INSTITUTIONAL FINANCING OF PROJECTS IN NIGERIA: A CASE STUDY OF NIDB.

BY

ADOLE ONCHE

Submitted to the Post Graduate School.
Ahmadu Bello University,
in Partial Fulfillment of the requirements for the award of the degree of MASTERS OF BUSINESS ADMINISTRATION.

Department of Business Administration.
Faculty of Administration.
Ahmadu Bello University, Zaria.

December, 1992.

ACKNOWLEDGMENT

I express my profound gratitude to my supervisor, Mallam Ibrahim Okeji (MIFO), without whose patient guidance this project would not have come to a conclusion.

I say thank you to my friends, Mr. Ocheme Ogabidu, Abraham Achigili and Anthony Christopher Okpe, whose constant prodding and teasing made the whole exercise achievable.

My gratitude goes to the Administrative Manager NIDB Area Office, Kaduna for assistance rendered. It made this project a possibility.

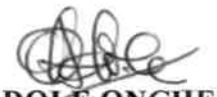
DEDICATION

I dedicate this project to my family. Joan my wife, Jennifer my daughter and Abraham my son. It is an understatement to say l miss you.

DECLARATION

I hereby declare that this project has been composed by myself and that it has never been presented and accepted for the award of a degree any where.

I however acknowledge sources from where I have borrowed materials to make up the project.



ADOLE ONCHE

CERTIFICATION

This project entitled INSTITUTIONAL FINANCING OF PROJECTS IN NIGERIA: A CASE STUDY OF NIDB by Adole Onche meets the regulations governing the award of the degree, MASTERS OF BUSINESS ADMINISTRATION, of the Ahmadu Bello University, Zaria and it is approved for it contribution to knowledge and literary presentation.

Mallam Ibrahim Fari Okeji — Date

SUPERVISOR

EXTERNAL EXAMINER — Date



HEAD OF DEPARTMENT — Date 11/1/01

DEAN OF POST GRADUATE SCHOOL — Date 26/07/02

TABLE OF CONTENTS

ACKNOWLEDGMENT 2

DEDICATION 3

DECLARATION 4

CERTIFICATION 5

TABLE OF CONTENTS 6

LIST OF TABLES 8

ABSTRACT 9

CHAPTER 1 10

1.1 INTRODUCTION 10

1.2 STATEMENT OF THE PROBLEM 11

1.3 THE OBJECTIVE OF THE STUDY 11

1.4 SIGNIFICANCE OF THE STUDY 12

1.5 RESEARCH METHODOLOGY 12

1.6 THE SCOPE OF THE STUDY 12

1.7 LIMITATIONS AND DELIMITATIONS 13

1.8 DEFINITION OF TERMS 13

CHAPTER 2 14

LITERATURE REVIEW 14

2.1 PROJECT FINANCING CONCEPTS 14

2.2 SOURCES OF FINANCING 14

2.3 CLASSIFICATION OF PROJECTS 15

2.4 PROJECT EVALUATION / APPRAISAL 18

2.4.1 PROJECT APPRAISAL PROCESS 18

CHAPTER 3 22

3.1 PROJECT FINANCING IN NIGERIA 22

3.2 CONSTRAINTS TO INSTITUTIONAL PROJECT FINANCING IN NIGERIA 22

3.2.1 FINANCIAL 23

3.2.2 COMMERCIAL 23

3.2.3 INFRASTRUCTURAL 23
3.2.4 OTHER CONSTRAINTS 24
3.3 FINANCIAL INSTITUTIONS INVOLVED IN PROJECT FINANCING 25
3.4 DEVELOPMENT BANKING IN NIGERIA 26
3.5 NIGERIAN INDUSTRIAL DEVELOPMENT BANK (NIDB) 28
3.5.1 HISTORY AND DEVELOPMENT 28
3.5.2 OWNERSHIP 28
3.5.3 OBJECTIVES OF NIDB 29
3.5.4. THE ADMINISTRATION 29
3.6 FINANCIAL RESOURCES 32
3.6.1 INTERNAL RESOURCES 33
3.6.2 EXTERNAL SOURCES 35
3.7 PROJECT FINANCING IN NIDB 37
3.7.1 GENERAL POLICIES 37
3.7.2 SERVICES OFFERED BY NIDB 37
3.8 PROJECT APPRAISAL PROCESS 39
3.9 PROJECT SUPERVISION 40
3.10 PERFORMANCE AT PROJECT FINANCING 1982--1991 41

CHAPTER 4 50
4.0 DATA PRESENTATION AND ANALYSIS 55
4.1 OWNERSHIP PATTERN 55
4.2 AWARENESS OF ACTIVITIES OF NIDB 56
4.3 SECTIONAL DISTRIBUTION 57
4.4 NIDB LOAN PROCEDURE 58
4.5 ATTITUDES OF NIDB OFFICIALS 58

CHAPTER 5 60
CONCLUSION AND RECOMMENDATIONS 60
5.1 CONCLUSION 60
5.2 RECOMMENDATIONS 61

BIBLIOGRAPHY 63

APPENDICES 65

LIST OF TABLES

3.1 Sources of Funds

3.2 NIDB's Financial Position as at 31st December, 1991.

3.3 Term Loans as at December 31st 1991.

3.4 NIDB SANCTIONS AND DISBURSEMENT JANUARY 1982-DECEMBER 1991

3.5 SUB-SECTORAL DISTRIBUTION OF SANCTIONS JANUARY 1982-DECEMBER 1991

3.6 SUB-SECTORAL DISTRIBUTION OF DISBURSEMENT JANUARY 1982-DECEMBER 1991

3.7 STATE DISTRIBUTION OF NIDB DISBURSEMENT JANUARY-DECEMBER 1991

4.1 OWNERSHIP STRUCTURE OF NIDB ASSISTED PROJECTS

4.2 AWARENESS OF ACTIVITIES OF NIDB

4.3 SECTIONAL DISTRIBUTION

4.4 NIDB LOAN PROCEDURES

4.5 ATTITUDES OF NIDB OFFICIALS

LIST OF APPENDICES

1. ORGANIZATIONAL CHART OF NIDB

2. SAMPLE OF QUESTIONNAIRE.

ABSTRACT

The development of projects is central to the economy of any nation. It indicates that economic activities are taking place in that economy.

Very essential to the success of projects is financing. The availability of finance is a central core for the successful execution of the project.

Very often, in a depressed economic situation as being experienced in Nigeria, the availability of private financing for projects is next to nil. This is due to low income per capita, low savings propensity, and general poverty.

With private funds practically unavailable the responsibility for project financing then falls on financial institutions then have to provide the financing for these important economic activities to take place.

With the introduction of development banking into the Nigerian economy we have some institutions that are specifically responsible for the provision of financing for projects. Among these development banks are the Nigeria Industrial development Bank (NIDB), the Nigeria Bank for Commerce and Industry, the federal Mortgage Bank and the Nigeria Agricultural and co-operative Bank. These banks collectively financed almost all the projects that are being executed in Nigeria.

Each of these institutions is responsible for a specific area in the economy as their suggest.

The NIDB which is the case study at this project is responsible for industrial projects as against mortgage financing or financing commercial a projects.

CHAPTER ONE

1.1 INTRODUCTION

Project financing in Nigeria is besetted with several uncertainties. Those uncertainties are sometimes traced to the projects, the evaluations and the economic trend and its consequent inflation.

The conception of, and development of projects in an economy is a positive indication of the dynamism of the economy. It indicates that activities are taking place in the economy. The survival and success of any project depends largely on the capabilities of its management, especially in the acquisition of funding. This factor is crucial to the execution of the project.

The acquisition of funding is becoming exceedingly difficult in the depression situation being experienced in Nigeria. In this situation, therefore, how does a new project stand in competing for funds.

Banks and other financial institutions are faced day to day with challenges at having to examine or appraise the project propositions that come their way.

It is worth noting that the Nigerian economy is characterized by low levels of per capital income and by disparities in both the distribution of the meager income, as well as, wide variations in the savings propensity at the different levels of income. This situation is further compounded by poverty in which low levels of per capital income can only allow for low levels of saving which in turn limits the rate of investments and capital formation.

With this situation, quite the sponsors of a project are handicapped in securing financing for their projects.

Conclusively, it is important to emphasize that no project no matter its level of recommendation succeeds without adequate financing. Many bright conceptions of projects have been abandoned due to lack of financing.

1.2 STATEMENT OF THE PROBLEM

The development and successful execution of project largely depends on the availability of financing.

In the situation as it is in Nigeria where there is low level of per capital income and low savings propensity and general poverty, the mobilization of personal income for project financing is next to nil .The alternative therefore is diversion of attention towards institutional financial assistance.

