



**SMALL AND MEDIUM-SIZED ENTERPRISE
DIRECTORATE**
Bottom Of The Pyramid Scheme (On-Lending)
PRODUCT OVERVIEW

Confidentiality Note

Lorem Ipsum is simply dummy text of the printing and typesetting industry. Lorem Ipsum has been the industry's standard dummy text ever since the 1500s, when an unknown printer took a galley of type and scrambled it to make a type specimen book. It has survived not only five centuries, but also the leap into electronic typesetting, remaining essentially unchanged. It was popularised in the 1960s with the release of Letraset sheets containing Lorem Ipsum passages, and more recently with desktop publishing software like Aldus PageMaker including versions of Lorem Ipsum.

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Bottom Of The Pyramid Scheme (On-Lending)

Product Description

The Bottom of Pyramid (BOP) Scheme is an On-lending Scheme using the services of Microfinance Banks (MFBs) and other Participating Financial Institutions (PFIs) as vehicle for credit delivery to the under-served and under-banked micro-entrepreneurs. The BOP Scheme is essentially aimed at poverty reduction through job and wealth creation focusing on micro-enterprise operators with a view to extending financial inclusion to them.

The Scheme is designed to leverage on the spread and penetration of the MFBs and the PFIs in all parts of the country to stimulate economic activity within the critical mass at the BOP.

According to the National Association of Microfinance Banks (NAMMB), there are 876 licensed and active MFBs in the country, with 6.7 million customers, loan size of N104 billion and deposit size of N118 billion.

The customer structure of the MFBs and most PFIs is currently biased towards Trade and Commerce (47%), Crop Production/Livestock (14%), Personal Consumption (11%) and Educational Services (7%). As for other sectors like Manufacturing, Real Estate, Health Services, Transport, etc. the intervention ranges between 1% and 3%. In fact, mining/quarrying constitute 0%, while manufacturing is 2%. This therefore calls for the promotion of increased lending to value addition activities by MFBs and PFIs in order to accelerate job and wealth creation.

Project identification by the MFBs and PFIs shall be on the basis of the comparative advantages of the various states of the federation. Activities to be financed should be mainly (80%) value addition along all Value Chains in sectors like Agriculture, Food Products (restaurants, bakeries, etc.), Beverages, Solid Minerals, Artisanal Activities like wood and metal works, tailoring, shoe making, etc.

Eligibility Criteria

PFI's such as Microfinance Banks (MFB) and Non-interest Banks. For MFBs, there are three (3) categories of licenses issued by the CBN as follows:

- Unit license
- State License
- National License

Target Group

The target customers for the BOP Product scheme are participating financial institutions such as Microfinance Banks (MFBs) and Non-interest Banks. These target customers will be responsible for credit delivery to the end beneficiaries (the under-served and under-banked) as this would enable BOI and the financial institutions deepen their developmental and lending activities.

For MFBs, there are three (3) categories of licenses issued by the CBN as follows:

TYPE	AREA OF COVERAGE	PAID-UP CAPITAL
Unit License	Tier 1 Unit License : Permits the MFB to own and operate not more than four branches outside the head office within five contiguous Local Government Areas	N200.0 Million
	Tier 2 Unit License : Permits the MFB to own and operate one branch outside the head office within the same Local Government Area	N50.0 Million
State License	Permits the MFB to own several branches but operate only within a single State.	N1.0 Billion
National License	Permits the MFB to operate several branches in as many States within the country.	N5.0 Billion

Loan Features	
Single Obligor Limit	Up to 25% of Total Deposit as at the last Financial Year End or 50% of Shareholders' fund (whichever is lower), for each category of MFB: Unit, State and National and Non-interest Banks.
Pricing	<ul style="list-style-type: none"> ● Interest Rate: <ul style="list-style-type: none"> ○ BOI to PFIs: 9.0% -12.0% per annum (all inclusive). ● Legal Fee: To Be Determined
Tenor	Three (3) Years
Moratorium	6 Months (From date of loan disbursement)
Security	Bank Guarantee from reputable commercial banks acceptable to BOI in line with the Bank's policy on exposure limits to commercial banks OR Treasury Bills/ Bonds of up to 110% of principal exposure OR Legal Mortgage
Initial Documentation Required	<ul style="list-style-type: none"> ● A current Formal Application ● Certificate of Incorporation ● Form CAC 2 – Statement of Share Capital & Return of Allotment ● Form CAC 7 – Particulars of Directors ● Form CAC 3 – Notice of Situation/Change of Registered Address ● Form CAC 2.1 – Particulars of Persons who is the Company Secretary or changes therein ● Memorandum and Articles of Association

- Evidence of filing Annual Returns for the last three (3) years
- Corporate profile of Company; Board and Management Team
- Evidence of CBN's /SEC's License to operate.
- Audited Accounts for the last three (3) years
- Copy of CBN's/SEC's last Examination Report on Asset Quality
- Letter of Intent by a Commercial Bank to provide Guarantee for the Loan OR the Participating Financial Institution (PFI) provides Treasury Bills of up to 110% of principal sum.
- Valid means of identification of the Chairman and Managing Director (Int. Passport/Driver's License)
- Four (4) passport sized photographs each of the Chairman and Managing Director.
- Detailed Curriculum Vitae (in soft copies) of the Directors and Management Team; clearly indicating date of birth and dates qualifications were obtained.
- BVN of Directors and Shareholders.
- Tax Identification Number of Chairman and Managing Director.
- Tax Clearance Certificate (Company)
- Declaration of outstanding indebtedness to financial institutions/ individuals and security pledged.

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