AN APPRAISAL OF THE ACTIVITIES OF DEVELOPMENT BANKS TOWARDS THE ECONOMIC DEVELOPMENT OF NIGERIA. A CASE STUDY OF NIGERIAN AGRICULTURAL AND CO-OPERATIVE BANK (NACB) LIMITED

BY

AKPELAN, VINCENT TERHEMBA

BEING A PROJECT PRESENTED TO THE POST-GRADUATE SCHOOL OF AHMADU BELLO UNIVERSITY, ZARIA IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA)

DEPARTMENT OP BUSINESS ADMINISTRATION

AHMADU BELLO UNIVERSITY

ZARIA

NIGERIA

NOVEMBER 1992

CERTIFICATION

This project entitled "AN APPRAISAL OF THE ACTIVITIES OF DEVELOPMENT BANKS TOWARDS THE ECONOMIC DEVELOPMENT OF NIGERIA. A CASE STUDY OF NIGERIAN AGRICULTURAL AND CO-OPERATIVE BANK (NACB) LIMITED" by AKPELAN, VINCENT TERHEMBA meet the regulations governing the award of the Degree of Master of Business Administration (MBA) of Ahmadu Bello University, Zaria, and is approved for its contributions to knowledge and literary presentation.

MAL. I.F. OKEJI
(SUPERVISOR) — DATE

EXTERNAL EXAMINER — DATE

HEAD OF DEPARTMENT — DATE

DEAN, POSTGRADUATE SCHOOL — 26/1/96 DATE

DECLARATION

I hereby declare that this research work has been undertaken entirely by me, and that it is not a duplication of a similar work done by someone else, or was being carried out as at the time this research was conducted. That all data not original to this research have been acknowledged accordingly in my list of references.

AKPELAN, VINCENT TERHEMBA
(STUDENT)

20/11/92
DATE

MALLAM I.F. OKEJI
(SUPERVISOR)

DATE

DEDICATION

This project is wholeheartedly dedicated to
my humble and beloved parents who cultivated
into my youthful mind the love for academics:

MR AKPELAN TYAM (FATHER)

MRS NYIEOR AKPELAN (MOTHER)

ACKNOWLEDGEMENT

A research work of this magnitude would not have been possible without the unflinching support and guidance received from well-meaning and learned individuals.

It is therefore pertinent to acknowledge this assistance with all sincerity. In this light, particular mention must be made of my project Supervisor - Mallam Ibrahim Fari Okeji (MIFO) of the Department of Business Administration - Ahmadu Bello University, Zaria, who guided and painstakingly read through the manuscript and effected the necessary corrections. Infact, there is no amount of thanks that would sufficiently express my feelings. In short, I am grateful for your impeccable guidance.

My elder Brother - Mr. Michael Denongon Akpelan of Urban Development Bank of Nigeria Limited. It would not be superflous to state without reservations that you have actually being my invaluable source of inspiration. I therefore wish to express my sincere appreciation for every bit of your encouragement both in words and deeds.

Also mention must be made of Mr. James I. Wayo of the Statistics Department, Mr. D.Y. Kassar - the

Chief Librarian and his support staff, and staff of the Research and Development Section; all of NACB Limited for their relentless efforts in providing almost all the data needed. I am immensely grateful for your assistance.
It is not possible to include here individual names of all that have been of assistance in one way or the other. However, this should not be misconstrued to mean that you are out of memory. I am equally indebted to all of you.

Finally, I have to express my sincere gratitude to A.M. Abbas who diligently typed the project.

AKPELAN, VINCENT TERHEMBA
1992.

ABSTRACT

"AN APPRAISAL OF THE ACTIVITIES OF DEVELOPMENT BANKS TOWARDS THE ECONOMIC DEVELOPMENT OF NIGERIA. A CASE STUDY OF NIGERIAN AGRICULTURAL AND CO-OPERATIVE BANK LIMITED".

This research work is mainly concerned with determinining to what extent the activities of Development Banks have contributed to the economic development of Nigeria. In this light, the project is concerned with such important issues as, the basic motive for the establishment of these specialist financial institutions in Nigeria. Other important issues covered are determining whether the activities of the Development Banks are actually geared towards achieving the role for which they were established and, the sectors of the economy covered by these Banks. These aspects are contained in the first and second chapters of the research report.

Also, the medium or method through which these Banks contribute to the nation's economic development is looked into and, an attempt is made to ascertain the effectiveness of these methods in aiding the accomplishment of the Banks' objectives. Lastly, but not tl)e least, problems, if any, hindering the BanksS from effective operations were explored for possible solutions. Theso aspects are covered in the last three chapters-of the write-up.

The Nigerian Agricultural and Co-operative Bank NACB) Limited is selected from the five Development Banks as a case study. The activities of the Bank is evaluated from its inception (1973) to 1991.

Findings drawn from the study indicate that, the specialist financial institutions were established primarily to enhance the pace of economic development of the nation and, the main method of achieving this objective is through the provision of medium and long term loans for implementation of viable and development oriented projects.

In addition, the findings indicate that not all important sectors of the economy are being served by the Banks and; most importantly NACB chosen as a case study has made reasonable contributions to the level of economic development of the country. However, the Bank has some problemSthat constrain it from effectively achieving the objectives for which it was established. Thus, recommendations are proffered as possible solutions to enhance the performance of the Bank.

TABLE OF CONTENTS

	PAGE
TITLE	i
CERTIFICATION	ii
DECLARATION	iii
DEDICATION	iv
ACKNOWLEDGEMENT	v
ABSTRACT	vii
TABLE OF CONTENTS	ix
LIST OF TABLES	xi
LIST OF FIGURES	xii
CHAPTER ONE	
1.0 INTRODUCTION: AN OVERVIEW	1
1.1 STATEMENT OF THE PROBLEM	3
1.2 OBJECTIVES OF THE STUDY	4
1.3 SIGNIFICANCE OF THE STUDY	5
1.4 SCOPE OF THE STUDY	6
1.5 PROBLEMS AND LIMITATIONS	6
1.6 DEFINITION OF RELEVANT TERMS	7
SELECTED REFERENCES	10
CHAPTER TWO	
2.0 REVIEW OF RELATED LITERATURE	11
2.1 THE NEED FOR ESTABLISHMENT OF DEVELOPMENT BANKS IN NIGERIA	11
2.2 EVOLUTION OF DEVELOPMENT BANKS IN NIGERIA	15
2.3 CURRENT DEVELOPMENT BANKS IN NIGERIA	17
SELECTED REFERENCES	18
CHAPTER THREE	
3.0 RESEARCH METHODOLOGY	19

CHAPTER FOUR

4.0 A CASE STUDY OF NIGERIAN AGRICULTURAL AND CO-OPERATIVE BANK (NACB) LIMITED 21

4.1.0 PREAMBLE 21

4.1.1 HISTORICAL BACKGROUND 22

4.1.2 ROLE, OBJECTIVES AND FUNCTIONS 23

4.1.3 STRUCTURE OF THE BANK 25

4.1.4 OPERATIONAL SCOPE, LENDING POLICIES AND RELATED SERVICES 28

4.1.5 STRUCTURE OF SHARE CAPITAL AND OTHER FINANCIAL RESOURCES 35

SELECTED REFERENCES 37

CHAPTER FIVE

5.0 DATA PRESENTATION AND ANALYSIS 38

5.1 LOAN SANCTIONS AND DISBURSEMENTS 39

5.2 EQUITY INVESTMENTS 44

5.3 LOAN SYNDICATION/GUARANTEE 47

5.4 LOAN REPAYMENTS 47

SELECTED REFERENCES 52

CHAPTER SIX

6.0 SUMMARY/CONCLUSION, PROBLEMS AND RECOMMENDATIONS 53

6.1 SUMMARY/CONCLUSION 53

6.2 PROBLEMS 54

6.3 RECOMMENDATIONS 54

6.4 FURTHER AND FUTURE SCOPE OF STUDY 56

SELECTED REFERENCES 58

BIBLIOGRAPHY 59

APPENDICES

LIST OF TABLES

1.1	NACB: Loan Approvals from 1973-1991	40
1.2	NACB: Volume of Business by Type of Projects 1973-1990	43
1.3	NACB: Equity Investments 1985-1991	46
1.4	NACB: Cummulative Loan Repayments from inception (1973) to December 1991	50
1.5	NACB: Investment Loans Repayment by Project type, January - December, 1991	51

LIST OF FIGURES

1.1 NACB: Organizational Structure 27

CHAPTER ONE

1.0 INTRODUCTION: AN OVERVIEW

Most developing countries in Africa, Asia and Latin America since attainment of independence from colonial rule have been pre-occupied with the most important issue of rapid economic development with particular emphasis on industrialization. The desire for rapid economic development has been heightened by the realisation of the fact that the level of industrialisation in the developed nations of the world has been enhanced by development banks.[1]

There was therefore a pressing urge for the incorporation of similar banks into the financial system of the developing countries in order to accelerate the pace of agricultural and industrial developments. According to Uzoaga (1981) the development banks would operate on different grounds from Commercial Banks; he contended that besides provision of capital, they would also provide scarce technical and managerial expertise required to stimulate and sustain rapid economic growth.[2]

The point to draw from above is that Nigeria being a developing country, since her achievement of political independence from colonisation has not

only been desirous of rapid economic development but has actually made frantic efforts towards the realisation of this all time important objective.

It should be noted that successful economic development efforts depends a great deal on adequate supply of a number of factors. These include, among others, entrepreneurship, competent management, modern technology and techniques, and skilled labour and capital; which have been apparently in short supply in developing countries including Nigeria.[3]

Thus one of the measures taken to ensure adequate provision of the aforementioned factors was the establishment of development finance institutions which, it was expected, would assist in providing a sound financial system to stimulate rapid economic development. It is pertinent to note that the existing financial institutions prior to the establishment of the development finance institutions, failed to address the particular financial needs of small businesses, farmers, exporters and the likes. The deprivation of such important sectors did not augur well for the economic development of the country, hence the inevitable need for newer specialised institutions to serve them.

1.1 STATEMENT OF THE PROBLEM

So much has been written and spoken on the dismal level of the nation's economic development since attainment of independence. This could be confirmed in Daily Newspapers, Magazines, Journals and even in Seminars. It is this concern that has drawn my attention to do a study on the activities of Development Banks in the country with particular focus on one.

It is worth noting that the basic rationale for the establishment of development banks was, according to several sources, to ensure rapid economic development of the country. This idea could be said to be highly commendable. However, it is the observation of this researcher that the pace of the nation's economic development is not impressive or rather it seems unencouraging.

It is therefore necessary to address one's mind to the following questions:-

1) Why is the country's level of economic development so low in spite of the existence of these Banks?

2) Are Nigerians sufficiently aware of the services rendered by these Banks?

3) Are Nigerians making enough use of these services for economic development purposes?

4) Are the interest rates charged by these Banks attractive enough to encourage economic development projects?

5) Are the development finance institutions, particularly Development Banks, actually carrying out the role for which they were established?

6) If they are not, what then are the impediments to their effective performance?

1.2 *OBJECTIVES OF THE STUDY*

The objectives of this study are therefore carefully chosen to address the questions raised above. The following are the objectives:

1) To identify the role of Development Banks to the economic development of Nigeria,

2) To determine areas or sectors of the economy covered by the Banks;

3) To determine whether all important sectors of the economy are being served by the Banks;

4) To ascertain the medium or methods of contribution to the economic development and,

5) To determine the effectiveness of these methods in enhancing economic development.

1.3 SIGNIFICANCE OF THE STUDY

The importance of economic development of the country (Nigeria) need not be over-emphasised. Economic development of any nation is clearly a pointer to better living standards of its citizens. Thus, the concept is important to the administrator, the planner, the trader, the banker and the student among others. It is imperative to know whether these specialised financial institutions have been religiously performing their role of enhancing rapid economic development. The focus of the study however is on the Nigerian Agricultural and Co-operative Bank (NACB) Limited which is a specialist bank in agricultural financing for economic development.

It is therefore my hope that the findings drawn from this research work and recommendations profered would assist the Federal Government and the Central Bank Co-owners of the Bank; the state governments and beneficiaries of the bank's financial assistance on how best to collectively improve on agricultural development which is a major facet of the country's economic development. It is also my unreserved feelings that this study would be of enormous benefit to scholars who may want to explore further into this area.