The Nigerian economy has experienced much efforts in the encouragement of institutional financing of projects. These efforts have yielded little results. The expected economic transformation has not transpired.

The conception and execution of the projects have often been besotted with series of problems and constraints.

Despite all the problems, institutional financing is the pillar of the economic development of the country.

The study therefore seeks to determine the factors that militate against institutional financing of projects, in Nigeria.

It is also intended to determine the extent to which financial institution involve in project financing. The study also seek to establish the significance of financing in the success of a project.

1.3 THE OBJECTIVE OF THE STUDY

The purpose of this project is to study the extent to which financiál institution involve in the development of projects in Nigeria.

An attempt will be made to highlight the problem of securing finances by the project sponsors, and reasons will be deduced for the difficulties involved in securing the financing facilities.

Efforts will be made to study how some financial institutions finance projects. To do this, a case study of a major financial institution will be made.

Finally, the project is intended to contribute to the view that will reduce the problems of securing financing and the risks involved in project financing.

1.4 SIGNIFICANCE OF THE STUDY

The attempt of this study is to help the reader to evaluate the processes and problems of institutional financing of projects in Nigeria. The focus is on the difficulties experienced by project promoters, and the risks involved in project financing.

The processes involved in project financing are also highlighted. These processes may vary from one institution to another but may be of one general principle.

The case study attempts to establish and evaluate the involvement of the Nigerian Industrial Development Bank (NIDB) in project financing. The study shows the extent of NIDB involvement in project financing and the processes of financing. An analysis of the project evaluation process as done in NIDB is made.

1.5 RESEARCH METHODOLOGY

To make a meaningful study of the case of the study, various methods of research were used.

Various literatures were consulted as indicated in the references. These include published and unpublished texts. Some of these are annual reports of these case study institution, the Central Bank annual reports as well as news magazines and journals.

The collection of primary data was principally by use of the questionnaire. This was administered, and the responses analyzed as indicated in the appropriate chapter.

Some other information were obtained from personal interviews, telephone conversations with respondents, which include some of the bank's officials and some clients.

* See appendix II for questionnaire.

1.6 THE SCOPE OF THE STUDY

This study is intended to examine the institutional financing of projects in Nigeria with specific reference to the Nigerian Industrial Development Bank (NIDB). The point of interest includes the extent to which financial institutions involved in financing projects, and the problems encountered by both the promoters and financiers of projects.

A brief examination of the facilities extended by the financial institutions is done to establish the extent of assistance available to the project promoters.

The study examine the performance of the NIDB at project financing in the last ten years (1982-

KASIM IBR

1991). There is also an attempt to study the sub-sectoral distribution of the financing.

1.7 LIMITATIONS AND DELIMITATIONS

The study does not attempt to determine the general involvement of financial institutions in project financing. It only attempted to identify the limited nature of project financing and some of the institutions involved.

Excessive work on this project was handicapped by some obvious problems. These can be simply stated as time constraints, information draught and uncooperative attitude of respondents.

1.8 DEFINITION OF TERMS

Financial Intermediation: This refers to the efforts on the part of the financial sector to effectively mobilize the excess savings in an economy.

(i) Equity Participation: This refers to situation where the institution is a co-sponsor and financier of the project. Here the institution is a co-owner.

(ii) Loans: Loans refer to the financial facilities extended to the client on agreed terms.

(iii) Disbursement: The actual amount of funds extended to the project. That is the used fund from the draw-down.

(iv) Sanctions: These are the project approvals.

CHAPTER TWO

LITERATURE REVIEW

2.1 PROJECT FINANCING CONCEPTS

Project financing refers to the process of providing capital to an enterprise in the form of equity, loans and credits, or the ploughing bank of profits.

The availability of capital is a prerequisite for the development at the project.

The importance of the availability of financing for projects in an economy can never be overemphasized. This is in view of the facts that many projects will never see the light of day without the availability of financing. Without financial backing, the bright idea of a project will not come to a fruition. Institutional project financing therefore refers to the provision of financing facilities by financial institutions.

2.2 SOURCES OF FINANCING.

There are two main sources of financing available to sponsors of projects. Viz:

(a) Internal Sources: This refers to the financing provided by the sponsors, either by using their own saving or ploughing back profits into investments.

Internal sources usually involve raising capital in forms of equities. These include:

(i) Issued share capital

(ii) Preferential share capital

(iii) Founders share capital.

(iv) Cash introduced from savings.

(b) **External Sources:** This refers to the acquisition of financing from a third party organization such as banks and other financial institutions.

External sources of project financing can be classified into three main classes. Viz:

1. **Short term financing:** These are usually for periods within one year. They can be secured and unsecured. Commercial banks are usually the main source of this form of financing.

2. **Medium term financing:** These range from one year to five years. Merchant Banks are the main participants in this form of financing.

3. **Long term financing:** These loans extend for more than five years and are not more than twenty years. These are usually undertaken by industrial and development banks. They

usually involve the purchase of plants and machinery and construction of industrial buildings.

2.3 CLASSIFICATION OF PROJECTS

Projects can be classified into three main categories based on the length of time it takes from conception to completion. These classifications are: (i) short term, (ii) medium term and (iii) long term.

(i) **Short Term** projects:

These are projects that are normally completed under one year. They generally require only working capital financing. These are usually the construction of buildings, bridges and importation of specific items.

(ii) **Medium Term Projects**

Medium term projects involve a longer period than mentioned in short term. They may not differ much in content. For instance, some medium term project may be construction of roads, bridges, importation of raw materials, spare parts and farm projects. The distinguishing factor is the length of time it takes the project to completion. These usually take two to five years.

(iii) Long Term:

These are projects that take considerably longer time to completion. These involve things like the purchase of plants and machinery, construction of industrial building, construction of dams and irrigation projects.

In financial institutions, projects are further classified into two groups:

(a) Preferred sector.

(b) Non –preferred sector.

The percentage allocation of funds to these two sectors by banks are guided by the Central Bank.

For instance the Central Bank could specify as it was in April 1982[1].

---

[1] J.A. Mokuolu, "Funding New Ventures." A seminar paper presented at the 17th Annual Banking Seminar of the Nigerian Institute of Bankers.

1. COMMERCIAL BANKS

Preferred Sector:	Minimum % allocation
Agricultural production	8
Mining	2
Agro Allied Industries	3
Other manufacturing	33
Residential Building	6
Non –residential Building	7
Public utilities	3
Transportation & Communication	9
Export	3
Development Finance Institution	1
	75%
Less preferred sectors	
Imports	6
Domestic trade	11
Credit & financial institution	1
Government	3
Miscellaneous (including Personal & Professional	4
	25%
	100%

For commercial banking institutions, 75% was the minimum for preferred sector while 25% was the maximum for less preferred sector.

2. **MERCHANT BANKS**:

Preferred Sector:	Minimum % allocation
Agricultural production	5
Mining	3
Agro Allied Industries	5
Other manufacturing	36
Residential Building	6
Non-residential Building	14
Public utilities	3
Transportation & Communication	4
Export	3
	79%
Less preferred sectors	
Imports	8
Domestic trade	6
Credit and financial institutions	3
Government	2
Miscellaneous (including personal & Professional)	2
	21%
	100%

Just like it is with commercial banks, 79% is the minimum allocation to the preferred sectors in the merchant baking sector while 21% is the maximum allocation to the less preferred sector. In other words, the 79% minimum can be exceeded.

These guidelines on sectoral allocations vary from fiscal period to another fiscal period. The guideline for 1992 as given below differs significantly form that of 1982, as give above.

SECTORAL ALLOCATION 1992 BUDGET)

			Commercial Banks	Merchant Banks
1.	Preferred sector		50	50
	made up of (a)	Agriculture	(15)	(10)
	(b)	Manufacturing	(35)	(40)
2.	Other sectors		50	50
			100	100

100

2.4 PROJECT EVALUATION/APPRAISAL

Project appraisal is described as the analysis of the project to establish the input requirements in the project and the expected output. It is the assessment of the available resources and ensuring the effective allocation of such resources for maximum returns.

According to N. Imboden, "Project appraisal is the ex-ante analysis of a proposed project. It identifies and values the expected costs and benefits of a projects. The expected results of a project are based on an analysis of the functioning of the project and it interrelationships with the social-economic environments. The determination of the effects of a project is always based on some more or less verified hypothesis. Meaningful project appraisal depends on a minimum of knowledge about the project process and the environment in which the project is supposed to functions"[2].

Project appraisal therefore is the analysis of all the facets of the project from its conception, execution to completion and its requirements and its possible outputs.

---

[2].N. Imboden: A Management Approach to Project Appraisal and Evaluation with special reference to Non Development Centres Studies.

