to participating banks may be converted to equity[34].

Agricultural Credit Guarantee Scheme Fund (ACGSF)

Despite the over 90% contribution of revenue from crude oil to the Nigerian economy, agriculture which was the mainstay of the economy before the discovery of oil will continue to be relevant to the nation. The agricultural sector has the capability of generating massive employment. Furthermore, the CBN recognized microfinance as an important tool for poverty alleviation through empowering the micro and small entrepreneurs. Hence, most of the microfinance policies were targeted towards developing the agricultural sector of the economy. More than 60% of Nigerians, especially in the rural areas are engaged in agriculture and the informal sector. Microfinance financing of the agricultural sector was initiated by the Nigerian government through the CBN to improve the lot of the SMEs in this important sector of the economy. Government policies for providing microfinance for the development of agriculture included;[35]

a) Commercial bill financing scheme (1962).
b) Regional commodity boards (later called national commodity boards 1977).
c) Export financing and discount facility (1977).
d) Nigerian agricultural co-operative and rural development bank, NACRDB (1972).
e) Community banks, now known as microfinance banks.
f) Sectorial allocation of credit and concessional interest.
g) Specified percentage of total deposits mobilized in the rural areas.
h) Rural banking program (1977).

The Microfinance Policy, Regulatory and Supervisory Framework for Nigeria (MPRSF) was launched in 2005. It has therefore resulted in the establishment of new Microfinance Banks and the conversion of the then Community Banks to Microfinance Banks. The CBN revised its MPRSF Policy in April 2011.[36] In addition, the agricultural credit guarantee scheme fund was set up in 1977 and it started operation in 1978.The fund guarantees credit facilities extended to farmers by banks up to 75% of the amount in default net of any security realized. The fund is managed by CBN. Other agricultural credit schemes put in place by the federal government and the Central Bank of Nigeria include:

a). Agricultural Credit Support Scheme (ACSS); the scheme is an initiative of the federal government and the CBN with the active participation of the bankers' committee. It has a prescribed fund of ₦50 billion. The scheme

[33]GbandiELezar and G. Amissah 'financing options for small and medium scale enterprises in Nigeria' (2014) (10) (1) 'European Scientific Journal' https://www.researchgate.net/publication/260530096_FINANCING_OPTIONS_FOR_SMALL_AND_MEDIUM_SCALE_ENTERPRISES_IN_NIGERIA accessed 26 April 2021

[34]GbandiELezar and G. Amissah 'financing options for small and medium scale enterprises in Nigeria' (2014) (10) (1) 'European Scientific Journal' https://www.researchgate.net/publication/260530096_FINANCING_OPTIONS_FOR_SMALL_AND_MEDIUM_SCALE_ENTERPRISES_IN_NIGERIA accessed 26 April 2021

[35]GbandiELezar and G. Amissah 'financing options for small and medium scale enterprises in Nigeria' (2014) (10) (1) 'European Scientific Journal' https://www.researchgate.net/publication/260530096_FINANCING_OPTIONS_FOR_SMALL_AND_MEDIUM_SCALE_ENTERPRISES_IN_NIGERIA accessed 26 April 2021

[36] National Policy On Micro, Small And Medium Enterprises <Https://Www.Smedan.Gov.Ng/Images/Pdf/National-Policy-On-Msmesnew.Pdf> Accessed 28 March 2021

has the objective of lowering the cost of agricultural production, generate surplus for export, increase Nigerians' foreign earnings as well as diversify its revenue base. ACSS are disbursed to farmers and agro-allied entrepreneurs at a single-digit rate of 8%.
b). Commercial Agricultural Credit Scheme (CACS); the CBN in collaboration with the Federal Ministry of Agriculture and Water Resources established the commercial agricultural credit scheme in 2009 to provide finance for the country's agricultural value chain (production, processing, storage and marketing). The scheme is financed through a ₦200 billion bond raised by the debt management office. Loans under this scheme are disbursed at a maximum rate of 9%.[37]

Amendments and adjustments have been made to the ACGSF to enhance it.[38]The Central Bank of Nigeria (CBN) as at end of 2020 guaranteed a total of N122.6 billion loans under the Agricultural Credit Guarantee Scheme Fund (ACGSF). It was stated that the Fund has positively impacted on agriculture and agri-business in the country, especially since the increase of its share capital from ₦3 billion to ₦50 billion in line with current economic realities. 'Equally, the maximum amount for loans without collateral was increased from N20, 000 to N100, 000, while the maximum for loans with collateral was increased from N10 million to N50 million. It was also disclosed that the rate of loans re-payment under the scheme has been very high, with beneficiaries enjoying 40% Interest Drawback for timely re-payment.[39]

As discussed, Microfinance Bank (MFB) is a bank licensed and regulated by CBN to provide the business of providing financial services such as savings and deposits, loans, domestic funds transfer and non-financial services to microfinance clients. Their role is to complement government efforts in bringing the huge unbanked people mostly women and the active poor into the financial inclusion vision of CBN. The deposits mobilized by these banks are guaranteed by Nigeria Deposit Insurance Corporation (NDIC).Microfinance banks also fund SME's by granting loans for microenterprises especially rural unbanked structured and unstructured business.