1.4 SCOPE OF THE STUDY

A research work of this magnitude would not bring forth sufficient data if a short period is considered. To obtain and analyse enough data, an ideal period is thus chosen, that is, from 1970 to 1991. Also only one of the five current Development Banks in the country is covered in assessing their activities towards the economic development of the nation. Therefore, particular emphasis has been placed on the Nigerian Agricultural and Co-operative Bank as a case study in point.

1.5 PROBLEMS AND LIMITATIONS

A research work of this scope cannot be successfully done without confronting one or two problems/limitations. In the first place, some relevant and important records in respect of the Nigerian Agricultural and Co-operative Bank's (taken as a case study) operations at the initial stage of take off were not properly maintained. In addition, some documents were classified as top secrets and were therefore put beyond the reach of the researcher.

Insufficient time was yet another serious constraint of this research work. The academic session was never stable to have allowed enough time for both the course work and the project. The researcher therefore had to share the little time he had between the project and the course work simultaneously.

In this light, only one of the five Development Banks currently operating in the country was sampled in assessing their activities towards the economic Development of the nation. Perhaps, an evaluation embracing two or three of the Banks would have been much more ideal.

Moreover, the poor financial position of the researcher constituted yet another problem. For this reason, it was impossible to do a down-to-earth assessment of the activities of those Banks by undertaking a face-toface interview and physical appraisal of the activities of loan beneficiaries across the length and breadth of the country.

These limitations notwithstanding, almost all the relevant data required was successfully obtained for putting this project together.

1.6 *DEFINITION OF RELEVANT TERMS*

1.6.1 The Concept Of Economic Development

Economic development is a concept often used, although wrongly in most cases. It is therefore necessary to throw enough light on what it really means.

In the words of H. Belshaw (1959) economic development is a continuing social process leading to a progressive increase in average output per head amongthe people in a society".[4] This in essence implies that total output increases faster than population. Another writer Easterlin (1968) defines economic development as a rapid and sustained rise in real output per head which consequently causes inevitable

changes in the technological, economic, and demographic characteristics of a society.[5]

In this light, it is safe to state that economic development of a nation or society is obviously a pointer to better living standards.

1.6.2 **Development Banks**

The term "Dvelopment Banks" has been variously defined by authors. William Diamond (1969) describes development banks as "catalysts for investments in the private sectors, to provide injections of capital, enterprise and management; and not merely as administrative devices to handle government's own investments".[6] Put simply in other words, the banks are a reflection of the growing demand for rapid economic development; and are most ideal machinery to use where development does not appear to be proceeding of itself with the desired speed. Another author Boskey (1961) defines the Banks as public or private institutions, which have as one of their principal functions, the provision of medium and long term investments in industrial projects.[7]

Yet another writer Diachavbe O. (1984) hold that the term Development Banks is applied to specialised financial institutions established specifically to provide short, medium and long-term capital for some specific purpose such as industrial development.[8]

Other authors such as Bhatt V. (1982) contends that the Banks are unique financial institutions in developing countries, specialising in the provision of high-risk, long term financing for the purpose of

of industrialisation.[9] According to Igba (1986) the concept of Development Banks is usually applied to special financial institutions set up basically as promoters of development through investment, either directly or in association with others in productive enterprises.[10] Also Barma W. (1986) is of the view that Development Banks are financial institutions established mainly to serve as a vehicle for mobilising and channelling medium and long-term capital into productive sectors of the economy and to serve as source of entrepreneurship and technical assistance. In other words, the term Development Banks" typically describes institutions created to fasten the growth of the private sector, and in exceptional cases also create and finance public enterprises or plan and carry out national development programmes.

The point worthy of note from the variousdefinitions is that, the term "Development Banks" is simply applied to a host of financial institutions which have in common the objective of providing medium and long term finance for productive investments, and which usually provide technical advice necessary to formulate and carry out such investments. In short, the principal activity of the Banks has been that of enhancing economic development by provision of medium and long term financing for productive investments. Such investments usually lead to the creation of new assets or the expansion or modernisation of existing assets which in turn can lead to the creation of greater employment opportunities, and greater goods and services hence more income.

SELECTED REFERENCES

1. W.O. Uzoaga (1981),Money and Banking in Nigeria Fourth Dimension Publishing Company, P.201

2. Ibid

3. C.B.N. Economic and Financial Review, Vol.9No.2 December, 1971, P. 153

4. Horace Belshaw (1959) Agricultural Credit in Economically under-developed countries Rome, P.5

5. R.A. Easterlin (1968), International Encyclopedia of the social services, Vol.4, The Macmillan Company and the Free PRess, P.395

6. William Diamond (1969). Development Banks, Washington, The economic Development Institute, IBRD,P.4

7. Shirley Boskey (1961) Problems and practices of Development Banks: IBRD, the John Hopkins Press, Baltimore, P.ix

8. Om'te Diachawbe (1984), Preface to Economics, Vol. 1, P. 221

9. V.V. Bhatt (1982) Development Banking: Top Management task and structure, Aspects of DEvelopment Bank Management. Edited by William Diamond & V.S. Raghavan. The John Hopkins, University Press Baltimore, U.S.A.

10. T.N. Igba (1986), An Assessment of Investment Decision in Development Banks. A case study of NIDB. An MBA thesis submitted to Ahmadu Bello University, Zaria,P.11

CHAPTER TWO

2.0 REVIEW OF RELATED LITERATURE

In reviewing the literature related to the research area, the whole chapter is divided into three sections. The first section covers the need for establishment of Development Finance Institutions in Nigeria. While sections two and three dwells on the evolution of Development Banks in Nigeria and, the institutions operating currently as Development Banks in Nigeria respectively.

2.1 The Need for the Establishment of Development Banks in Nigeria

Several reasons have been advanced by different authorities as the motive behind the establishment of these institutions in Nigeria. Some of these reasons are proffered in form of theses to explain the rationale for the necessity of these Banks in Nigeria. The theses usually and generally advanced are: the Gap, the Exigency and the Catalyst theses. [1]

The Gap Thesis

This thesis posits that the rationale behind development banking generally derives from the existence of 'gap' in the traditional financial system whi ch embraces the Central Bank and Commercial Banks. The commercial banks traditionally services rather than finance industry and they usually finance working capital and not the provision of long term capital.

On the other hand, the Central Bank traditionally control and regulate the financial systems.[2]

The gaps were assumed to exist in traditional financial system in that there existed no institutional arrangement for the provision of medium and long term finance for investment. The realisation of this gap in the traditional financial system in Britain by the Macmillan Committee led to the establishment of specialist financial institutions (the Industrial Finance Corporation and Industrial Commercial Finance Corporation) which would provide medium and long term finance for industrial investment.

The Exigency Thesis

On the establishment of International Bank for Reconstruction and Development (IBRD) and its twin sister, the International Monetary Fund (IMF), they discovered that the then existing traditional financial system did not favour their operations at the local level. They therefore encouraged the establishment of their national counterparts through which they would operate at the grass-root level. The Nigerian development banks of which Nigerian Agricultural and Co-operative Bank is one, are off-shoots of this development. The local national development banks whose establishment the International Bank for Reconstruction and Development encouraged therefore obtain government guaranteed loans from the IBRD and in turn allocate these to local projects after detailed technical, managerial, economic and financial appraisal of same. Considerations such as these accounted for the initial appeal of national development banks as

vehicle for IBRD assistance to private industry and agriculture.

The Catalyst Thesis

The Catalyst thesis as an explanation of the rationale for development banking is centred on the premise that, development banks can serve as catalysts to the development process through the removal of the tight financial constraint so as to stimulate the rate of economic growth and development. And the industrial and agricultural sectors were seen as the critical sectors from which to start the development process. And accordingly there are few countries in the world today that do not have wholly or partially government owned development bank or other official agency with industrial and agricultural financing responsibilities.[3]

From the three thesis highlighted above it would be noted that these circumstances were prevalent in Nigeria hence the call for the establishment of development finance institutions.

In addition to the three thesis above, it is further contended that rapid economic development - particularly industrial development of the less developed countries including Nigeria have been slowed down due to the dearth of capital for the purpose of investment. According to Agene (1991), the factor which necessitated their (development financial institutions) establishment in developing countries such as Nigeria are low income, low savings and inadequate investments.[4]

It was not the same case in the developed countries;

there, industrial growth was realised at very slow Rate and largely financed through self-effort.

Another problem which was obviously an impediment to rapid economic development for the less developed countries including Nigeria was the total absence of capital market. It is obviously an effective mechanism for mobilising and chanelling realised savings into the productive stream. The absence of capital markets is a clear indication of lack of awareness of investment financing techniques which was a serious set back for rapid economic development to Third World Countries. Moreover, there was the problem of lack of initiative and innovations on the part of businessmen in Nigeria to venture into high technology and co-operation with their counterparts to pool their resources jointly for long term economic development and benefits.

To overcome these impediments to the country's economic development, it was therefore necessary to set up development banks. Holding a similar view is Adekanye (1984), he contended that it became glaringly clear that there was an urgent need for financial institutions capable of providing medium and long term capital to fill the gap in the financial structure which, at that time, the Merchant Banks were even less equiped to meet than they are now.[5] In the same line of thought, Uzoaga (1981) states that, in view of the problems impeding the pace of economic development of the nation, the establishment of development financial institutions was most imperative to assist in providing a sound financial infrastructure to stimulate rapid economic development. [6]

2.2 EVOLUTION OF DEVELOPMENT BANKS IN NIGERIA

The significance of development finance institutions in Nigeria was realised as far back as in the 1940s. The first development finance institution to be established in Nigeria was the Nigeria Local Development Board (NLDB), set up in Lagos by the Nigerian government in 1946.[7] The Board was charged with two basic functions viz:-

a) provision of loans and grants to governments and government-controlled bodies for the purpose of financing the establishment of infrastructure, public utilities, land settlement and land utilisation schemes.

b) To aid and foster private Nigerian business activities by granting loans to co-operatives, partnerships and companies registered in Nigeria.

The Board however confronted problems shortly after take off, it could not perform its functions effectively hence it was not possible for it to cover the entire nation.

The Board was therefore dismantled and in its place three Regional Development Boards and a Colony Development Board were set up in the late 1960s and 1949 respectively. Also in 1956 the Federal loans Board was established by the government.

The three Regional Development Boards that came into existence were the following:-

a) Eastern Nigeria Development Corporation (ENDC)

b) Northern Nigerian Development Corporation (NNDC)

c) Western Nigerian Development Corporation (WNDC)

All the regional institutions were charged with the responsi bility of operating at the regional level but were however to share responsibility with the Federal Loans Board (FLB) for large loans within the region. At the wake of the economic boom of the 1970s, after the Nigerian civil war in 1970, many State development finance institutions were set up and presently almost all the states have one form of development finance company or the other.

The first generation of development finance institutions were however deficient operationally. Because of this shortcoming, it became necessary to approach development purposes through the establishment of a development bank largely founded and funded by the Federal Government that could meet adequately the country's development financing needs. This fertile idea received the blessing of the Federal Government with support and encouragement from International Bank for Reconstruction and Development (IBRD). Thus, the first truely development bank- The Nigerian Industrial Development Bank (NIDB) was established in 1964 to provide long term capital for manufacturing enterprises. Other similar institutions such as the Nigerian Agricultural and Co-operative Bank (NACB) and the Nigerian Bank for Commerce and Industry (NBCI) were both established in 1973. The Federal Mortgage Bank of Nigeria (FMBN), the fourth development bank was established in 1977, and recently in November, 1992 the Federal Government established the Urban Development Bank of Nigeria (UDBN) Limited.

2.3 CURRENT DEVELOPMENT BANKS IN NIGERIA

There are currently five main banks operating as development banks in the country, and all are almost wholly owned by the Federal Government.

The following are the banks:

a) Nigerian Industrial Development Bank (NIDB)- Industry

b) Nigerian Bank for Commerce and Industry (NBCI) Commerce and Small-scale Industry.

c) Nigerian Agricultural and Co-operative Bank (NACB)- Agriculture.

d) Federal Mortgage Bank of Nigeria (FMBN) - Real Estate.

e) Urban Development Bank of Nigeria (UDBN) Urban infrastructure and real estate.

From the review of related literature, several reasons are proffered as being the motive behind the establishment of Development Banks in Nigeria. It is also realised that several Development financial institutions have operated in the country in different forms, metamorphosing into the present development banks currently operating in the country.