2.4.1 PROJECT APPRAISAL PROCESS

Project appraisal methodology seeks to analyze the cost/benefit variables of a project. Where net benefits exceeds costs, the project is considered good and acceptable. Conversely, when computed possible benefits fall short of costs, the project is unacceptable. Also, the analysis seeks for some alternatives to the project. Sometimes the alternative proves better, the benefits are ranked according to the priority and net benefits. Various weight are developed for costs inputs and outputs. These weights make the application of quantitative techniques possible.

Projects are generally appraised based on social as well as economic considerations.

(a) Social Considerations:

Due to the increasing awareness of the need to consider the social desirability of projects, such questions like who benefits from the project, where such persons are resident, who the Project will adversely affect, the educational and training requirements of the project, the reliability of the management of the project, are usually asked and answers are sought.

(b) Economic Considerations:

Economic appraisals are aimed at determining the accuracy/impact of the variables to determine the project acceptability and or to determine the best alternatives.

These comes in form of financial analysis.

Sound appraisal methods are adopted to measure the economic worth of each investment project. The investment evaluation criterion must normally posses the following characteristics:

(i) Should provide a ranking order in terms of desirability.

(ii) Ability to distinguish between acceptable and unacceptable projects.

Financial analysis are based on the output of the project, the market price and current prices. They must consider the following projections:

(a) Income Statements.

(b) Cash flow statements and the balance sheet.

There area number of appraisal techniques given as follows:

SASHEL INSTITUTE

1. Average rate of returns (ARR).

This is calculated from accounting data, i.e. profits after tax. It is given as:

$$\text{ARR} = \frac{\text{Average profit after tax}}{\text{Average investment.}}$$

Average investment is got by adding up the profits during the life of the project and divide by the number of years in the project life.

As a decision criterion, the method accepts projects whose ARR are higher than the minimum rate established by the management and reject all those found below the minimum. It is also used for ranking of projects.

2. Pay back period.

The pay back period refers to the number of years it takes the organization to recover its original investment from the net cash flow. This is computed by dividing net investment by annual cash flow.

$$\text{Pay back period} = \frac{\text{NET INVESTMENT}}{\text{ANNUAL CASH FLOW}}$$

As a decision criterion, the pay back period should be less or equal to that set by management.

3. **NET PRESENT VALUE** (NPV)

This is the present value of cash flows less Net investment, discounted at a rate equal to the firms cost of capital.

The organization will earn a return equal to or greater than its required return if the NPV is greater or equal to zero. The higher the NPV of a project, the more attractive the project is to the firm.

4. **INTERNAL RATE OF RETURN** (IRR)

This is the rate of discount that causes the present value of cash inflows to just equal the net investment associated with that project. Since the present value of inflow is equal to the Net investment, the IRR is the discount rate that ensures the NPV is equal to zero. The interest is for the IRR to be equal to the cost of capital. This guarantees higher earnings than required returns.

The IRR is calculated as:

$$\text{IRR} = \frac{\text{NET INVESTMENT}}{}$$

CASH OUTLAY

5. BENEFIT-COST RATIONS (PROFITABILITY INDEX)

This measures the relative present value return per rate of investment.

It is give as:

$$\text{Profitability Index} = \frac{\text{Present Value of cash inflows}}{\text{Net Investment}}$$

It gives a rate of return per amount invested. If the ratio is greater than 1 (one the project is acceptable.

REFERENCES.

1. Adekanye, F. (editor). Banks and the Nigerian economy: seminar papers presented at the 17th Annual Banking Seminar of Nigeria Institute of Bankers.
2. Diaku, I. Industrial Financing in Nigeria, 1989. Longmans, Nig. Ltd.
3. Kane, A.J Development Banking: an Economic Appraisal (1970). D.C. Heath & Co., London.
4. Tariba, O. and Kayode. Industrial development in Nigeria: patterns, problems and prospects. 1977. Ibadan University Press.
5. Weston J.F. and Brigham, E.F. Essentials of managerial finance.
6. Mallam Ibrahim F. Okeji. Principles of finance (Notes, Questions and Answers) Unpublished.

CHAPTER THREE

3.1 PROJECT FINANCING IN NIGERIA

As may be expected, project financing in Nigeria does not differ significantly in process from what obtains elsewhere.

Perhaps the only distinguishing factor is the aspect of fiscal regulation as give by each country's Central Bank.

For instance, as mentioned in Chapter 2, the sectoral allocations are guide by Central Bank regulations.

The 1992 Budget specifically guided that fifty percent of finding be allocated to the sector made up of agriculture and manufacturing while the remaining fifty percent be made available to other sectors.

In Nigeria, the execution of any project is based on two principal parameters; namely the ability of the sponsors to provide, secure adequate funds to prosecute the project successfully, and the projected economic viability. That is in terms of yielding expected returns.

For institutions to commit funds into project financing therefore, officials have to appraise the propositions and determine their viability and rank them in order of priority.

After appraisal of the proposal, the project is recommended for financing. At this juncture the sponsor is made to contribute a certain percentage of the financing requirement. This is known as the owner' s stake or equity.

3.2 CONSTRAINTS TO INSTITUTIONAL PROJECT FINANCING IN NIGERIA

Financial institutions are intensely anxious to maximize their earnings from the provision of credit facilities and service to their customers. In view of this, therefore, for any project to attract financing, its viability and profitability are critically reviewed by the institution.

The reluctance of financial institutions to fund projects are however associated with the relatively higher degree of risk arising from some of the following constraints.

3.2.1 FINANCIAL:

(a) **Unattractive Financial Structure:** due to low per capita income and low level of saving resulting in low rate of capital build up, many people with bright project ideas can hardly contribute the owner's stake or equity to their project. No financial institution will finance the project one hundred percent.

(b) **Effects of Inflation:** The rate of inflation adversely affect project proposals. This is the fact that, prices especially of raw materials change at so rapid a rate that by the time the project secures funding, the initial proposal may fall short of cost.

(c) **Unrealistic (too optimistic) cash flow projections:**

Most project sponsor tends to over estimate the cash flow of their projects. This optimism leads to ambitious project expectations. Financial institutions will be reluctant to fund such ambitious and optimistic proposals.

Some proposals are so optimistic due to lack of adequate knowledge of the requirements of the project.

(c) **Credit guidelines:** As mentioned earlier the guideline given to the Banks by the Central Bank Limits the extent to which banks can go in financing projects.

(e) Sectoral Allocation: Like credit guidelines are determined by the fiscal policies of the country and are a times constraints to institutional financing of projects.

3.2.2 COMMERCIAL

(a) Poor Project Appraisal: The implication here is the application of non-economic and objective appraisal technique in evaluating a project.

(b) Poor and or Unrealistic Market Survey: Due to high professional fees and inadequate knowledge, may project sponsors tend to report unrealistic market survey in their project proposal.

3.2.3 INFRASTRUCTURAL

These include poor access roads to the site of the projects. This is so when the projects are located in rural areas.

Even when they are in urban areas, the incessant cuts and unsteady power supply affects the smooth progress of projects. This is seen as a constraint because it constitutes delays in execution.

Other infrastructural constraints are water shortages, poor communication system and poor drainage.

3.2.4 OTHER CONSTRAINTS:

A part from the foregoing it was discovered that some other factors constitute constraints to project financing. Among these are:

(a) Unproven management records of the sponsors of the projects.

(b) The status and integrity of the foreign partners.

(c) Loose technical or management agreement.

(d) Unavailability of skilled labour

(e) Wrong location.

(f) Political considerations.

(g) Inadequate security.

3.3 FINANCIAL INSTITUTION INVOLVED IN PROJECT FINANCING:

Financial institutions are business institutions with clearly definable finance business purposes. An institution is considered to be financial if it has financial or monetary relationship on each side of its balance sheet. [3]

Financial institutions basically, directly or indirectly supply a recognised form of money. Financial intermediation ensures the availability of funds for investment.

In Nigeria, there is a clearly discerning factor demarcating the financial sector into distinct categories, each offering a differentiated product/services to its customers – both borrowers and lenders.

The basic characteristic of financial institutions is that their assets consists primarily of financial instruments, a substantial portion of which represents intermediate or long term debt equity.

The distinct categories of financial institutions are (i) The banking institutions. (ii) Non bank financial institutions.

Projects are more generally financed by the banking sector.

473947

[3] L.C. Farwell (ed). Financial Institutions. P.12.

KASHIM IBRAHIM LIBRARY

That accounts for why special emphasis is placed on the banking institutions in the treatment of this study.

In the banking sector, three distinct categories can be identified.

These are the:

1. Commercial Banks.
2. Merchant Bank.
3. Development/Investment Banks.
4. Commercial Banks

These are the most prominent in the Nigerian baking sector. There are over thirty commercial banks operating in Nigeria. At the top of all these are:

(i) United Bank for Africa, established in 1948.