As referenced earlier, the Nigerian Incentive Based Risk Sharing System (NIRSAL) for agricultural lending was launched in 2011 and incorporated in 2013 by CBN as a dynamic, holistic $500million public-private initiative as a catalyst for credit flows to agricultural value chains. According to available information published by the CBN,[40] from inception till date, 454 projects valued at N61.161billion have been guaranteed by NIRSAL. There has been the establishment of NISRALMFB within the last two years. The mission remains the same which is, to improve the demand for credit by SME agricultural operators & the supply of credit by agricultural financing institution.[41]

Others institutions that Finance SMEs
The CBN has ensured the possible facilitating and guaranteeing of external finance through the World Bank, African Development Bank (AFDB), International Finance Corporation (IFC) and other international institutions willing and capable of assisting SMEs.[42]International development agencies such as the World Bank group, the International Finance Corporation, (IFC) have equally made significant contributions towards SME financing in Nigeria. In 2010, the IFC more than doubled its exposure to Nigerians' banking sector, investing almost $400 million of equity and loan financing in First Bank of Nigeria (FBN), First City Monument Bank (FCMB) and Guaranty Trust Bank (GTB). The purpose of the new investment and advisory services of IFC was to help banks reach segments of the economy that needed better funding such as infrastructure and the SMEs. Specifically, FCMB received $70 million in November 2010 to help it increase financing of SMEs. The corporation is also working with the Department for International Development (DFID) to expand its funding and advisory role programs to Nigerian banks that have incorporated non-financial services to SMEs. In the words of IFC'S country Manager for Nigeria, Solomon Adegbie-Quaynor: 'Non-financial services such as management and advisory support help SMEs acquire the skills they need to grow. ICF is working with banks in Africa to help them deliver non-financial services, which in turn allows The banks to build a more loyal and diverse portfolio of small and medium Businesses'.

The African Development bank (AFDB) is another international agency that plays a role in financing of SMEs not only in Nigeria, but in many other countries in Africa. The AFDB has approved a total of $700million worth

[37] Ibid
[38] National Policy On Micro, Small And Medium Enterprises <Https://Www.Smedan.Gov.Ng/Images/Pdf/National-Policy-On-Msmesnew.Pdf> Accessed 28 March 2021
[39]Emma Ujah 'CBN guarantees 122.6 Billion naira agric loans' *vanguard newspaper* <https://www.vanguardngr.com/2021/03/cbn-guarantees-n122-6bn-agric-loans/> accessed march 27 2021
[40]www.cbn.gov.ng retrieved October 27, 2021
[41] ibid
[42] Ibid

of loan programs for Small and Medium sized Enterprises in Nigeria. Another institution used by the AFDB in its effort to improve funding for SMEs is the African Guarantee Fund (AGF).[43]In furtherance of her resolve to ensure the availability of financial resources to indigenous entrepreneurs, the government established the NIDB in 1964 and NBCI in 1973. The two banks were merged to form the present Bank of Industry (BOI). As part of its Mandate, the BOI is increasingly supporting MSME lending within its portfolio. It also relies on government, donor & private sector Intervention funds targeted at specified sectors.[44] The Bank of Industry (BOI) under the supervision of the Ministry of Industry, Trade and Investment concluded a $1billion syndicated term loan in conjunction with international partners to further support Small and Medium Scale Enterprises (SME) in the country. The institution disclosed that loans are aimed at 'further improving the capacity of the bank to effectively support Micro, Small and Medium Scale Enterprises (MSME) – across key sectors of the Nigerian economy. These include affordable loans of medium to long-term tenor, alongside moratorium benefits.'[45] Finally, the Bank of Agriculture (BOA) is also a purposive outlet that has emerged from the Nigerian Agricultural, Cooperative and Rural Development Bank (NACRDB).[46]

3. Conclusion and Recommendations

This review underscores facts that notwithstanding the many regulations and institutions towards the government efforts to provide funding for SME's in Nigeria, results have not been optimized. Among many observations this study presents legal issues that require recommendations similar to those included in the recent report of the Nigeria Economic Summit Group (NESG). Without duplication and multiplications of perspectives, it is trite to note that the NESG has acknowledged that, regulatory and policy inconsistencies are a major challenge in Nigeria. In this regard, the solution is not in creating more rules, or investing in far up federal outlets to regulate locally based entrepreneurs. This is considering the population and location of SMEs in Nigeria, especially those with small scale opportunities. Evidence has in fact shown that existing high handed approach from top-down has not resolved these problems. Instead, it has created a lot of duplications, incoherence, bottle necks, misappropriation and more deprivation of SMEs. This study equally referenced the extreme discrepancies in how government has addressed agriculturally based business and other SMEs. It is therefore recommended that the first point of call for growth in SME activities is for government to maintain an 'Economic rule of law'. All sectors of the economy are relevant and interwoven. In this regard, in creating and enforcing economic regulations, laws must be clear, public, fair and efficiently enforced. That includes laws and policies that are people oriented and near to them. As it is, the CBN exercises effective control on both depository and non depository outlets. However, these stringent procedures should be apt on officials but considerate on beneficiaries. This studies also concludes that, the Nigerian SME's structures would perform better under dispensations with tangible population data, secured banking accounts networks and minimal government interferences in CBN's affairs (as designed by experts).

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[44] ibid

[45]Tyazvuasaanyol, 'BOI $1bn Syndicate Loan Will Improve the Capacity of MSMEs' Nigerian tribune (abuja,22 march 2021) https://tribuneonlineng.com/boi-1bn-syndicate-loan-will-improve-the-capacity-of-msmes-%E2%80%95-fg/:> accessed 27 march 2021

[46]National Policy On Micro, Small And Medium Enterprises <Https://Www.Smedan.Gov.Ng/Images/Pdf/National-Policy-On-Msmesnew.Pdf> Accessed 28 March 2021