SELECTED REFERENCES

1. G.O. Nwankwo, The Nigerian Financial System, Macmillan Press, P.95

2. Ibid

3. Ibid

4. C.E. Agene, Foreign Exchange and International Trade in Nigeria, Gene Publications Limited, Ibadan PP. 22-23

5. Femi Adekanye, The Nigerian Banking Handbook: A Factual and Statistical Introduction to the banking and economic environment in Nigeria, Graham Burn Buzzard, UK, P.15

6. W.O. Ozuaga, Money and Banking in Nigeria Fourth Dimension Publishing Company P.201

7. C.B.N. Economic and Financial Review No.2, December, 1971, P.153

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

The research proposal is titled "AN APPRAISAL OF THE ACTIVITIES OF DEVELOPMENT BANKS TOWARDS THE ECONOMIC DEVELOPMENT OF NIGERIA. A CASE STUDY OF NACB LIMITED"

For a research work of this scope to be carried out successfully, a suitable method is important. With this notion in mind, the Historical method of research was employed and painstakingly designed to obtain as much as possible the data required for presentation, analysis and interpretation.

3.1 SOURCES OF DATA

The data used for this project work was obtained from both the primary and secondary sources. It should be noted that the nature of the research work demands for both sources of data for a meaningful anaylsis and interpretation.

Therefore, for the primary source of data a questionnaire was drawn up in line with the scope of the study and administered on the appropriate staff of the Nigerian Agricultural and Co-operative Bank for the required data. Also, a face-to-face interview was held with two management staff of the Bank for a first hand information. Refer to appendix for copies of the questionnaire and interview guide.

As regards the secondary source, the data required from the bank (NACB) used as a case study was readily made available from the records carefully maintained by the Bank's Statistics Division. However, it is necessary to m tain that where and when conflicting/

ambigeous data was dictated, clarification was sought and obtained accordingly from the appropriate management, senior and even the junior staff of the Bank in question. Moreover, the data required was obtained from finance textbooks,written mostly by Nigerian financial experts; textbooks written on Development Banks by some staff of International Bank for Reconstruction and Development (World Bank) as guide for establishment of development banks by the Less Developed Countries (LDCS). Other sources were journals, encyclopaedias, business newspapers, magazines, NACB Annual Reports and Accounts, and in-house journals for various years; and to a large extent research works conducted by the Research and Development Department of the Bank. Also, unpublished MBA thesis on related areas of study recently accepted by the postgraduate school of Ahmadu Bello Uniersity, Zaria were consulted for relevant data.

CHAPTER FOUR

4.0 A CASE STUDY OF NIGERIAN AGRICULTURAL AND CO-OPERATIVE BANK (NACB) LIMITED

4.1 P r e a m b l e

The industrial sector contributes in no small measure to the economic development of a nation. Thus rapid industrialisation is a fervent dream of any country. However, successful industrialization in turn hinges on the level of agricultural development; this is because of the contribution of the sector to the industrial sector.

It is important to the economic development in the following ways:-

a) It contibutes positively to capital accumulation for the purpose of financing the industrial sector;

b) Equally important, it provides at the initial stage of development, the purchasing power for the industrial products.

c) It serves as a basis for the rapid industrialization of the economy by supplying the necessary raw materials for industries;

d) It provides employment for the working population, for example in Nigeria, it is estimated that about 70% of the country's population depend on agriculture for their livelihood.

It is the importance of agriculture to economic development that has irresistably drawn the attention of the researcher to do an evaluation on the activities of the development banks towards economic development of the country with particular emphasis on the Nigerian Agricultural and Co-operative Bank. A detailed

observation has indicated that similar studies in most cases lay emphais on the industrial at the neglect of the agricultural sector which is equally important.

4.1.1 HISTORICAL BACKGROUND

Nigerian Agricultural and Co-operative Bank was established as a limited liability company on 24th November, 1972. It began operations at its headquarters in Kaduna on 6th March, 1973. Prior to its establishment, the financing of the agricultural sector was handled mostly by some public institutions. Some of these include the National Loans Development Board (NLDB) which operated between 1946 and 1949, the Regional Local Development Boards which took over from the former, the Western Nigeria Finance Corporation, which administered farm loans in Western Region between 1955 and 1965, the Western Nigerian Agricultural Credit Corporation which took over all agricultural loan operations from the Western Nigeria Finance Corporation, the Northern Nigeria Development Corporation and the Eastern Nigeria Development Corporation which commenced operations in 1962/63 and the Fund for Agricultural and Industrial Development of the former Eastern Regional Government.

Investigations have shown that most of the above pioneer institutions have not been successful in agricultural credit delivery. The main reasons for failure include low coverage of the farming population, inadequate funding, adoption of excessively rigid and time consu ming procedures for processing loan applications, political interference, inefficient project appraisal,

monitoring and supervision, low loan recovery, and ultimately loan disbursements. It was to ameliorate these problems that the Nigerian Agricultural and Co-operative Bank Limited was established as the first specialised national agricultural credit institution in Nigeria.

One of the Pioneer efforts at establishing a National agricultural bank was made during the 1962/1968 Development Plan period. The government earmarked the sum of N6 million in the plan for the establishment of an agricultural credit institution. Unfortunately, the outbreak of the civil war prevented the implementation of the project. In 1969, the government commissioned the World Bank to conduct a study preparatory to the establishment of a Nigerian Agricultural Bank. The ensuring report - the Stoneham Report - contained recommendations for the establishment of the Bank. These recommendations were included in the Second National Development Plan, 1970 - 1974.

As indicated earlier, the bank was formally inaugurated on the 24th November, 1972 and it commenced business on 6th March 1973. In 1978 the name of the Bank was changed from the Nigerian Agricultural Bank (NAB) to the Nigerian Agricultural and Co-operative Bank (NACB). This was to reflect its role as the national apex co-operative financing institution.

4.1.2 ROLE, OBJECTIVES AND FUNCTIONS OF NACB

4.1.2.1 Role

The role of the bank is to enhance economic development through the provision of medium and long-term finance for agricultural development.

4.1.2.2 **Objectives**

As a development finance institution, NACB was established to deliver credit to the agricultural sector of the Nigerian economy having the following specific objectives as a central focus:

a) Promotion of agricultural production and rural development;

b) Assisting in the improvement of the income quality of life of the Nigerian rural population;

c) Contributing to the overall growth and development of the Nigerian economy

4.1.2.3 **Functions**

The following are the functions of the bank:-

a) The provision of loans to individual farmers; co-operative organisations, limited liability companies, state and Federal Government Agencies;

b) Financing direct investment in the equity capital of major agricultural and agro-allied industrial ventures;

c) Providing guarantees for viable agricultural and agro-allied ventures to enable them raise financing either locally or from abroad;

d) Assisting in improving the incomes and welfare of farmers, promoting rural development;

e) Increasing the Nation's ouput of food and cash crops to meet the needs of a rapidly increasing population;

f) Financing all forms of agricultural projects which include, fishery, cattle, poultry, rabbitry, piggery, forestry and timber production, horticulture, arable crops and tre crops;

g) Provision of finance for the marketing of agricultural produce locally and for export. It also makes finance available to industries that process agricultural products;

h) Financing of agro-allied projects, including tractor hiring operations, agro-processing and storage.

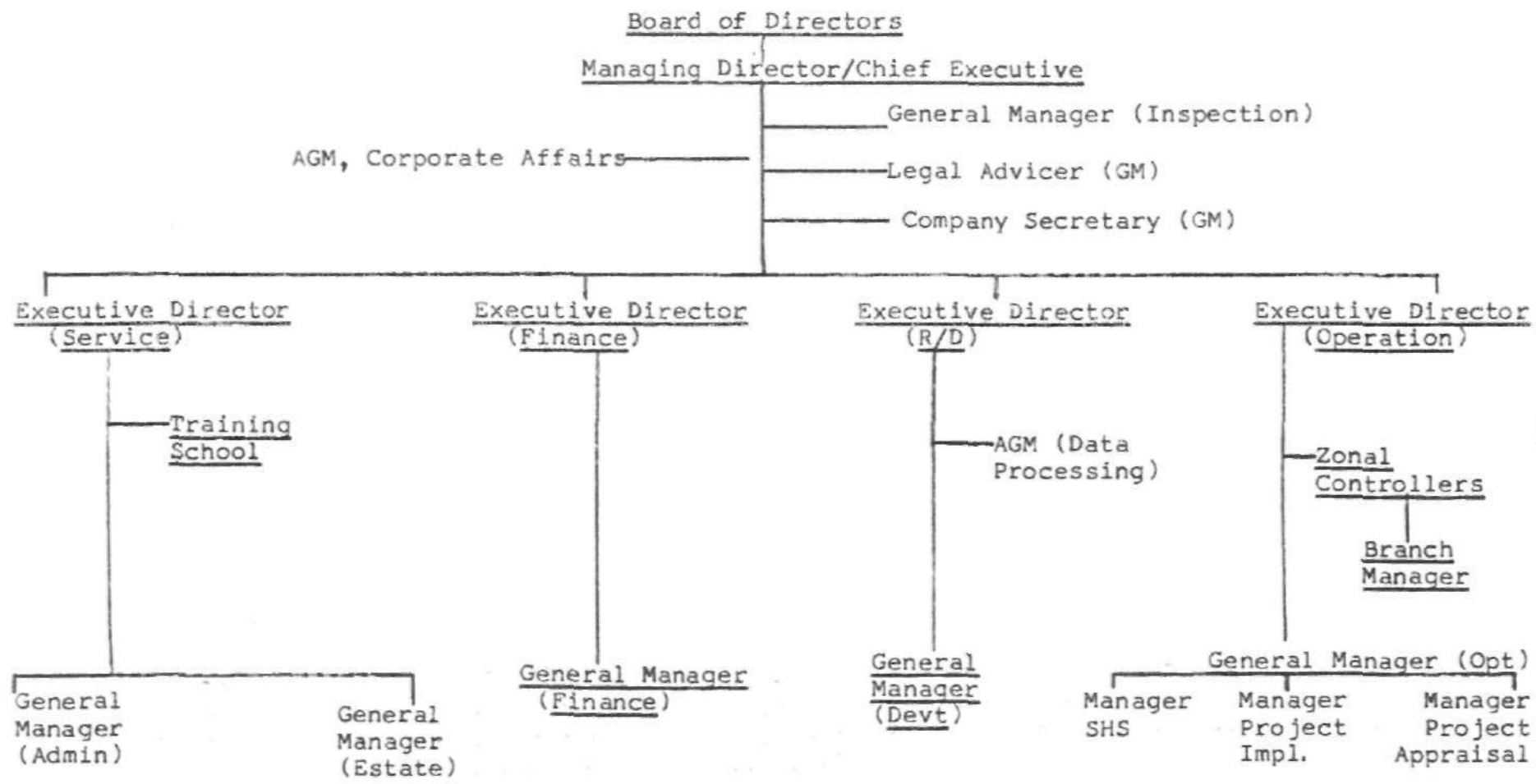
4.1.3 **STRUCTURE OF THE BANK**

Organisationally, the bank has undergone a tremendous growth since inception (1973) to 1991, a period of eighteen years of existence. In 1973, the bank commenced operations from its Head Office in Kaduna with only three departments comprising- projects, operations and Administration and Finance. As at present the bank can boast of nine departments. These are; Finance, Administration, Legal, Estate, Inspection; Research, Planning and Development, Operations, Training and Company Secretary's Office including five Zonal Offices manned by Zonal Controllers.

The bank has also spread its tentacles to all nooks and corners of Nigeria through the establishment of five zonal offices, 47 branch offices and about three hundred representative offices nationwide. Accordingly, more power has been given to these offices on various aspects of the Bank's operations in order to eliminate unnecessary constraints which could militate against efficient and effective credit delivery services.

The current organisational chart indicates that the bank is being managed by a management team comprising of the Managing Director and Chief Executive of the bank, four executive directors, and nine general managers. The chart further show that the management team is under the supervision and control of the Board of Directors of the Bank. The Board decides on Executive Matters that the Management team cannot finalize within the confines of its power. It would also be seen that the management of the bank is headed by the Managing Director and Chief Executive, assisted by the Executive Directors of Services, Finance, Operations, and Research and Development.