(ii) The First Bank established in 1894

(iii) The Union Bank established in 1917

Commercial banks are the most diversified in terms of assets and liabilities. They are generally more involved in financing short term projects.

1. Merchant Banks.

These are more recent in the Nigerian financial sector. They are involved in the financing of medium and long-term projects. Some merchant banking institutions are:

1. International Merchant Bank.
2. Continental Merchant Bank.
3. First City Merchant Bank.

And many others.

4. Development Banks.

These institutions provide funding for projects with long gestation periods. Apart from financing of the projects, development banks sometimes provide technical advices.

There are currently four federal government owned development banks. These are:

(i) Nigerian Industrial Development Bank (NIDB)

(ii) The Nigerian Agricultural and Co-operative Bank (NACB)

(iii) The Nigerian Bank for Commerce and Industry (NBCI)

(iv) The Federal Mortgage Bank (FMB).

3.4 DEVELOPMENT BANKING IN NIGERIA.

The evolution of development banking can be traced bank to the pre-independence era with the establishment of the first development institution know as the NIGERIAN LOCAL DEVELOPMENT BOARD (NLDB) in 1946. This board was charged with the responsibility of making loans and grants available to the then Native Authorities, co-operative bodies and other such public institutions as may approved by the Governor-in-Council for the prescribed development project.

With political development in the country, this board metamorphosed into Regional Development Institutions namely:

(a) The Northern Region Development Board

(b) The Western Region Development Board

(c) The Eastern Region Development Board.

(d) The Colony Development Board.

This development was to localize the activities of these boards with a view of ensuring effective planning for the development of their respective regions.

With the creation of more states, the economy experienced the formation of more credit/development institution. These were generally owned by the states.

A 1957 review of an earlier plan in 1952 to establish a Central Industrial Corporation led to the creation of the Investment Corporation of Nigeria (ICON) in 1959. The corporation that started operation with an authorized capital of N10 Million, and Federal Government Loan of N1 Million was short-lived.

It was reconstituted in 1964 to become ICON Securities and the Nigerian Industrial Development Bank (NIDB).

This thus makes NIDB the first of the existing Development Banks in Nigeria.

However, in 1973, two other development banks were established. These are: (I) The Nigerian Bank for Commerce and Industry (NBCI)

(ii) The Nigerian Agricultural and Commerce Bank.

1. The Nigerian Bank for Credit and Industry (NBCI)

This development bank was established by the federal government in May 1973 with a total capitalization of N50 Million. Out this, N10 Million was paid up by the time the company went into operation in October 1973. The equity capital was increased to N40 Million by 1976 and was jointly subscribed by the Federal Government (60%) and the Central Bank of Nigeria (40%).

The initial objective of establishing this bank was the provision of financing for indigenous enterprises and individuals so they can take advantage of the Nigerian Enterprise Promotion Decree of 1973.

The specific objectives are:

1. Provide equity capital and funds by way of loans to indigenous businesses, individuals and organizations for medium and long term investments in industry and commerce, at such rates and terms that maybe determined by the Board of Directors in accordance with the policy directed by the Federal Government.

The objectives were expanded to include:

2. Engage in all aspects of merchant banking particularly in the confirmation of bills and financing obligations or third parties, acceptance and discounting of bills.
3. Underwrite stocks, shares and debentures issued in furtherance of the policy of the Government.
4. Purchase and sell stocks and shares quoted on the Nigerian stock exchange.
5. Provide guarantees, including guarantees in respect of exports credit and letters of credits issued by licensed banks.
6. Accept term deposits from the public financial institutions, trust funds and other such organizations.
7. Provide cheque facilities to its customers.

The NBCI is also specifically to engage in investment Banking functions, as well as Commercial Banking.

The bank engages in project financing in three main ways:

(i) Equity participation.

(ii) Loans

(iii) A combination of Equity and Loans.

473947

The banks investment is spread across commerce and service industries, small scale industries and big projects in which the bank is a co – investor.

II Nigeria Agricultural and Commerce Bank (NACB).

The NACB with its headquarters in Kaduna was established in March, 1973 through the efforts of the Federal Government, and the World Bank. As the name suggests, the main focus is agriculture and rural development.

As stated in its memorandum and articles of association, the objectives include:

(1) To promote agricultural production and rural development.

(2) To improve the incomes and the quality of life of rural population.

(3) To finance agricultural production, storage, distribution and marketing.

(4) Granting, direct loans to individual farmers, co-operative societies and other such societies, provided the loan conditions are met, and the projects for which the loans are required are viable.

The bank grants two kinds of loan to clients:

(i) The direct loan to individual farmers and co-operative bodies with viable projects.

(ii) Indirectly to state government and/or its agencies for onward disbursement to farmers and other loan beneficiaries.

NACB is a development bank established with the sole objective of development agricultural production in Nigeria.

3.5 NIGERIAN INDUSTRIAL DEVELOPMENT BANK (NIDB)

3.5.1 History and Development

The NIDB was formed as a result of the reconstruction of the Investment Company of Nigeria (ICON) in 1964. The Icon was reconstructed into the ICON Securities and the Nigerian Industrial Development Bank.

NIDB thus assumed its current name and operation right from its inception.

The company is headquarters at the NIDB building on Broad Street, Lagos.

3.5.2 OWNERSHIP.

The Investment Company of Nigeria that metamorphosed into the NIDB and ICON Securities in 1964 was largely owned by foreigners, notably the British.

In 1967, the Federal Government of Nigeria bought over the shares of these foreigners to become the largest single shareholder.

At inception, the bank started operation with an equity base of N10 Million. By 1977, the equity had grown 4 times to N40 Million. This was increased in 1978 to N100 Million.

Despite this increase in equity, the ownership structure remained what it was in 1967, with the Federal Government being the largest share holder. The current ownership structure is given as below:

1.	Federal Government of Nigeria:	59.464%
2.	The Central Bank of Nigeria:	40.31%
3.	Other (Corporations and Nigerian Citizens)	0.23%
		100%

Source: NIDB Annual Report, 1990

This structure is quite different from what it was in 1964. At inception, 74% of the Bank was owned by the foreigners while 24% was owned by the Federal Government and public. Today NIDB is owned 100% by the Federal Government, the Central bank and Nigerian citizens. There is no foreign interest.

The equity of the bank, increased to N200 Million in 1983 and N400 Million in 1988, is however largely owned and controlled by the Federal Government.

Despite this tremendous effort at Nigerianisation of the equity share holding of the bank, the Federal Government still remain largely the highest share holder. In fact, the share capital owned by the Federal Government increased from 59% in 1989 to 59.46% in 1990. Also the share of the Central Bank increased from 40% in 1989 to 40.31% in 1990. The share of the public however decreased to 0.3% from 1%.

3.5.3 **OBJECTIVES OF NIDB**

As a development Bank, the objectives of the NIDB are specific and as given below:

(a) To attract both foreign and local investors to invest in both medium and long term investments in Nigeria.

(b) To discover new investment opportunities and attract investors to it.

(c) To help develop and finance new projects as proposed by investors.

(d) To assess and evaluate the economic viability of industrial projects from the technical, financial and economic points of view.

(e) To provide professional assistance to the client projects in area such as engineering. Accounting and managerial assistance.

(f) To closely liaise with states ministries of Finance and other institutions with similar responsibilities to aid development.

3.5.4. **THE ADMINISTRATION**

The Nigeria Industrial Development Bank has its headquarters and top management located in the NIDB Building on Broad Street. However, the operations are distributed into six administration area namely:

Area:		**HQ Location**
(i)	North-West Area Administration: States covered:, Kaduna, Kano, Kastina, Kebbi and Sokoto. Jigawa	NIDB House, 18 Waff Road, Kaduna.
(ii)	South-East Area Administration States covered: Abia, Akwa-Ibom Anamabra, Cross River, Enugu, Imo and Rivers.	NIDB House Asa Road/Constitution Crescent, Aba, Abia State.
(iii)	North-East Area Administration State Covered: Adamawa, Bauchi Bornu, Taraba and Yobe.	NIDB House, Maiduguri Road, Bauchi.
(iv)	South-West Area Administration States States covered: Delta, Edo Kwara and Ondo.	NIDB House, Owo Road, Akure.
(v)	Lagos Area Administration: States covered: Lagos, Ogun, Osun and Oyo.	Poatson House Oba Akran Avenue, Ikeja, Lagos.
(vi)	Abuja Area Administration:	Plot 611, Area 7,

ASSIST. DIRECTOR (LEGAL)

Abriba close

States covered: Abuja Mayority, off Tafawa Balewa Way
Benue, Kogi, Niger and Plateau. Garki Abuja.