ORGANIZATIONAL STRUCTURE - NIGERIAN AGRICULTURAL AND CO-OPERATIVE BANK LIMITED



* While this remains the organisational structure of the Bank, changes could be effected when deemed expedient for the better attainment of the goals of the Bank.

4.1.4.1 **OPERATIONAL SCOPE**

NACB's scope of operation covers purely agricultural projects. The Bank finances such projects by way of supervised credit delivery system through the following schemes:-

a) On Lending

Under this scheme, lending is made to established institutions against repayment guarantee for on-lending to small scale farmers. The on-lending institutions include State Governments, Co-operative Organisations, State Agricultural Credit Corporations, Agricultural Development Projects and River Basin and Rural Development Authorities.

b) Direct Lending

Under this scheme, the bank deals directly with individual farmers and farmers' organisations without going through an on-lending intermediary.

c) Small Holder Direct Loan Scheme (SHDLS)

This scheme was first introduced in this country by NACB and it is designed to directly reach small farmers who produce the bulk of our food. This step was taken in order to meet increasing credit demand of the small scale farmers who produce over 90% of the food and fibre requirements of the country. The security requirements such as certificate of occupation of project land and other security requirements applicable to the direct lending are waived for borrowers under the small holder scheme. What is required is only that a farmer satisfies operational

staff that he is largely full time farmer with a farmland belonging to his or her family. That he is resident in the village where the farmland is located. He is also required to produce two gurantors to guarantee the loan.

d) **Special Small Holder Loan Scheme**

This is a special on-lending scheme designed to reach the small farmers. The disbursement is sup ervised by the State Ministries of Agriculture and directly controlled by the offices of the State Governors. The tenure of loans under this scheme and the other on-lending scheme is that further loan will not be made to a State Government until the previous one is fully repaid.

e) **Workers Scheme**

Moved by the plight of retrenched workers, the bank has created an avenue for them to earn extra income as well as contribute their own quota towards the growth of agricultural output of the nation. To this end, N500,000 (Five hundred thousand naira) agricultural revolving loan is allocated to each State Branch in the Federation. The only security required for this loan is guarantor of adequate standing.

f) **Marketing Loans**

To reduce problems posed to peasant farmers by poor transportation and inadequate marketing facilities, the bank resucitated the granting of marketing loans to clients to enable them purchase excess crops during harvesting seasons.

It is envisaged that this will eliminate wastage and serve as incentive to farmers to produce more. The loan period is usually twelve months with an interest rate of 20%.

4.1.4.2 **LENDING POLICIES**

The Bank does not give out loans indiscriminately, there are several conditions for borrowing which potential beneficiaries are expected to meet.

(a) <u>Viability of Project</u>

The project for which the loan is sought should:-

i. Not be in conflict with any stated Federal or State Policies or acts;

ii. Be commercially viable and capable of showing satisfactory returns on investments made.

iii. Be economically desirable, that is show a clear development value to the Nation.

iv. Generate adequate funds to repay the loan in full and in accordance with stipulated and agreed terms and conditions.

b) <u>Status of Applicant</u>

i. The applicant or managment of the proposed projects must satisfy the bank of his or its ability to manage the project in a sound and competent manner over a minimum period which must equal to the period of the loan.

ii. Agricultural production processing and marketing should be the main objective of applicant.

iii. The applicant must satisfy the bank that he or it (if it is a corporate organisation) is of good character and reputation.

c) **No Proxy**

The consideration of loan can only be entertained when the application comes from the intending client himself. NACB does not deal with applicants through intermediaries in Direct Investment loans.

d) **Borrowing Powers and Ability to Repay Loan**

Clients should keep within the framework of their financial capacities when applying for a loan. For instance, limited liability company can only borrow within the provisions of its meorandum and Articles of Association.

An individual brrower's ability to repay the loan will be determined by his income after operating and living expenses are met.

e) **Availability of Land**

Land should be available before a client applies for a loan as the bank does not give loan for the acquisition of land. In addition to providing the land, an applicant is required to make a minimum contribution of fifteen percent of the total project cost in cash and/or in kind.

f) **Security**

While loan will be granted against at least 40% security, the main emphasis will be on creation of repayment capacity of the borrower as a result of a technically and economically sound use of investment funds provided. Examples of securities required are first legal mortgages of the project, land, real property, endowment insurance policies, Government guarantees,

stocks and bond of reputable companies, and other guarantees acceptable to NACB management.

4.1.4.3 **REQUIREMENTS FOR LOAN APPROVALS**

The Bank offers loans in volumes or ranges, and in turn applicants are expected to meet certain requirements:-

i. Loan volumes between N1 to N10,000 gurantors are acceptable;

ii. Loan volumes between N10,000-N250,000. This volume attracts the following requirements:-

   a) Security worth 60% outside the project land

   b) Development on project land is only acceptable where such development is worth 40% of the loan and above;

   c) Where the development on project land is above 40% of the loan volume, the security requirements outside the project land is (60%) would be reduced by the excess above 40%.

iii. Loan volumes between N250,000 - N1 million:
For this range, the requirements to be met are:

   a) Security worth 80% outside the project land;

   b) Development on project land is only acceptable where such development is worth 20% of the loan volume and above.

   c) Where the development on project land is above 20% of the loan volume, the security requirement outside the project and (ie 80%) would be reduced by the excess above 20%.

d) For loans above N1 million: The security requirement is 100% cover. Such security requirement may include a legal charge on the project land and developments there-on whether by NACB funds or client's contribution.

e) For Tractor Hire Service: 100% security

f) Where a project has no certificate of occupancy: The security required outside the project land is 100% cover.

5.1.4.4. **INTEREST RATE POLICY**

The current interest rate structure is as follows and it is currently under review:-

a) ON-lending loans:- Prime Rate (16) + 1%

b) Direct Small Holder Loans:- Prime Rate - 1%

c) Agro-Service Loans - Prime Rate:- 1%

d) Agro-Allied Industries Loans:- Prime Rate + 1%

e) Marketing loans:

(i) Domestic - Prime Rate + 4%

(ii) Export - Prime Rate + 3%

f) Direct production - Prime Rate + 2%

4.1.4.5 **LOANS REPAYMENT**

This is dependent on the projected income. A schedule is usually worked out in a loan agreement and has to be agreed upon by all parties. Usually some grace period is given to allow the project generate some funds before repayment commences.

4.1.4.6 **RELATED SERVICES**

NACB does not concentrate only on the provision of loans, the bank carries out other activities too:-

a) **Agro-Industrial Service**

As a way of contributing to the agricultural inputs availability pool and show the way in product standard (e.g. feeds), the bank has ventured into the areas of inputs production in order to alleviate the present problems in this vital sub-sector. For example, NACB now supports through joint venture projects the production of:-

i. Agricultural Chemicals

ii. Day-old chicks with parne stock outfits

iii. Livestock feeds

b) **Consultancy Service**

The bank now has a subsidiary consultancy company named NACB Consultancy and Finance Company Limited (NACBCFC Limited). The consultancy service of this subsidiary company is rated among the best in the country.

c) **Livestock Credit Unit (LCU)**

This unit is carved out of the operations Department of NACB to implement the credit component of the Second Livestock Department Project (SLDP), a World Bank assisted programme.

4.1.5 STRUCTURE OF SHARE CAPITAL AND OTHER FINANCIAL RESOURCES

The share capital of the Nigerian Agricultural and Co-operative Bank is, at present N150 million. This is made up of 75,000,000 shares by N2 each subscribed by the Federal Ministry of Finance Incorporated and the Central Bank of Nigeria at the ratio of 60:40 respectively.

The authorised and paid up share capital of the bank was one million naira at the inception of the bank and it was wholly subscribed by the Federal Government of Nigeria. The authorised share capital was increased to N2 million in 1975. Due to pressing demand for agricultural credit, a proposal to restructure the share capital of the bank was approved by the government in April, 1979. Thereafter, the share capital was increased to N150 million.

Apart from the paid-up share capital, other sources of capital for the operation of NACB include the following:

i. loans from the Federal Government
ii. loans from the Central Bank of Nigeria
iii. loans from the World Bank
iv. Internally generated funds.

Apart from the paid-up share capital, other sources of capital for the operation of NACB include the following:-

i. loans from the Federal Government
ii. loans from the Central Bank of Nigeria
iii. loans from the World Bank
iv. Internally generated funds.

It is pertinent at this point to note that the basic objective for the establishment of the Bank was to enhance the level of economic development by provision of medium and long-term loans for improved agricultural activities. IT would also be noted that the operational scope of the Bank cut across all agricultural and agricultural related activities. These include among others, tree crops production, irrigation farming, marketing of agricultural produce, horticulture, livestock breeding and Fattening, fishery and forestry. Moreover, the interest rate charged on loans are low and reasonable as compared to loans granted by commercial banks for agricultural activities.

SELECTED REFERENCE

1. A.T. Ojo and 'Wole Adwunmi (1982)

   Banking and Finance in Nigeria, Graham Burn, Buzzard, London . PP.121-126

2. G.O. Nwankwo (1988), The Nigerian Financial System, Macmillan Press, PP. 113-114

3. NACB - Guide to Applicants

4. NACB - Brochure/Annual Reports and Accounts 1990/91.

CHAPTER FIVE

5.0 DATA PRESENTATION AND ANALYSIS

It is worthy of note that the major activity of development banks is the provision of medium and long-term loans, thus the contributions of development banks to economic development is best measured in terms of the quantum of financial assistance they provide for the execution of various projects; and to some extent, by the vital supportive non-financial functions or activities rendered. Thus, in the case of the Nigerian Agricultural and Co-operative Bank, its contributions to the economic development of the country is measured through the quantum of credit facilities provided to the agricultural sector of the economy.

Since the inception of the bank to 1991 the period under discussion, it has sanctioned a total loan package of about N2.6 billion. This chapter is mainly devoted to the analysis of the loan operations of the bank. The appraisal is therefore considered under the following headings:-

a) loan sanctions and disbursement;

b) Equity investments;

c) loan syndications/gurantee;

d) loan repayments;

5.1 LOAN SANCTIONS AND DISBURSEMENTS

Available records indicate that the Nigerian Agricultural and Co-operative Bank has sanctioned loans, since its inception to December, 1991, to a total number of 184, 739 projects amounting to about N2.6 billion (Table 1.1). Of this approvals, about N1.8 billion was disbursed representing 68% of total approvals. A breakdown of the approval show that, Investment Loans had a share of N2.2 billion or 82.7% of total approvals, while the small Holder Loan Scheme and Second Livestock Development Programme had loan sanctions of N396.8 million and N62.6 million constituting 14.9% and 2.4% respectively. A further analysis of the approvals indicate that, the highest approval of N560 million was made by the bank in 1989.

Furthermore, Table 1.1 show that of the total disbursements made, investment loans topped with N1.4 billion while second livestock department programme trailed with N53.2 million representing 78.5%, 18.5% and 3% respectively. It would also be noted from the table that the highest disbursement totalling N435.2 million, that is, 23% of total disbursements, was recorded in 1989.

TABLE 1.1

NACB:LOAN APPROVALS FROM 1973-1991

LOAN SCHEME	NUMBER APPROVED	AMOUNT APPROVED N'000)	AMOUNT DISBURSED (N'000)
1. Livestock Loans	5,177	2,200,967	1,429,385
2. Direct Small Holder Loans	166,683	396,893	337,584
3. Second Livestock Development Programme	12,879	62,603	53,255
TOTAL	184,739	2,660.463	1,820,224

SOURCE: NACB RECORDS

A purpose - wise analysis of the loan san..ctions and disbursements clearly indicate that, the types of projects that were funded by NACB during the period under discussion embrace arable and tree crops production, poultry, animal husbandry, mixed farming, fishery and marketing projects among others.

The sectoral distribution of loans show that, direct marketing had the highest portion of approvals. Table 1.2 shows that direct marketing had a total loan approval of N389.6 million or 18.5% of the total loans made by the Bank between 1973 -,1991. The next most important group of projects financed by the bank are the small holder scheme. Table 1.2 also show that the volume of approvals to this sub-sector amounted to N358.3 million. This represents 17.1% of the total approvals. Another important sub-sector which attracted reasonable portion of the bank's approval is agro-services. Again, a look at Table 1.2 show that a total amount of N301.6 million was sanctioned to it, representing 14.4% of total approvals within the period. The arable crops production groups is equally noticeable on the table with a total loan sanction amounting to N276.5 million or 13.2% of total approvals.

A very important inference that can be drawn from the analysis of the lending operation of the Bank is that relatively fewer applicants request for loans for forestry, horticulture, other livestock and cattle production. Table 1.2 show that only N3.6 million or 0.2% of the total loans was for Forestry production while the sum of N1.6 million or 0.1% of the total loan sanctions was for Horticulture.

An analysis of the average size of loans approved indicates that direct marketing had N389.6 million while arable crops and agro-services had N276.5 million and N301.6 million respectively. The relatively higher average size of loan for marketing agricultural produce is indicative of the attractiveness of the sub-sector to investors. However, high initial investment costs for ventures such as tree crops and irrigation farming projects is responsible for the lown interest shown by investors. The table depicts that both sub-sectors had average sizes of N73.8 million or 3.5% and N151.4 million or 7.2% of total approvals in that order.

TABLE 1.2

NACB VOLUME OF BUSINESS BY TYPE OF PROJECTS

1973 - 1990

TYPE OF PROJECT	LOAN AMOUNT N'000)	% OF TOTAL
Arable Crops	276,518	13.2
Tree Crops	73,896	3.5
Horticulture	1,637	0.1
Mixed Farming	61,881	3.0
Cattle Fattening/Breeding	41,562	1.9
Poultry	70,900	3.4
Other Livestock	10,823	0.5
Fishery	66,215	3.2
On-Lending	81,619	3.9
Integrated Project	23,007	1.1
Agro-Alled	96,489	4.6
Agro Services	301,672	14.4
Direct Marketing	389,606	18.5
Irrigation	151,459	7.2
Forestry	3,600	0.2
RBDA	55,000	2.6
SHS	358,301	17.1
SLDP	29,193	1.4
	N2,093,174	100.0

SOURCE: NACB RECORDS

Appendix G give information on the country coverage of Nigerian Agricultural and Co-operative Bank loans through its branch network. The appendix indicates that the Bank's operations cover a vast area of the federation including the Federal Capital Territory - Abuja. From the Appendix, it could also be seen that to a large extent, the volume of loan approvals made by the bank, had been evenly distributed across the country. In this analysis, Kafanchan in Kaduna State had the highest loan volume approval of N27.6 million or 7.57% of the total loan sanctions; followed by Ilorin in Kwara State with a loan sanction amounting to N19 million or 5.2%. Ibadan and Calabar had a share each of N17.9 million and N17.6 million representing 4.93% and 4.85% respectively.

It should be noted that this geographical analysis is focused on the small holder loan scheme for the period between 1981-1991.

5.2 EQUITY INVESTMENTS

An analysis of the activities of the Bank indicate that besides granting of loans for execution of agricultural projects, the bank also gets involved, though ocassionally in viable agricultural ventures, that would contribute to agricultural development hence economic development of the nation. Thus under the period of discussion, the total equity

portfolio of the bank amounted to N65.6 million. Table 1.3 shows that, the highest equity investment by the bank was recorded in 1991 with an investment amount of N22.2 million as against N17.6 million in 1990. The equity investment in 1991 represents 33.8% of total equity investment by the Bank. Table 1.3 also shows that a high porportion of the equity investment was made in the Nigerian Poultry Production Company Limited totalling N15.9 million or 24.3% of the total equity investment. The next higher investment was done in the Aeronautical Industrial Engineering and Project Management Company Limited to the tune of N15.0 million, representing 22.8% of total equity investment.

The point to note from table 1.3 is that, all the projects or companies invested into are direct agricultural companies or their activities are related closely to agriculture.

TABLE 1.3

NACB - EQUITY INVESTMENT 1985-1991

	COMPANY/PROJECT	AMOUNT (N'000)	%OF TOTAL
1.	Okomu Oil palm Company Ltd	6,750	10.3
2.	Nigerian Starch Mill Ltd	2,800	4.3
3.	Nigerian National Fishing Ltd	1,400	2.1
4.	Savannah Sugar Company Ltd	2,884	4.4
5.	Gaskiya Chemical Industry Ltd	4,800	7.3
6.	Federal Savings Bank Ltd	2,880	4.4
7.	Madara Diary Company Ltd	2,391	3.6
8.	National Poultry Production Co	15,941	24.3
9.	Nigerian Agriculture INsurance Company Ltd	1,750	2.7
10.	NACB Consultancy & Finance Company Ltd	380	0.6
11.	Aeronautical Industrial Engineering & Project Management Company Ltd	15,000	22.8
12.	Nigerian Animal Feeds Co. Ltd	4,784	7.3
13.	Adapalm Limited	2,000	3.0
14.	Nigerian Beverages Production Company Ltd	1,444	2.2
15.	Food Development company Ltd	450	0.7
	TOTAL	65,654	100.0

SOURCE: NACB ANNUAL REPORT AND ACCOUNTS, 1989-1991

5.3 LOAN SYNDICATION/GUARANTEE

The bank has not really shown much interest in this aspect of financing agricultural activities. However, in 1989, the consultancy outfit of the bank led two other financial institutions in the syndication of one of the largest ever syndicated loans in the Nigerian money market for the Federal Ministry of Water Resources. The total amount was N393.1 million for the construction of two Dams and their irrigation systems on the Kampe and Swashi river.

Also, in 1990, the bank led loan syndications totalling N28.36 million on two projects.

5.4 LOAN REPAYMENTS

The performance of the Nigerian Agricultural & Co-operative Bank could also be judged from the recovery rates of loans disbursed for various projects.

One of the major problems presently facing the bank is the low rate of loan repayment. As at the end of 1991, loan repayment from the inception of the bank - 1973 was 879.5 million or 48% of total disbursements. Table 1.4 show that of these repayments, investments loans amounted to N691.6 million representing 78.6% of the total repayments. Both the small holder loan scheme and second livestock development programme contributed N188 million or 21.4% of total repayment.

Table 1.4 further indicates that the highest single repayment was recorded in 1991 with a total amount of N196.3 million or 22.3% total with repayments. This is closely followed by 1990 recording a total repayment of N195.4 million, representing 22.2% of the total amount repaid.

An analysis of the 1991 Investment Loans repayment show that about N122 million representing 47.9% of total approvals was repaid during the period. A breakdown of the repayment (Table 1.5) indicates that Direct Marketing made returns to the tune of N38.2 million or 31.3% while Agro-Service accounted for N15.4 million, representing 12.6% of the total repayments for the year. Horti culture made the least returns of N79,000 or 0.06% of the total investment loans repayment.

The foregoing analysis of the bank's activities indicates that they cut across the length and breath of the country. The bank has relentlessly funded diverse projects whose successful implementation has resulted in increased level of agricultural output, revenue generation and provision of infrastructural facilities especially in the rural areas.

In addition, these projects have been a veritable source of employment for the army of unemployed youths in the country. Besides, projects supported by the Bank have enhanced the income of clients thereby improving their quality of lives. Indeed, in restrospect, one cannot but submit that the Nigerian Agricultural and Co-operative Bank has made quite a lot of social and economic contributions to agricultural development in the country hence the level of economic development.

In short, the truth remains that, the Bank has attained great heights in providing the much needed financial assistance to the agricultural sector without which our concerted efforts to accelerate the pace of agricultural development in this country would have been minimal and equally the level of economic development.

TABLE 1.4

NACB:COMMULATIVE LOAN REPAYMENTS

FROM INCEPTION TO DECEMBER, 1991

PERIOD	INVESMENT LOANS (N'000)	SHS & SLDP LOANS (N'000)	TOTAL AMOUNT (N'000)	% OF TOTAL
1. Inception to 31st December 1987	227,227	12,578	239,805	27.3
2. 1988	110,527	10,475	121,002	13.8
3. 1989	96,897	30,106	127,003	14.4
4. 1990	135,146	60,268	195,414	22.2
5. 1991	121,789	74,585	196,374	22.3
	691,586	188,012	879,598	100.0

SOURCE: NACB RECORDS

TABLE 1.5 NACB: INVESTMENT LOANS REPAYMENT BY PROJECT TYPE - JAN - DEC 1991

PROJECT TYPE	AMOUNT APPROVED		AMOUNT DISBURSED		AMOUNT REPAID INTEREST + PRINCIPAL	
	(₦'000)	% of Total	(₦'000)	% of Total	(₦'000)	% of Total
Arable Crops	2,298	0.9	2,507	2.5	6,766	5.5
Tree Crops	208	0.1	209	0.2	5,498	4.5
Horticulture	-	-	14	0.01	79	0.1
Mixed farming	15	0.01	195	0.2	3,375	2.8
Cattle Fattening/Breeding	680	0.3	680	0.7	2,204	1.8
Poultry	615	0.2	1,432	1.4	4,770	3.9
Other Livestock	1,007	0.4	1,206	1.2	633	0.6
Fishery	1,140	0.4	1,132	1.1	2,613	2.1
On-Lending	48	0.02	224	0.2	1,956	1.6
Agro-Allied	700	0.3	1,633	1.6	9,387	7.7
Agro Services	-	-	785	0.8	15,364	12.6
Irrigation	-	-	-	-	-	-
Direct Marketing	18,730	7.3	16,579	16.5	38,247	31.2
Head Office	229,972	90.0	74,463	74.0	31,402	25.7
	255,419	100.0	100,641	100.0	122,299	100.0

SOURCE: NACB RECORDS

SELECTED REFERENCES

1. NACB Annual Report & Accounts, 1989 - 1991

2. NACB - Agric Bank News - The house journal of the NACB Limited:

   Vol 5 No.13 Jan - Aug 1990

   Vol 5 No.15 Jan - Aug 1990

   Vol 6 No.17 Jan - Aug 1992

3. NACB DIGEST: A journal of the NACB Ltd

   Vol. 2 No.3 August 1990

   Vol. 3 No.4 April 1991

   Vol. 3 No.5 December, 1991

4. OTHER NACB RECORDS, Attached in Appendices.

CHAPTER SIX

6.0 SUMMARY/CONCLUSION, PROBLEMS AND RECOMMENDATIONS

6.1 SUMMARY/CONCLUSION

Development banks were established to enhance the pace of economic development of the country through the provision of medium and long term loans to the needy sectors of the economy. Research findings have shown that the Nigerian Agricultural and Co-operative Bank considered as a case study, has made substantial efforts towards the achievement of the objective for which it was established. However, the effectiveness of this bank has been grossly affected by numerous problems.

A conclusion can therefore be drawn based on the research findings that NACB, to some extent, through its activities have made meaningful contributions to the level of economic development of Nigeria. It is obvious from the study that, the present level of agricultural development would not have been possible without the Nigerian Agricultural and Co-operative Bank. This is because the other financial institutions or banks did not show any interest in financing this facet of the economy. This is perhaps due to the long-term nature of the the loan requirements of agricultural development projects.

6.2 PROBLEMS

It is encouraging to note that Nigerian Agricultural and Co-operative Bank has made a reasonable impact on the nation's economic development. However, this impact is far short of expectation. This is due largely to the fact that the bank has been constrained from effectively performing its functions because of the following problems:-

a) Inadequate financial resources. This problem is the most chronic facing the bank. Thus, it hardly meet demands from loan applicants.

b) Over centralisation of activities.

c) Low rate of loan repayments. This could be attributed to improper management of projects, wilful default, diversion of funds, ineffective project supervision, untimely supply and scarcity of critical inputs and crop failure.

d) Political influence especially on loans made to State Governments and agencies.

e) Inadequate interest margin and shortage of technical and professional staff especially at the branch offices.

6.3 *RECOMMENDATIONS*

In view of the numerous problems affecting the effective operations of Nigerian Agricultural and Co-operative Bank, the following recommended actions are proffered:-

a) Decentralisation of the bank's operations in such a way that branch offices should be given higher approval and disbursement limits.

b) Establishment of rural branches at the local government levels with sufficient delegation of functions in terms of project appraisals, approvals and fund disbursements.

c) Close monitoring of activities of on-lending institutions, especially, with reference to selection of loan beneficiaries, loan disbursement and recovery.

d) Putting emphasis on the use of co-operatives as agents of credit extension to the small holder and strengthening the co-operative division of the bank.

e) Embarking on savings mobilisation scheme

f) Embarking on interest rate reform that will ensure sufficient margin to cover the cost of operation of the bank.

g) Mobilise additional financial resources through:-

   i. Diversification of activities

   ii. Cost reduction strategy

   iii. The domestic money market

h) Reduce the problem of low loan repayment through:-

   i. a more effective loan supervision programme

   ii. better project formulation.

iii. timely disbursement of loans

iv. intensification of the recovery machinery at the time of harvest of crops

v. adoption of well planned recovery activities before the due dates

vi. Publicise the names of wilful defaulters.

i. Strengthen the professional and technical staff o f the bank to include graduates of banking and finance.

j. Maintain stronger links with the extension services division of the state ministry of agriculture. The researcher strongly believe that if these recommendations are implmented to the letter, the performance of the bank would certainly improve further. This would inevitably have a proportionate effect on the level of agricultural development and hence the level of economic develoment of the country.