This is a step further at decentralization than what obtained up to a year ago. Then there were only five area offices.

1. North West Area: with headquarters in Kaduna. The area was made up of Kaduna, Niger, Kano, Katsina, Jigawa, Kebbi and Sokoto States.
2. South-West Area: with headquarters in Akure, is made of Edo, Delta, Ondo, Kogi and Kwara States.
3. North-East Area: with the headquarters at Bauchi, the area was made up of Adamawa, Benue, Bornu, Bauchi, Plateau, Taraba and Yobe States.
4. South-East Area: the headquarters in Aba, the area was made up of Abia, Anambra, Akwa-Ibom, Enugu, Imo, Cross River and Rivers States.
5. Lagos Area, made up of Lagos, Ogun, Oyo and Oshun States.

The new arrangement created a new area administration at Abuja made up of Abuja Mayority, Benue (from North-East area). Kogi (from South-West), Niger (from North West) and Plateau (from North East).

The central administration of NIDB is headed by a Board of Directors. This is headed by the Chairman of the Board.

Reporting to the Board of Directors is the Managing Director, Chief Executive of the Bank.

Three Executive Directors work directly under the Managing Director. These are (i) The Executive Director, Banking, (ii) The Executive Director, General services and (iii) The Executive Director, Area Administration.

473947

(i) Banking Operations

The Executive Director in-charge of this section has, reporting to him, the General Manager, Banking. He in turn has three Assistant General Managers reporting to him. The Assistant General Managers are each in-charge of projects. Investment management, and Research Development.

The AGM Projects, in turn has two departments under him these are Apex Finance and the

Appraisal Department.

The AGM Investment Management runs the Investment Supervision Division.

While the AGM Research Development is in-charge of both Research Department and the Project Development Department.

(ii) General Services

The Executive director here also has a General Manager, General Service reporting to him. Under the General Managers are the Assistant General Managers in-charge of Administration and Finance, Manpower Development and Corporate Affairs. Under these AGMs are the Administration Department, Finance Department, Manpower Resources Department, the company's secretary Department, Public Relations and the Legal Department.

(iii) Area Administration

This section is also headed by the GM Area Administration, who also has the AGMs, Area Administration reporting to him.

All the area offices have Assistant General Managers running the affairs in their areas.

(Iv) In the organization structure are also the Computer Unit and the Internal Audit reporting to the Managing Director. Please refer to Appendix 1 for details of the structure.

The current administration of NIDB is made up of the following management staff.

1. Managing Director/Chief Executive.
2. Two Executive Directors – Banking, and General Services.
3. Three General Managers Commercial, Area Administration and Banking.
4. Twelve Assistant General Managers: Corporate Planning, Agro-Allied Division, North-West Area Administration, South East Area Administration, Internal Audit, Company Secretary/General Manger Legal, Chemical Division, Lagos Area Administration, Mining, Engineering and Construction Division, Training and Commercial.

The aim of dividing the country into area administration is the decentralization of operations and wider reach to the development areas. The area offices facilitate easier reach to project promoters who may not have access to the headquarters in Lagos.

The area offices are authorized to process financing proposal that do not involve more than N2.5 Million.

Proposals above N2.5 Million must be processed at the headquarters in Lagos.

3.6 **Financial Resources**

The Nigeria Industrial Development Bank like any other development banking organization

is concerned with the mobilization of domestic savings and directing them to the productive channels. To facilitate this, therefore, the bank has to have a strong financial this, therefore, the bank has to have a strong financial resources.

The NIDB financial resources can be classified into:

(a) The Internal Resource.

(b) The External Resource.

The Internal resources are made up of the share capital, reserves and undeclared dividends.

The External resources are made up of both domestic and foreign, short and long term loans.

3.6.1 **Internal Resources**

The statement of source and applications of funds for the year ended 31st December, 1991 is given below:

Table 3.1

SOURCE OF FUNDS

	1991	1990
	(N'000)	(N'000)
Profit before taxation	38,562	35,431
Adjustment for items not involving		
Movement of funds Depreciation	7,896	5,636
Profit on disposal of fixed assets	(45)	(3,937)
TOTAL FUNDS GENERATED FROM OPERATIONS	46,413	37,130
FUNDS FROM OTHER SOURCES	1991	1992
Exchange difference on loans	(14,950)	118,66
Proceeds of sale of fixed assets	123	4,926
Increase/ (decrease) in long term loans	324,755	197,948
TOTAL FUNDS GENERATED	**356,341**	**358,070**

APPLICATION OF FUNDS

Purchase of fixed assets	(17,560)	(11,055)
Purchase of leased equipment	-	-
Taxation paid	(4,918)	(2,000)
Dividends paid -		(8,936)
Increase in investments	(127,250)	(197,408)
Interest in subsidiaries assoc. co.	1,778	(5,426)
Increase in other assets	(33,155)	(11,040)
Increase in other liabilities	16,005	10,359
	(168,602)	132,294
NET INFLOW OF FUNDS	**187,739**	**225,776**

REPRESENTED BY:

MOVEMENT IN LIQUID ASSETS

Increase/ (decrease) in cash		
And short term funds	**187,739**	**225,776**

Source: NIDB Annual Report. 1991

The above is the presentation of funds generated internally and its application in the year ended 31st December, 1991. The right hand column gives a presentation of the same situation as at end of the previous year, 1990.

The bank generated a total of N356,341,000.00 internally in the year ended December 31st 1991 as against the total of N358,070,000 for 1990. This represents a decrease of N1,729,000.00 in the total fund generated from operations.

The financial position of the bank at the 31st December 1991 is presented as follows in Table 3.2.

Table 3.2

NIDB's FINANCIAL POSITION AS AT 31ST DECEMBER 1991

		(N`000)s	%
TOTAL ASSETS			
Made up of			
(i)	Cash and Short term funds	594,461	20.7
(ii)	Investments and loans	952,488	33.10
(iii)	Interests in subsidiaries & assoc. co.	27,925	0.97
(v)	Other assets	136,522	4.75
(ii)	Fixed assets	83,951	2.90
(iii)	Share capital	396,930	13.80
(iv)	Reserves	445,789	15.5
(v)	Current liabilities	238,075	8.28
		2,876,141	**100**

SHARE CAPITAL

Authorised 200,000,000 ordinary share At N2.00 each	N400, 000,000
Called up: 200,000,000 ordinary at N2.00 each	400,000,000
Less unpaid calls	3,070,000
Allotted:	N396, 930,000
Federal Govt. of Nigeria 59.46%	N236, 014,578.00
Central bank of Nigeria 40.31%	160,002,483.00
Others (corporations and Nigerian citizens) 0. 23%	912,939
	396,930,000

3.6.2 **EXTERNAL SOURCES**

As mentioned earlier the external, sources of NIDB's fund comprises of both domestic and foreign, short and long term loans. This is represented in Table 3.3. below.

Table 3.3 TERM LOANS AS AT DECEMBER 31ST 1991

CREDITOR		Repayable within 1 yr. (N'000)	%	More than 1 yr. (N'000)	%
(i)	IBRD	27,086	72.7	101,10 14.0	
(ii)	European Investment Bank	7,071	19.0	154,375	21.6
(iii)	ADB -			331,545	46.4
(iv)	11.75% Debenture stock	1,667	4.5	5,000	0.7
(v)	NERFUND Loan -			68,818	9.6
(vi)	CBN Small and Medium Scale Enterprises Loan	703	1.9	53,741	7.5
(vii)	Other local borrowing 742	2.0			
		37,269		714,583	

Source: NIDB Annual Report 1991

From Table 3.3 above, it is apparent that at the end of the year, NIDB has received loans from various sources. This totalled a sum of N762, 863,000.00. Out of this amount, a total of N37, 269,000.00 were short-term loan with maturity under one year. The remainder of N714, 583,000 were medium/long term loans with maturity over one year.

The single largest creditor in terms of short term is the IBRD, (N27, 086,000) while it represent the least medium/long term creditor from outside the country (N101,104,000.00).

The highest amount of loan was contributed by the African Development Bank (331,545,000,00), while the European Investment Bank granted a credit facility of N161,446,000.00 in both short term and medium/long term loans.

The sources of credit within the country include NERFUND (N68,818,000.00) CBN SME loan (N54,444,000.00) and other local sources (N742,000).

Source: NIDB Annual Export 1991

SASAKAWA IBRAHIM LIBRARY

38

3.7 PROJECT FINANCING IN NIDB

3.7.1 **General Policies**:

NIDB's financial assistance in only available to limited liability companies registered in Nigeria, in compliance with the provision of the Nigerian Enterprise Promotion Decree.