6.4 FURTHER AND FUTURE SCOPE OF STUDY

The Urban Development Bank of Nigeria (UDBN) Limited has just been established in November, 1992 as a development finance institution to finance particularly the development of urban infrastructure and real estate. Researchers interested in this areq may do a thorough study on the activities of the bank in five to ten years time from now to ascertain the level of its contribution to the economic development of the nation.

Another area of interest that may be researched into is that of awareness of Nigerians with respect to the economic dvelopment services rendered by the Development Banks. Research could be done in this area to determine to what extent Nigerians are making use of this opportunity to enhance the pace of economic development of their country.

Furthermore, a down-to earth evaluation of the activities of loan beneficiaries of the banks' financial and technical assistance should be explored to ascertain to what level the activities of these banks have generally contributed to their standards of living.

SELECTED REFERENCES

1. A study of the impact of NACB lending on the Nigerian Economy - Manu International Limited, Kaduna, 1987, P.4

2. W.O. Ozuaga, Money and Banking in Nigeria Fourth Dimension Publishers, 1981. PP.217 -223

3. G.O. Nwankwo, The Nigerian Financial System, Macmillan Publishing Company, 1988, P.113

4. NACB Digest - A journal of the NACB, Ltd, Vol.3 No. 4 April, 1991, pp.9-10

5. NACB Brochure P.20-21

BIBLIOGRAPHY

BOOKS

1. Adekanye, Femi, The Nigerian Banking Handbook: A factual and Statistical Introduction to the banking and economic environment in Nigeria, Graham Burn Buzzard, UK, 1984

2. Adekanye, Femi, The Elements of Banking in Nigeria Questions and Answers, Third edition, Graham Burn, UK, 1986.

3. Agene, C.E Foreign Exchange and International Trade in Nigeria, Gene Publications Ltd, Inten Printers Ltd, Ibadan, 1991.

4. Agu, C.C. Nigerian Banking Structure and Performance: The banking system's contribution to economic development. Fourth Dimension Publishing Company, 1988.

5. Ajayi, Olukonyinsola, Financial and Legal Implications of the Nigerian Capital Market, Evans Brothers Limited, Ibadan, Nigeria, 1984.

6. Ajayi, S.I. & Ojo, O.O., Money and Banking: Analysis and policy in the Nigerian context George Allen & Unwin London, 1981.

7. Boskey, Shirley, Problems and practices of Development Banks, International Bank for Reconstruction and Development (IBRD), The John Hopkins Press, Baltimore, 1961.

8. Nwankwo, G.O. The Nigerian Financial System; Macmillan Publishers, 1988.

9. Ojo Ade T., The Nigerian Financial System University of Wales Press, 1984.

10. Okigbo, Pius C. Nigerian Financial System; Structureand growth, Longman, 1981

11. Osubor, J.U., Business Finance and Banking in Nigeria, New African Publishing Co. 1984

12. Ozuaga, W. Okefie, Money and Banking in Nigeria Fourth Dimension Publishing Company, 1991.

13. Schatz, Sayre, P., Development bank lending in Nigeria The Federal loans board (FLB), Oxford University Press, Ibadan, 1968.

JOURNALS AND OTHERS

14. Bullion - Publication of Central Bank of Nigerian (CBN), Volume 13, NO. 2, April/June 1989.

15. CBN: Annual Report and Statement of Accounts, for the year ended 31st December, 1991.

16. AGRIBANK News: The house journal of the NACB Limited:

Vol.5 No.13, January-August, 1990

Vol.5 No.15, " " "

Vol.6 No.17, " " 1992

17. NACB Annual Reports and Accounts, 1986-1991

18. NACB DIGEST: A journal of NACB Limited.

Vol.2 No.3 August, 1990 and

Vol.3 No.5 December, 1991

19. Business Times, 5th October, 1992.

20. CBN: Economic and Financial Review,

Vol.9 NO.2 December, 1991.

21 ADE-ZAKY, J.M. - A case for Development Financial Institutions (DFIs) -An article in Business Times, 4th November, 1991.

APPENDIX (A)

AHMADU BELLO UNIVERSITY

DEPARTMENT OF BUSINESS ADMINISTRATION

Tel: ZARIA 32091 Ext. 70,32734
Telegram: INSTITUTE ZARIA.
THE VICE-CHANCELLOR:
Prof. Daniel I. Saror
B. Sc. DVM (KSU), M. Sc. (Minnesota) Ph. D (ABU)
HEAD OF DEPARTMENT:
Sheikh Ahmed Abdullahi
B. Sc. (ABU), MBA (Syracuse), Ph. D (ABU), DIP COMA, ITP.

INSTITUTE OF ADMINISTRATION
P.M.B. 1013
ZARIA, NIGERIA.

Your Ref: _____

Our Ref: _____

The Manager (SHS & STATISTICS),
N & C B Limited,
P. M. B. 2155,
Kaduna.

Dear Sir/Madam,

This letter serves to introduce Mr. Vincent T. Akpelan who is a Registered Post-Graduate Student (MBA) in the Department of Business Administration, Ahmadu Bello University , Zaria.

He/She is currently working on a Project which is a requirement for the fulfilment of the MBA Degree award.

We are therefore seeking your permission to conduct research for the project using your organisation.

We would be very pleased if permission is granted and the above named student given as much assistance as possible.

Thankyou.

Your sincerely,

Mal. M.N. Maiturare
MBA Co-ordinator.

APPENDIX (B)

Dept Of Business Administratio
Institute of Administration
Ahmadu Bello University
Zaria

14th September, 1992.

_____

_____

_____

_____

Dear Sir/Madam,

QUESTIONNAIRE

I wish to notify you that I am undertaking a research project as the last stage of my Master of Business Administration (MBA) programme. The project is concerned with the contribution of NACB to the economic development of Nigeria since its inception.

In order to give it an objective assessment, it is necessary for you to co-operate by providing objective and unbiased answers to the questions contained in the questionnaire attached.

The information required is purely for academic purpose, it would therefore be of interest to you to note that the outcome of the study will not in any way do any damage to your organisation.

Thanks for your co-operation.

Yours faithfully,

AKPELAN, VINCENT T. (MBA II.)

QUESTIONNAIRE ADMINISTERED ON STAFF OF NACB LTD

(Please check the appropriate Box and complete where necessary)

SECTION A: OBJECTIVES AND FUNCTIONS

1) The basic objective for the establishment of NACB is to aid the improvement of agricultural productivity.

(a) ☐ True (b) ☐ False

2) The Bank's operational scope embraces the following:

a) ☐ All agricultural activities

b) ☐ All agricultural related activities

c) ☐ Non-agricultural activities

d) ☐ a and b only.

3) State briefly the major functions of the Bank.

a) _____

b) _____

c) _____

d) _____

SECTION B: LENDING POLICY AND INTEREST RATES

4) The main method of financial assistance by the Bank is the provision of medium and long-term loans.

(a) ☐ True (b) ☐ False

5) A detailed appraisal of any project is done before approval is given.

(a) ☐ True (b) ☐ False

6) In addition to project appraisal, collaterals commensurate with the volume of loan sought is demanded before final approval.

(a) ☐ True (b) ☐ False

7) Is any kind of collateral acceptable to the Bank?

(a) ☐ Yes (b) ☐ No

8) If no, what nature of collaterals are acceptable to the Bank?

(a) _____

(b) _____

(c) _____

(d) _____

9) The interest rate charged by the Bank is between:

(a) ☐ 10-20 per cent

(b) ☐ 21-30 " "

(c) ☐ 31-40 " "

SECTION C: LOAN SANCTIONS AND DISBURSEMENTS

10) From the inception of NACB (1973) to 1991, what volume of loan has it approved so far?

_____

11) Approved loans are usually disbursed to beneficiaries in form of:-

(a) ☐ Cash

(b) ☐ Kind

(c) ☐ a/or b depending on the nature of the project

12) Disbursements to beneficiaries are usually made in:

(a) ☐ Bulk (at once) (b) ☐ instalments

13) Enumerate briefly other financial activities embarked upon by this BanK, e.g equity investments etc

(a) _____

(b) _____

(c) _____

(d) _____

14) Is the branch network of NACB good enough to take care of all, the demands of Nigerian farmers who are in need of its services?

(a) ☐ Yes (b) ☐ No

SECTION D: PROBLEMS AND OTHERS

15) Enumerate briefly the problems facing NACB

(a) _____

(b) _____

(c) _____

(d) _____

16) What criterion is used in assessing the contribution of NACB to the economic development of Nigeria. Is it by the volume of financial assistance?

(a) ☐ Yes (b) ☐ No

17) If no, what then is the appropriate method of evaluation used?_____

18) Other comments:

APPENDIX (C)

INTERVIEW GUIDE

A FACE-TO-FACE INTERVIEW HELD WITH THE AGM (DATA PROCESSING) AND AGM (CORPORATE AFFAIRS) BOTH OF NACB LTD

Qn 1 What is the main objective for the establishment of this Bank (NACB)?

Qn 2 In what way is the contribution of NACB to the economic development of the country evaluated?

Qn 3 Generally, what is the scope of activities of the Bank?

Qn 4 To what extent has these activities contributed to the economic development of Nigeria?

Qn 5 What is the major method or medium used by this Bank in meeting customer demands?

Qn 6 From your records, there is a wide gap between loan approvals and disbursements; How do you reconcile this difference?

Qn 7 Your records also show a dismal level of loan repayment from clients. What is responsible for this and; what steps have you taken towards improving the situation?

Qn 8 Is this Bank (NACB) operating at an optimum point? If not, what are the problems confronting the Bank?

Aa (1)

(D)

NIGERIAN AGRICULTURAL AND COOPERATIVE BANK LIMITED

APPLICATIONS, APPROVALS AND DISBURSEMENTS OF INVESTMENT LOANS FROM 1973 TO 1991

PERIOD (YEAR)	APPLICATIONS		APPROVALS		DISBURSEMENTS (₦.000)
	NO	AMOUNT (₦.000)	NO	AMOUNT (₦.000)	
1973	NA	NA	1	3752	3752
1974	-	-	37	36572	30415
1975	-	-	48	41177	42232
1976	-	-	55	125801	62831
1977	-	-	28	54520	42868
1978	-	-	58	57096	38642
1979	-	-	34	27612	23214
1980	-	-	45	22330	20465
1981	-	-	165	101858	61555
1982	-	-	133	68427	46872
1983	-	-	55	17708	16700
1984	-	-	48	31229	27496
1985	-	-	228	61569	45474
1986	-	-	219	33156	27294
1987	-	-	646	134532	54033
1988	-	-	1402	311934	185471
1989	-	-	1094	424306	336493
1990	-	-	498	392482	263374
1991	750	222342	383	254906	100204
TOTAL	750	222,342	5,177	2,200,967	1,429,385

SOURCE: NACB RECORDS

PREPARED BY: SHS & STATISTICS DIVISION

a (ii) APPENDIX (E

NIGERIAN AGRICULTURAL AND CO-OPERATIVE BANK LIMITED

APPLICATIONS, APPROVALS AND DISBURSEMENTS OF DIRECT SMALL HOLDER LOANS SCHEME FROM 1981 TO 1991

PERIOD (YEAR)	APPLICATIONS		APPROVALS		DISBURSEMENTS (N.000)
	NO	AMOUNT (N.000)	NO	AMOUNT (N.000)	
1981	N/A	N/A	463	1087	819
1982	-	-	423	1060	1027
1983	-	-	1474	3124	2492
1984	-	-	641	1590	1324
1985	-	-	5739	11967	9902
1986	-	-	9234	18806	15120
1987	24568	-	7756	14124	12218
1988	82193	47377	45514	92226	74734
1989	89240	417294	45360	118429	98718
1990	49386	154237	32925	81521	77180
1991	28300	158779	17154	53679	44050
TOTAL	273687	777,687	166,683	396,893	337,584

SOURCE: NACB RECORDS

PREPARED BY: SHS & STATISTICS DIVISION.

APPENDIX (F

4a (iii)

NIGERIAN AGRICULTURAL AND CO-OPERATIVE BANK LIMITED

APPLICATIONS, APPROVALS AND DISBURSEMENTS OF THE SECOND LIVESTOCK DEVELOPEMENT PROGRAMME (SLDP) LOANS FROM 1988 TO 1991

PERIOD (YEAR)	APPLICATIONS		APPROVALS		DISBURSEMENT (₦.000)
	NO	AMOUNT (₦.000)	NO	AMOUNT (₦.000)	
1988	660	1011	554	3005	2011
1989	4017	17114	5604	17268	11258
1990	5325	25684	3474	20909	18352
1991	5107	29047	3238	21421	21634
TOTAL	15,109	72,856	12,879	62,603	53,255

SOURCE: NACB RECODRS

PREPARED BY: SHS & STATISTICS DIVISION

APPENDIX (G)

NIGERIAN AGRICULTURAL AND COOPERATIVE BANK LIMITED
SMALL HOLDER DIRECT LOAN SCHEME
ALL THE STATISTICS NATIONWIDE
1981—1990

TABLE 2

No.	NACB Branches	Number of Application Received	Loan Volume Applied For	Number of Loans Approved	Loan Volume Approved	Amount Disbursed	Amount Repaid (Principal + Interest
1.	Abuja	5,043	7,399,500	1,809	3,298,223	2,672,627	736,668
2.	Abeokuta	8,560	6,023,400	3,698	8,559,414	6,865,645	2,287,027
3.	Akure	20,591	11,983,721	6,198	11,324,428	11,324,428	4,883,764
4.	Ayangba	900	12,069,500	413	1,328,685	1,211,285	728,293
5.	Bauchi	17,315	41,057,780	5,938	11,842,892	8,518,377	4,304,202
6.	Benin	9,272	17,486,490	3,864	10,662,617	8,549,167	1,334,597
7.	B/Kebbi	1,328	7,176,200	3,187	8,223,970	7,953,088	2,713,600
8.	Calabar	11,761	28,179,280	7,968	17,696,047	12,541,382	3,260,871
9.	Enugu	8,898	37,298,208	4,483	10,297,485	9,428,484	34,009,274
10.	Funtua	19,963	10,241,100	5,987	13,899,399	13,487,980	5,475,170
11.	Ganye	576	1,364,000	3,579	7,531,280	7,155,204	3,087,243
12.	Gombe	2,622	9,226,500	1,777	5,077,871	4,538,596	3,884,444
13.	Gusau	1,423	3,697,500	1,873	5,860,800	5,222,106	3,636,123
14.	Iladejia	1,449	3,943,214	2,124	4,878,614	4,756,962	2,485,150
15.	Ibadan	10,919	32,546,372	12,103	17,968,477	16,304,099	4,147,965
16.	Ilorin	15,144	8,579,539	8,888	19,050,786	15,776,408	3,656,029.08
17.	Iseyin	1,431	10,937,900	974	2,920,445	2,793,424	2,019,551
18.	Jalingo	1,689	13,323,000	648	2,155,200	2,155,200	2,334,630
19.	Jos	8,959	3,066,955	6,550	13,406,100	11,135,283	4,565,272
20.	Kabba	882	3,849,900	812	2,216,280	2,216,280	1,214,419
21.	Kaduna	1,525	765,500	1,216	3,532,500	3,163,893	1,144,509
22.	Kafanchan	30,242	114,297,895	10,103	27,606,899	23,883,497	4,004,275
23.	Kano	8,443	16,111,640	5,059	12,443,433	10,615,008	4,288,947
24.	Katsina	2,614	18,480,400	4,596	12,407,294	12,144,440	5,247,537
25.	Keffi	1,615	3,760,880	1,919	4,142,617	3,117,242	1,146,253
26.	Kontagora	2,062	11,801,700	1,008	2,109,937	1,988,539	1,219,973
27.	Lagos	2,591	5,709,300	2,015	6,127,009	5,990,529	1,617,375
28.	Maiduguri	21,396	21,775,455	6,912	17,743,065	12,997,440	5,736,740
29.	Makurdi	18,908	9,862,261	4,706	13,393,156	11,292,367	1,926,012
30.	Minna	9,871	22,801,100	4,743	6,767,405	6,299,926	3,432,065
31.	Ogoja	472	3,741,850	687	1,552,759	1,552,759	784,388
32.	Owerri	18,265	72,047,015	6,194	16,543,597	14,897,666	3,447,857
33.	P/Harcourt	8,576	20,524,390	4,418	12,641,513	8,573,622	1,357,717
34.	Potiskum	1,323	3,525,560	1,361	3,163,555	3,070,696	1,944,765
35.	Sokoto	13,064	41,763,182	7,746	16,271,840	15,553,528	4,699,568
36.	Uyo	4,215	17,748,827	1,980	7,085,104	3,959,515	1,213,214
37.	Warri	643	2,633,000	273	5,621,516	3,676,103	739,808
38.	Yola	25,767	48,899,251	10,309	17,099,773	13,991,607	5,419,057
	TOTAL	328,317	718,900,795	158,098	364,451,985	310,444,407	109,084,357

SOURCE: NACB Records

APPENDIX (H)

NIGERIAN AGRICULTURAL AND CO-OPERATIVE BANK LIMITED

CUMMULATIVE LOAN REPAYMENTS FROM INCEPTION TO 31ST MARCH 1992

S/N	PERIOD	INVESTMENT LOANS (₦)	SHS & SLDP LOANS (₦)	TOTAL (₦)
1.	Inception to 31st December 1987	227,226,583	12,578,349	239,804,932
2.	For 1988	110,526,626	10,475,458	121,002,084
3.	For 1989	96,896,693	30,105,749	127,002,442
4.	For 1990	135,146,416.33	60,267,543	195,413,959.33
5.	For 1991	121,789,293.29	74,584,717.55	196,374,010.84
6.	As At 31st March 1992	126,141,201	18,705,937	144,847,138
		817,726,812.62	206,717,753.55	1,024,444,566.17

SOURCE: NACB RECORDS

PRODUCED BY SMALL HOLDER & STATISTICS DIVISION

Appendix Ia

TABLE III

NACB: DIRECT SMALL HOLDER LOAN (1981—1989)

Area Office	Approvals		Disbursements (₦)
	No.	Amount (₦)	
Abuja	1,851	3,265,813	3,559,085
Abeokuta	2,836	6,092,567	4,695,466
Akure	5,944	10,772,880	10,281,557.50
Bauchi	9,108	10,527,898	15,626,180
Benin	3,730	10,183,347	7,315,980
Calabar	6,984	14,886,701	10,912,435
Enugu	3,872	8,539,165	7,924,671.50
Funtua	7,956	17,715,509	18,340,741
Ibadan	10,529	14,918,937	12,988,070
Jos	5,499	10,406,441	9,024,687
Kafanchan	8,024	21,237,042	18,034,625
Kano	4,391	10,182,256	9,061,795
Lagos	1,692	4,869,669	3,567,893
Maiduguri	5,651	13,354,605	9,869,129
Makurdi	4,439	11,724,962	9,810,132
Minna	4,162	8,255,713	8,680,830
Owerri	5,881	15,106,597	13,363,013.50
P/Harcourt	3,452	9,563,580	6,686,833
Sokoto	6,868	14,053,507	13,521,745
Uyo	1,598	5,826,799	3,184,448
Yola	9,798	17,648,331	18,591,857
TOTAL	122,598	255,844,667	228,776,298.50

Source: NACB Records

Table IV

NACB LOAN APPROVALS FROM 1973--DECEMBER 1989

Loan Scheme	Number Approved	Amount Approved
		₦
Direct Small Holder Loan	122,598	255,848,667
Investment Loans		
(excluding marketing loans)	2,153	1,337,627,225
Marketing loans	2,093	191,835,074
TOTAL	126,844	1,785,310,966

Source: NACB Records

APPENDIX (I b)

S/NO	BRANCH OFFICE	NO. OF APP. RECEIVED	NO OF APP. APPROVED	AMOUNT APPROVED	AMOUNT DISBURSED	AMOUNT REPAID
28.	MAIDUGURI	596	569	1733735	1318766	2388925
29.	MAKURDI	729	312	1348466	1318198	1416219
30.	MINNA	464	415	1979200	1849143	1985329
31.	OGOJA	391	381	1161522	1705893	1275615
32.	OWERRI	248	222	809368	592161	1057189
33.	P/HARCOURT	441	325	1036050	695505.	789014
34.	POTISKUM	996	593	2233582	2111649	2538000
35.	SOKOTO	683	474	13831551	1311163	14205628
36.	UYO	155	56	1641015	322342	1016575
37.	WARRI	185	485	1322650	433613	441001
38.	YOLA	1,421	2,084	4236379	4767689	3881474
	TOTAL	**33,407**	**20,420**	**75100356**	**65684239**	**74584717**

SOURCE:OPERATIONS DEPT.
* SLDP - SECOND LIVESTOCK DEVELOPMENT PROGRAME
* SHS - SMALL HOLDER LOAN SCHEME

APPENDIX (J)

INVESTMENT NIGERIAN AGRICULTURAL AND COOPERATIVE BANK LIMITED - HEAD OFFICE - KADUNA PERIOD 1991

INVESTMENT LOANS PORTFOLIO SUMMARY (BY PROJECT TYPE) AS AT 31ST DEC 91

S/N	PROJECT TYPE	APPLICATIONS RECEIVED No	AMOUNT (N)	APPLICATION APPROVED No	AMOUNT (N)	DISBURSEMENTS (N)	REPAYMENT DUE INTEREST (N)	REPAYMENT DUE PRINCIPAL (N)	TOTAL	REPAYMENT RECEIVED INTEREST (N)	REPAYMENT RECEIVED PRINCIPAL (N)	TOTAL (N)
1.	Arable	141	13,185,300	34	2,217,500	2,206,263.20				4626826.21	3,139,245.04	6,766,191.25
	Tree Crops	6	1,187,000	1	208,500	209,873.67				3168056.89	2,330,013.84	5,498,070.73
2.	Horticulture	4	18,000	-	-	-				15000.00	-	15,000
	a. Vegetable Gardening	-	-	-	-	13,000				28000	-	28,000
	b. Orchards	2	15,000	-	-	614.23				9213	18,787	28,000
4.	Mixed Farming	16	22,638,500	4	15,000	734,770.47				1767240.28	1,507,527.74	3,274,768.02
5.	Cattle Fattening/Breeding	43	2,436,000	43	677,500	679,760.09				2367818.17	1,376,995.34	3,744,813.51
6.	Poultry	1	4,300,000	1	90,420	214,425.33				304353.20	688791.11	993,144.31
	a. Broiler	9	452,772	1	93,000	7,424.33				343658.02	212,264.87	555,922.89
	b. Layer	17	1,243,389	3	424,000	1,164,151.05				2197165.89	1,020,592.14	3,217,758.03
	c. Hatchery	1	250,000	-	-	46,342				3950	-	3,950
7.	Other Livestock	2	600,000	1	137,500	102,046.50				13000	-	13,000
	a. Fishery	18	2,278,000	7	820,600	1,010,122.28				111084	123,284.16	234,368.16
	b. Pottitry	-	-	-	-	-				-	-	-
	c. Sheep/Goat	12	736,000	16	78,500	35,407.93				1235928.27	288,013.21	523,705.48
8.	Fishery	5	4,800,000	-	-	124,639.47				201966.78	807,348.72	709,314
	a. Aquaculture	14	2,267,000	10	997,500	204,[illegible]47				619339.22	324,634.51	943,973.28
	b. Deep Sea (Trawler)	3	2,500,000	-	-	-				442687	19,313	462,000
	c. Artisanal	5	375,000	2	122,500	44,460.28				1330[illegible].12	332,370.11	1,662,370.23
		1	N/A	-	-	223,[illegible]				164791	49,208	214,699
9.	On-Lending	-	-	-	-	-				977709.66	740,516.37	1,718,316.03
	a. Production	1	150,000	1	42,000	1,[illegible]72				23693.77	946.23	24,500
	b. Marketing	-	9,000,000	3	237,000	181,[illegible]94				1394439.32	-	1,394,439.02
10.	Agro-Allied	23	39,390,500	4	409,000	1,122,[illegible]34				4466801.67	3,416,346.66	7,883,148.33
	a. Processing	2	800,000	-	-	330				165340.42	4,659.58	170,000
	b. Feedmill	1	5,000,000	-	-	225,[illegible]				20000.00	-	20,000
11.	Agro-Services			-						2764731.89	6,049,679.10	19,314,726.73
	a. Input Supply	4	32,697,000									
	b. Tractor/Equipment									1324038.60	2,808,312.14	3,[illegible]0,350.74
12.	Irrigation	3	761,000	7	685,000	1,[illegible]4,[illegible]3.33				12319736.62	22,321,486.23	34,641,222.85
13.	Direct Marketing	434	135,326,747	427	18,071,[illegible]02	12,[illegible]9,[illegible]9.33						
	a. Domestic									—	—	31403489.99
	b. Export									[illegible]504.76	45,527,915.99	90,[illegible]20.75
14.	Others	—	—	31	229,972,113	74,462,651.64						
	HEAD OFFICE	762	304,890,904	365	25,[illegible]7,172	25,70[illegible]3[illegible].17						
Sub-Total										145369504.76	45527915.99	122,299,910.74
	GRAND TOTAL	762		396	255,419,285	100,172,645.81						