NIDB's financing of projects is generally in two forms.

These are:

(i) Equity participation.

(ii) Provision of loan facilities.

3.7.2 **Services Offered by NIDB**

The various services available to customers in NIDB include the following:

(a) Project promotion and development: Here the company participates either in equity or loan in the promotion and/or development of the project.

(b) Investment supervision: On commitment to the project, the company supervises the project until the full recovery on it's investment.

(c) Management consultancy and manpower development services are available to customers.

(d) Merchant Banking services area available through subsidiary companies like the ICON Merchant bank.

(e) Stock broking and equipment leasing business through ICON Stockbrokers and the Leasing Company of Nigeria (LECON).

However, the interest of this project is limited to the project financing functions of he bank.

NIDB has four department each in-charge of project appraisal, investment supervision, research and project development, all in the banking services Division. The departments responsible for project promotion and development provide assistance to the promoters of project in the development of such projects.

Most promoters tend to over simplify their problems and exaggerate the benefits of the projects in their project proposals. Most of this proposals may appear very attractive, but a cursory inspection may reveal insufficient preparation of the date and analysis. To help remedy this situation, therefore, NIDB helps prepare the feasibility studies, identifies suitable financial, technical and management partners for the prospective client.

Apart from limited liability organizations, NIDB provides financial assistance to some small/medium scale enterprises which, by their size, can make significant contribution to the

development of the Nigerian Economy.

The distribution of the area administration is aimed at providing these services to all parts of the country. However, the concentration of interest is directed more at less industrialised centres.

Perhaps it is essential to mention here that, NIDB's investment is limited to manufacturing, non petroleum mining and tourism. Other services industries are generally excluded, except if there is a prospect of manufacturing in the near future.

PRECONDITION FOR NIDB'S ASSISTANCE.

To qualify for NIDB financing assistance some basic consideration as below must be considered.

(a) The amount of loan required: NIDB is not interested in investment below N50,000.00 and also would not be exposed to up to 75% of the amount of project. Also it will not commit up to 15% of it's total paid up capital to one project.

(b) The duration of loan: just like any bank NIDB. Would be interested in the length of the period of the loan.

(c) The purpose of the project. The economic viability and it's total contribution to the development of the economy is very important to the bank.

(d) The ability of the borrower to repay: like any bank, loan recovery is very important to NIDB. The borrower must have collateral worth 1.5 times the amount of the loan required.

(e) Contribution of the borrower:

The equity contribution by the promoter of the project. This is important since the bank will not sponsor the project 100. The promoter is expected to contribute not less than 25 of the total capital needed for project.

(f) Commitment charges:

The bank charges a commitment fee of ¾ of 1% on the undisbursed part of the loan and this is payable in six months after date of acceptance of the offer, or from date of signing the loan agreement, whichever is earlier.

(g) Payback period:

A general moratorium on repayment of 12 months is granted from date of commission the project. The minimum amortization term is usually five years while the maximum period is fifteen years.

(h) Security.

This is the charge on fixed assets of the projects. Other collateral such as personal property or quoted stocks are acceptable. The value of the security offered is never less than 1.5 times the proposed loan.

3.8 PROJECT APPRAISAL PROCESS

The project appraisal procedure in NIDB starts immediately after the submission of the proposal. This involves visits of sights and verification of the information submitted.

The appraisal team usually comprises of:

(i) An industrial engineer.

(i) An investment executive.

(ii) An economist.

This team studies all aspects of the proposal, and makes a proposal to the investment committee who will review it and if considered satisfactory, recommends to the Board of Directors.

An appraisal and negotiation fee of ¼ of 1% of the amount of investment sanctioned by NIDB is charged to the client.

The appraisal process involves the following:

(a) The Market Situation.:

This strives to establish the market for the project. This determines who likely customers, competitors, available, possible market share. The general marketability of the product and the likely market reaction to the product are the point of interest here.

(b) Technical Aspects

The effort here is to determine the level of technology involved in the project, the necessary technical expertise need and the equipment that is required. NIDB also establishes the likely source of supply, the availability of spare parts. Availability of skilled personnel and source of technical personnel. The project is considered technically feasible when all these details are available and satisfactory.

(c) Management and Organization

Of interest to NIDB is the level of expertise of the client company. The competence of the management is of prime interest. For joint ventures, professional managers are usually involved. The exposure, experience, quality and capabilities of the management is usually critical analyses and any area of deficiency rectified.

The bank usually reserve the right to have a minimum of one seat on the board of the client company to ensure efficient management, especially where there is equity participation.

(d) Profitability and financial aspects.

The interest here is the recoverability of the invested funds. All the tests are carried out by the calculation of the pay back period, NPV, IRR the break-even analysis and all other ratios.

(e) Socio-Economic Dimension:

Here the interest is the socio-economic contribution of the project to its immediate environment and the economy as a whole. Of interest are the number of employment generated, the capital/labour ration and value added.

3.9 PROJECT SUPERVISION

As soon as fund disbursement starts, the relevant are administrations are contacted for the strict supervision and execution of the project.

The loan is usually disbursed directly to the suppliers to the project. Never directly to the client company, except in cases of re-financing of an earlier approved investment or re-reimbursement of costs incurred by the promoter on approved items of fixed assets that fall within the agreement.

The investment supervision continues until the loan is fully repaid.

3.10 PERFORMANCE AT PROJECT FINANCING 1982-1991

The object of this section is to look at the banks commitments at financing of projects for the last ten years. This section is necessary in that it highlights how much the bank has achieved its purpose.

The bank was established with the purpose of aiding development projects in order to aid the economic and industrial development of the country.

The bank has been in operation for 28 years now (1964-1992). It is pertinent to look at how it has so far performed.

However, due to lack of available records, the study is limited to the last ten years (1982-1991).

The period is also significant since it witnessed a lot of economic development both at home and abroad.

The period covered the era of the oil glut leading to a decline in the country's export earnings from oil exports. Since oil is the major foreign exchange earner for the country, and the economic development and thus, the operation of NIDB depends largely on availability of foreign exchange to finance the acquisition of machinery, equipment, and raw materials, etc., a decline in earnings from abroad represents significant phenomenon to NIDB.

The period under consideration also experienced world economic recession as a result of the oil glut. The effect of this was a decline in effective demand for goods and services, capacity under-utilization culminating in retrenchments and higher rate of unemployment, drop in the Gross Domestic Products (GDP).

The period also include the period of structural Adjustment Programme (SAP) with its attendant devaluation of the Naira and the discontinuance of the use of the import licence system.

SAP made foreign exchange readily available to importers.

This access to foreign exchange helped to improve capacity utilisation. But he higher exchange rate introduced by SAP increased the cost of imported inputs. This led to higher prices for local goods and a fall in real income and so a decline in effective demand.

Despite all these economic problem, the statistics of the pass ten years shows that NIDB had not faltered in striving to achieving its objectives.

This is represented in Table 3.4 below.

Table 3.4 NIDB SANCTIONS AND DISBURSEMENTS

JANUARY 1982 – DECEMBER 1991

			COST OF PROJECT			NIDB PARTICIPATION				DISBURSEMENT			
Year	No.of appl	No, of sanct.	Equity	Loan	Total	Equity	Loan	Total	% of cost	Equity	Loan	Total	Empl. gen.
1982	169	52	70.7	183.6	254.3	5.7	42.1	47.8	18.79	13.3	41.4	54.7	5787
1983	160	45	144.3	118.8	163.3	0.7	35.0	35.7	21.86	1.3	38.5	39.8	3657
1984	369	32	12.7	35.3	48.0	1.1	17.9	19.0	39.58	1.2	16.3	17.5	1309
1985	317	47	54.7	108.6	163.3	1.9	14.9	66.8	40.9	3.3	19.6	22.9	5317
1986	N/A	30	94.2	122.4	216.6	2.2	56.0	58.2	27.00	5.9	75.8	81.7	3963
1987	227	53	259.7	782.7	1042.4	6.3	391.5	397.8	38.16	1.5	108.4	109.9	11758
1988	240	21	153.8	402.8	556.6	3.3	168.0	171.3	31.0	4.5	84.1	88.6	6618
1989	337	16	46.9	293.8	340.7	3.5	120.1	123.6	36.28	17.6	217.3	234.9	838
1990	N/A	63	335.9	816.0	1151.0	7.9	62.8	63.6	5.53	6.2	214.6	220.8	8072
1991	N/A	46	425.5	870.0	1295.6	0.0	543.4	543.4	41.9	4.37	348.3	352.87	3758
TOTAL	1819	405	1598.6	3734.0	5231.6	32.6	1501.7	1527.2	29.19	59.17	1164.5	1223.67	44534

Source: NIDB ANNUAL REPORTS 1982-1991

Table 3.4 gives the details of the bank's involvement in projects in the last ten years. The period is between January 1982 to December 1991.

The Table shows the total applications received by NIDB within the period. The figures for 1986 and 1990 are not available, however, the record shows that the bank treated not less than 1819 applications within the period.

Out of the almost 2,000 applications treated, the bank gave sanctions for 405 projects, with a total cost of N5,231.8 Million. The Table shows the level of loans and equity participation. The loan participation within the period was N1,501.7 Million out of a total participation of N1,527.2 Million or 98.3% while equity participation was N32.6 Million or 1.7%.

The total NIDB participation is shown as N1,527.2 Million out of the Total project cost of

N5,231.8 Million or 29.19%.

The total disbursement, however does not equal the agreed participation. The disbursement stood at N1,223.6 Million as against the agreed N1,527.2 Million. This shows a shortfall of N303.6 Million. Due to one reason or the other the loans/equities were not fully disbursed.

It is observable that the bank favours loan participation as against equity. For instance in both participation and disbursement loan figures are larger than the equity figures.

This high concentration on loans could be as a result of the high project motivation of the bank. This is due to the fact that loans have fixed returns and may therefore be preferred to equity, especially where the projects are new. The loans are not disbursed in lump but are disbursed against evidence of equipment purchased or expenditure incurred and are usually secured by first on the company's fixed assets and a second charge on the floating assets.

The level of NIDB participation in these projects was widely distributed among the different sectors. This is represented in the Table 3.5 below.

TABLE 3.5

SUB-SECTORAL DISTRIBUTION OF SANCTIONS

JANUARY 1982 – DECEMBER 1991 (N'000)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	TOTAL
FOOD	2878.0	4129.0	1101.0	3380.0	32665.0	45029.8	18244.0	13742.9	91928.1	73267.15	286273.8
BEVERAGES	5900.0	5245.8	361.0	1870.0	-	4786..2	-	3766.0	55599.2	5484.0	83012.2
TEXTILES	16008.0	7172.2	-	25685.0	10473.8	2000.0	108597.0	4500.0	66147.0	140947.0	462904.2
LEATHER & FOOT WEAR	-	-	-	-	600.0	-	-	-	-	-	2600.0
WOOD .& FURNITURE	3001.2	1905.0	-	-	-	.	-	-	9130.0	668.9	14705.1
PAPER PRODS	1355.0	1350.0	15810.0	1370.0	55.0	21906.0	-	6017.0	54469.0	18260.0	106292.0
CHEM. & PETRO-CHEM	2878.0	1492.0	4255.0	18851.0	3150.0	62206.4	36924.0	9069.5	76822.2	172417.5	388064.6
RUBBER PRODS	500.0	-	-	-	4500.0-	48250.0	-	-	14230.2	2731.0	70211.0
CEMENT	-	-	-	-	-	-	-	-	-	34056.0	34056.0
GLASS, CLAY & STONE PRODS	5619.3	8203.0	793.0	-	-	10377.7	.	-	47351.2	0.0	72344.2
IRON & STEEL	-	-	-	5300.0	-	-	-	-	-	0.0	5300.0
METAL FABRICATION	1572.8	2105.9	2345.0	4920.0	1210.0	1411.3	2680.0	72598.0	17884.0	30225.0	136952.2

ELECTRONICS, ELECTRICAL APPLIANCES	1099.0	250.0	-	-	-	37707.0	3000.0	-	28132.0	0.0	69188.0
TRANSPORTATION EQUIPMENT	-	230.0	-	500.0	-	-	-	-	7960.0	10438.0	19128
MINING & QUARRYING	-	-	-	39.6	4.4	-	-	5735.0	6649.0	8076.0	20460
HOTEL & TOURISM	-	1500.0	2319.6	-	5622.0	.-	-	5106.0	3405.0	4222.0	22174.6
MISC.	7054.0	2160.0	6332.0	4650.0	.	67926.2	1885.0	3036.0	157706.8	42583.6	293633.4
TOTALS	47866.1	35742.9	18925.0	66826.0	.58275.8	384973.8	171334.4	123570.4	636413.5	543375.0	2087298.5

Source: NIDB Annual Reports, 1982 – 1991.

Table 3.5 shows the sub-sectoral distribution of sanctions given within the period 1982-1991.

It shows that the bank gave sanctions worth up N2,087,298,500.00 within the period. (Over N2 Billion). Of all these, the textile sub-sector enjoyed the highest sanctions with N462,904,200.00 or 22.17%. This was closely followed by the chemical and petro-chemical products with a figure of N388,064,600 or 18.59%. The food sub-sector enjoyed the third position in sanctions with in figure of N286,273,800 or 13.7%.

Some other sub-sectors like Footwear and Leather Products enjoyed as little as N2600,000 during the ten years period. Iron and steel sub-sector did a little better with N5,300,000.

However, the distribution of sanction among the sub-sectors does not actually represent the distribution of disbursements.

The actual disbursements are given in Table 3.6 below.

473947

Table 3.6 SUB-SECTORAL DISTRIBUTION OF DISBURSEMENTS

JANUARY 1982 – DECEMBER 1991. (N`000)

	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	TOTAL
FOOD	6214.5	954.8	808.1	1848.2	3750.4	5731.8	2013.7	14512.0	29601.9	113097.7	178515.1
BEVERAGES	.9921.9	2098.8.	3188.0.	.4254.4	.12844.2	.2698.2	1406.7.	6136.3.	3480.1.	7044.0.	53072.6.
TEXTILES	.2709.5	7431.9.	224871.6.	5108.9.	43054.7.	46482.4.	44427.4.	78096.0.	59032.5.	64960.1.	373782.0.
LEATHER & FOOT WEAR	119.2	.0.3	47.0.	12.3.	1.2.	96.5.	51.2.	506.8.	164.0.	-.	998.5.
WOOD .& FURNITURE	.1649.0	109.8.	-.	176.3.	176.3.	64.9.	21.9.	104.7.	9.9.	7951.5.	11522.0.
PAPER PRODS	.701.3	3278.0.	560.4.	1617.0.	1293.1.	3871.3.	2480.9.	31435.8.	10606.2.	15465.7.	71309.7.
CHEM. & PETRO-CHEM	.2072.1	4894.3.	4255.2.	3907.8.	7919.1.	19256.2.	21547.4.	12652.0.	22752.1.	43085.2.	139188.3.
RUBBER PRODS	.-	-.	-.	-.	-.	626.7.	268.0.	49101.5.	16905.2.	26453.9.	93355.3.
CEMENT	.-	-.	-.	-.	-.	-.	-.	-.	-.	24196.5.	24196.5.
GLASS, CLAY & STONE PRODS	.8852.1	4012.9.	494.6.	379.7.	1069.2.	1352.1.	2029.9.	14962.0.	7112.5.	4745.8.	45010.8.
IRON & STEEL	.-	283.6.	102.8.	-.	4.1.	3199.3.	-.	15.7.	104.7.	0.9.	3711.1.
METAL FABRICATION	.3545	2089.3.	739.8.	1231.1.	4911.7.	4603.1.	1456.2.	14631.8.	12598.0.	10157.0.	55963.1.
ELECTR	.275.3	50.9.	126.6	67.1	1.3	2380.0	44.7	1765.7	26056.	3437.3	34206.8

ONICS , ELECTRICAL APPLIANCES									9		
TRANSPORTATION EQUIPMENT	.-	224.2	8.3	-	500.0	2926.2	-	1629.0	3730.5	5000.0	14018.2
MINING & QUARRYING	-	-	-	39.6	4.4	-	-	-	8.0	4586.6	4638.6
HOTEL & TOURISM	14699.9	12662.1	6663.3	2563.8	318.8	9015.6	2882.1	909.1	3342.4	82.9	53140.0
MISC.	8983.3	1758.1	796.1	1348.9	5900.8	7614.1	10003.0	8482.7	25289.5	22652.6	92829.1
TOTALS	54743.0	39849.8	17539.7	22914.2	81740.3	109918.4	88633.1	234960.0	220794.0	352899.7	1223992.2

SOURCE: **NIDB Annual Reports, 1982-1991.**

The total disbursements for the ten year period amounted to N1,223,992,200 or 58.6% of total sanctions.

Table 3.6 gives the breakdown of these disbursements. It is obvious from the Table that the manufacturing sector enjoys the highest in disbursements. However, except in 1991, no cement project was sponsored during the ten years.

The high disbursement received by Hotel and Tourism subsection was due to development of the Federal Capital Territory at Abuja.

As to be expected, the textile sub-sector received the highest in disbursements. This was 80.7% of Sanction and 30.5% of total disbursements.