Current Assets Accounts

Interest Not [illegible]

NACB: INVESTMENT - LOANS RETURNS SUMMARY BY BRANCH OFFICE - JAN. - DEC. 1991. APPENDIX (K)

BRNO	BRANCH OFFICES	APPLICATION ARRIVED		APPLICATION APPROVED		DISBURSEMENT	REPAYMENT DUE			REPAYMENT RECEIVED		
				NO	AMOUNT (₦)	(₦)	INTEREST	PRINCIPAL	TOTAL	INTEREST	PRINCIPAL	TOTAL
1.	ZUGU	26	27,464,100	3	438,600	1,083,440				1,772,558	2,051,478	3,446,288
2.	GWOSI	15	3,735,100	6	722,000	824,011.48				1,217,176.20	1,262,654	2,479,830.24
3.	F/KUDUNAI	10	3,568,930	6	722,870	932,921.68				1,497,252	476,000	1,685,432
4.	UYO	16	25,495,200	3	543,000	708,192.92				725,622.65	284,172.86	1,009,795.51
5.	CALABAR	6	1,250,000	2	160,000	917,524.73				415,688.90	200,496.13	916,085.03
6.	AKWA											
7.	OGOJA	9	1,340,000	4	601,000	841,430				420,348	720,744	1,141,492
8.	UMUAHIA											
	TOTAL 1	77	77,744,100	24	2,527,470	4,121,621.26				2,715,484.45	5,688,892.49	11,429,377.98
1.	AKURE	34	9,496,620	13	1,112,400	1,244,748.09				362,543.22	1,028,035.85	1,392,379.07
2.	IBADAN	23	4,059,000	22	1,171,100	1,748,028.51				1,465,286.68	1,406,878.06	2,872,164.74
3.	ILESHA	16	2,060,000	5	868,000	268,822.40				1,455,313.46	1,586,091.34	3,041,404.80
4.	LAGOS	25	8,168,177	5	859,000	723,872.50				353,196.62	977,102.38	1,430,209
5.	ABEOKUTA	7	572,850	4	472,200	604,362.03				410,202.04	959,127.34	1,369,329.38
6.	BENIN	13	54,214,350	2	250,000	424,718.31				614,104.90	990,401.69	1,404,506.59
7.	WARRI	5	730,000	-	-	284,864.26				765,933.36	1,123,289.51	1,723,222.87
8.	IRUA											
9.	ASABA											
10.	OSHOGBO											
	TOTAL 2	123	79,500,197	51	5,482,700	6,317,416.16				5,126,580.24	7,485,926.07	13,432,116.18
1.	ABUJA	1	150,000	2	150,000	149,345.31				324,899.30	346,231.28	671,181.45
2.	ILORIN	13	320,000	10	622,100	872,527.84				657,995.11	802,883.44	1,460,878.41
3.	KABBA	11	1,083,000	7	403,000	1,018,524.24				703,989.97	806,937.25	1,510,927.22
4.	KEFFI	4	-	-	-	169,621				345,814	340,605	686,419
5.	JOS	7	290,000	5	673,000	572,082.64				728,830.64	837,198.14	1,570,478.75
6.	MINNA	19	65,000	11	780,000	712,161.06				1,045,287.28	1,358,373.86	2,404,661.14
7.	MAKURDI	30	28,672,830	9	525,500	1,025,618.33				2,620,221.96	1,691,320.49	4,320,042.35
8.	ABUNDA	13	4,640,000	1	102,000	220,331				436,025.21	384,462.57	871,024.78
9.	KONTAGORA	2	782,000	2	51,000	151,826				317,563.35	493,865.52	819,429.87
10.	LOKUJA											
	TOTAL 3	118	46,431,830	57	3,310,600	4,888,243.42				8,204,627.02	6,121,921.32	14,883,637.14
1.	FUNTUA	26	17,133,750	21	1,601,602	1,690,936.69				1,202,969.5	1,866,452.4	3,068,021.76
2.	KATSINA	22	3,002,000	22	1,230,000	774,158.47				1,129,319.26	1,745,954.6	2,875,274.12
3.	KADUNA	69	32,039,047	23	1,911,000	862,927.23				1,600,514.18	2,434,440.45	4,034,954.63
4.	KAFANCHAN	8	1,610,000	3	110,000	330,773.05				539,476.22	329,543.81	869,019.34
5.	SOKOTO	3	3,197,300	4	1,756,000	317,479.33				595,311.21	472,757.64	993,068.35
6.	GUSAU	8	1,500,000	3	672,000	62,792.22				320,676.02	200,359.21	519,035.23
7.	F/KEBBI	1	120,000	1	95,000	-				130,736.01	90,018.63	221,10.64
8.	HADEJIA	nil	-	-	-	62,719.19				44,699.3	41,736.24	86,435.53
9.	KANO	23	16,230,000	17	1,847,200	1,280,338.49				2,026,360.44	1,124,302.43	3,150,662.87
10.	KAZAURE											
	TOTAL 4	98	26,332,050	100	8,220,802	7,334,248.26				30,209,280.00	12,465,219.49	41,118,203.49
1.	BAUCHI	27	15,266,500	12	397,400	879,508.13				6,857,144.71	6,451,019.37	13,310,164.08
2.	BOMBE	24	4,350,000	20	1,591,000	1,263,278				335,332	2,756,134	3,092,171
3.	MADUGURI	47	4,405,000	9	698,600	419,916.99				663,302.80	740,432.21	1,400,135.67
4.	POTISKUM	9	1,245,000	11	332,000	424,557.09				595,089.81	863,087.54	1,458,677.35
5.	GANYE	114	884,000	26	366,800	358,205.03				322,33.61	596,685.74	919,020.78
6.	JALINGO	25	3,979,000	6	526,300	659,368.78				1,654,098.26	819,102.91	2,472,201.97
7.	YOLA	32	6,957,750	4	868,900	326,027				5,289,36.41	1,805,158.31	7,094,194.75
8.	DAMATURU											
	TOTAL 5	278	37,087,250	88	4,781,000	4,330,861.02				16,716,403.61	13,032,620.08	29,749,023.69
	TOTAL 1 to 5	762	304,350,404	165	29,447,172	28,792,484.17				63,971,375.32	44,795,579.45	108,766,954.77

APPENDIX (M)

SUMMARY OF NACB OPERATIONS

NIGERIAN AGRICULTURAL AND COOPERATIVE BANK LIMITED
LOAN APPROVALS BY PROJECT TYPE (AMOUNT IN ₦)
(1973—1990)

Table I

	YEAR				
PROJECT TYPE	1973—1987	1988	1989	1990	TOTAL
1. Arable crops	242,747,000	13,507,000	10,276,058	9,588,444	276,518,502
2. Tree Crops	59,191,000	318,000	9,097,440	5,289,900	73,896,340
3. Horticulture	626,000	697,000	250,000	64,000	1,637,000
— Vegetable					
— Gardening					
— Orchads					
Mixed Farmings	24,815,000	10,291,630	10,291,630	994,000	61,881,260
5. Cattle Fattening					
Breeding	31,389,000	4,819,000	2,707,530	2,674,056	41,562,586
6. Poultry	49,403,000	9,497,000	8,085,019	3,915,100	70,900,119
— Broiler					
— Layer					
— Hatchery					
7. Other Livestock	2,193,000	3,836,000	3,676,120	210,000	9,915,120
— Piggery				908,684	908,684
— Rabbitry					
— Sheep/Goat					
8. Fishery:	47,874,000	7,805,000	6,498,351	4,038,045	66,215,396
— Aquaculture					
— Deep Sea					
— Artisanal					
9. On-Lending	23,800,000	11,783,000	6,000,000	10,100,940	51,683,940
— Production					
— Marketing				29,935,282.54	29,935,282.54
10. Integrated Project	23,007,000				23,007,000
11. Agro-Allied	7,258,000	23,068,000	44,061,450	17,327,900	91,715,350
— Processing					
— Feedmills	4,774,000				4,774,000
12. Agro-Services	1,896,000	70,342,000	188,678,912	40,756,000	301,672,912
— Input Supply					
— Tractor/Equipment hiring					
13. Direct Marketing					
— Domestic	240,266,000	77,968,000	65,164,759	6,210,200	389,606,959
— Export					
14. Irrigation		76,000,000	75,459,705		151,459,705
15. Forestry	3,600,000				3,600,033
16. River Basin Dev. Auth.	55,000,000				55,000,000
17. Small Holder Scheme	44,592,000	93,150,000	134,129,929	86,430,193	358,301,193
18. Second Livestock Dev. Programme		1,698,000	26,464,680	1,120,360	29,123,040
TOTAL	832,431,000	405,969,630	606,327,583	219,528,1[illegible]	2,093,174,319.00

Source: NACB Records

APPENDIX (L)

SUMMARY OF NACB OPERATIONS

NIGERIA AGRICULTURAL AND CO-OPERATIVE BANK LIMITED
SUMMARY OF SLDP AND SHS OPERATIONS (1991)

S/NO	BRANCH OFFICE	NO. OF APP. RECEIVED	NO OF APP. APPROVED	AMOUNT APPROVED	AMOUNT DISBURSED	AMOUNT REPAID
1.	ABUJA	574	252	722600	641370	145513
2.	ABEOKUTA	662	293	1484443	892177	1453163
3.	AKURE	897	375	1624270	669840	1670124
4.	AYANGBA	637	267	774653	685798	1065793
5.	BAUCHI	1,110	1,261	3393632	1929805	1268287
6.	BENIN	323	244	761447	795599	822981
7.	B/KEBBI	642	429	1516700	1651956	2265890
8.	CALABAR	535	342	6851855	1929805	1452605
9.	ENUGU	1,169	416	1211750	1589027	1763407
10.	FUNTUA	2,239	1,225	4400600	4168382	26655773
11.	GANYE	773	2755	1272000	1230334	2082116
12.	GOMBE	69555	601	2879710	1955511	3338023
13.	GUSAU	1,962	1,057	3305500	2881692	3800106
14.	HADEJIA	608	568	1803277	1915329	2940872
15.	IBADAN	1,229	372	1014100	11985329	2940872
16.	ILORIN	529	227	755300	1369737	1345629
17.	ISEYIN	1,168	337	1588750	823465	2114126
18.	JALINGO	833	464	2245200	1126569	1773061
19.	JOS	1,008	601	2935005	2554230	2409715
20.	KABBA	389	168	842900	702646	1853459
21.	KADUNA	1,967	1,326	5132252	4138168	1870551
22.	KAFANCHAN	2,251	1,286	5656131	4512336	4615353
23.	KANO	577	367	2536370	1812365	1829029
24.	KATSINA	1,963	750	3409838	4100315	3908817
25.	KEFFI	660	159	454100	731389	1021262
26.	KONTAGORA	1,544	713	22439255	1807653	102126
27.	LAGOS	257	201	1065600	1065600	1401753