The Food sub-sector received 14.6% of total disbursements, though 13.7% of total sanctions was for the sub-section. The total disbursement was 62.3% of total sanctions.

The Footwear and Leather Products sub-sector expectedly expected because it also

KASHIM IBRAHIM LIBRARY

received the least sanctions.

In furtherance of its attempt to spread the distribution of projects in the country and encouragement of even development the bank attempts to distribute the sponsorship of projects to all the states.

Refer to Table 3.7 for state distribution of NIDB assisted projects within the last one year. January 1991 – December 1991.

Table 3.7

STATE DISTRIBUTION OF NIDB DISBURSEMENTS

(JANUARY – DECEMBER 1991) (Value in N'000)

State	No. of Projects	Equity	Loan	Total	% of Total
1 Abia	1	-	6,057.8	6,057.8	1.7
Adamawa	1	-	0.4	0.4	0.0
Akwa Ibom	1	-	94.1	94.1	0.0
Anambra	6	1	9,487.9	9,487.9	2.7
Bauchi	4	-	23,769.7	23,769.7	6.8
Benue	1	-	4,196.5	4,196.5	1.2
Bornu	1	-	19.1	19.1	0.0
Cross-River	-	-	-	-	-
Delta	3	-	46,773.0	46,773.0	13.3
Edo	5	-	7,462.1	7,462.1	2.1
Enugu	2	-	852.6	852.6	0.2
Imo	8	-	22,388.9	22,388.9	6.3
Jigawa	-	-	-	-	-
Kaduna	8	1	14,101.0	14,101.0	4.0
Kano	5	-	11,385.0	11,385.0	3.2
Katsina	2	-	91.2	91.2	0.0
Kebbi	-	-	-	-	-
Kogi	1	-	24.2	24.2	0.0
Kwara	9	-	9,750.6	9,750.6	2.8
Lagos	24	274.0	148,726.9	149,000.9	42.2
Niger	6	4,000.0	4,893.6	8,893.6	2.5
Ogun	8	97.0	12,062.8	149,000.9	3.4
Ondo	11	-	11,181.4	8,893.6	3.2
Osun	1	-	9,162.3	12,160.3	2.6
Oyo	8	-	461.6	11,181.4	0.1
Plateau	3	-	978.0	9,162.3	0.3
Rivers	-	-	-	461.6	-
Sokoto	1	-	21.0	21.0	0.0
Taraba	-	-	-	-	-

Yobe	1	-	4,586.5	4,586.5	1.4
FCT Abuja	-	-	-	-	-
	121	4,371.5	348,528.2	352,899.7	100.0

Source: NIDB Annual Report, 1991.

REFERENCES

1. Adekanye, F. (ed.) Banks and the Nigerian Economy: Seminar paper presented at the 17th Annual Banking Seminar of the Nigerian Institute of Bankers.
2. Diaku, I. Industrial Financing in Nigeria. Longmans Nig. Ltd., 1989.
3. Kane, A.J. development of Banking: an economic appraisal D.D. Heath and Co., London, 1970.
4. Okigbo, P.N.C. Nigeria's Financial System and Structure. Longman's, London, 1982.
5. Onoh, J.K. Money and Banking in Africa. Longmans Nig. Ltd., 1982.
6. Olasusi, F. Introduction to Banking. Evans Brothers Nig. Ltd., 1982.
7. Nwankwo, G.O The Nigerian Financial System. Macmillan Press, Hong-Kong, 1980.
8. NIDB Annual Reports, 1982-1991.

CHAPTER FOUR

4.0 DATA PRESENTATION AND ANALYSIS

This Chapter intends to present the data gathered from sources during the course of the investigation. The analysis are in view of determining the extend to which NIDB has contributed to project development and financing in Nigeria.

A number of issues are considered from the questionnaires and the analysis of the responses is done in relation to these issues.

A total of 70 questionnaires were administered to a random sample of NIDB client companies in Kaduna, Kano, Benue and Lagos States.

A total of 45 questionnaire (64.28%) were duly filled and returned while 25 (35.72%) were not returned.

The responses are analyzed and presented in cross tabulation pattern for effective understanding.

4.1 OWNERSHIP PATTERN

The questionnaire was intended to determine the ownership structure of the client companies of NIDB. The view of interest here is to verify the extent to which they are owned by Nigerians and to what extend was owned by foreigners.

This is shown as in the Table 4.1 below.

Table 4.1

OWNERSHIP STRUCTURE OF NIDB ASSISTED PROJECTS

Ownership	No. of Respondents	%
Wholly Nigeria	25	55.67
Nigerian controlled	15	33.3
Foreign controlled	5	11.1
Total	45	100

Source: The Questionnaire

The Table 4.1 above indicates that 55.6% of the projects are wholly owned by Nigerians: 33.3% controlled by Nigerians and 11.1% were controlled by foreigners.

This indicates that 88.9% of the respondent companies are owned or controlled by Nigerians.

4.2 AWARENESS OF ACTIVITIES OF NIDB

This section of the survey sought to determine the level of awareness of NIDB. It sought to determine how people get to know about NIDB and is activities. See Table 4.2.

Medium	No. of Respondents	%

Through Friends	5	11.1
Through NIDB Officials	14	31.1
Through Journals & Mass Media	26	57.8
Total	45	100

Source: The Questionnaire

The above indicates that most of the customers got to know of NIDB from the pages of newspapers, journals and magazines. Also, a good percentage got to know of the bank through the efforts of the officials of the bank. Put together, these two sources represent about 80% of the media through which people got to know of NIDB. This may be due directly to the decentralisation of the administration of the bank to area officers.

4.3 Sectional Distribution

This section of the questionnaire is intended to determine sectional distribution of NIDB assistance. The sections are manufacturing mining/quarrying, commerce and tourism.

The response is indicated as in the Table below.

Table 4.3

Section	No. of Respondents	%
Manufacturing	35	77.8
Mining/Quarrying	2	4.4
Commerce	0	0
Hotel/Tourism	8	17.8
Total	45	100

Source: The Questionnaire

Here again, manufacturing accounts for over 77%, followed by Hotel/Tourism at 17.8%. This means that manufacturing is of higher interest to the bank.

4.4 NIDB LOAN PROCEDURE:

The investigation of this section is intended to ascertain the adequacy of the loan procedures, the length of time it took to process.

Table 4.4

Comments on Procedure	No. of respondents	%
Satisfactory	25	55.5
Unsatisfactory	10	22.2
Very difficult	3	6.7
No. Comments	7	15.5
Total	45	100

The Table indicates that 55.5% of the 45 respondents find the procedure satisfactory while 22.2% are not satisfied. 15.5% made no comments. While 6.7% find it very difficult. The higher percentage of the customers therefore find it satisfactory.

4.5 ATTITUDES OF NIDB OFFICIAL

This section of the questionnaire rate the clients' opinions of the officials and their attitude towards clients. They are classified as very professional, co-operative, uncooperative and very bureaucratic.

Table 4.5 ATTITUDE OF NIDB OFFICIALS

Opinion rating	No. of Respondents	%
Very professional	15	33.3
Very professional	10	22.2
Co-operative	15	33.3
Uncooperative	5	11.1
Total	45	100

Source: The Questionnaire

The Table indicates the 33.3% of the respondents believe the officials of NIDB are professionals and 33.3% also find them co-operative. This means 66.6% would find then satisfactory while the remaining 33.3% find them uncooperative or bureaucratic.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 CONCLUSION

From the study of journals, annual reports and general information on the performance of NIDB in the area of project financing, it is easy to come to the following conclusions.

(a) NIDB invests not less than N50,000.00 in a project, and at the same time does not expose itself up to more than 75% of the total project cost, or more than 15% of its own paid up capital.

(b) The bank is more interested in granting loans than in equity participation.

(c) The bank invest more in the manufacturing section than other sections.

(d) NIDB is statutory barred from investing in the service industry.

(e) The NIDB loan conditions, for instance the bank requires than the promoter must have collateral worth 1.5 times the amount of loan being sought. This condition is a deterrent to loan application.

(f) The bank does not disburse funds in lump sum, and not directly to the client. The disbursements are done to the suppliers and on production of evidence of expenditure.

This way funds can not be diverted to other uses. It is generally acknowledge that the availability of financial capital for project development is a prerequisite for the development transformation of any nation's economy.

Since the provision, and management of this scare resources is best facilitated by financial institution, it follows that these banks have the responsibility of making their vast financial resource available for financing and development of project. This is in view of the fact that the economy is characterised by low saving propensity, which is occasioned by low per capital income, the disparities in the distribution of the meagre income and wide variations in the saving propensities of these different levels. This in turn hampers capital growth. However, financial institutions, in view of the role they need to play in project financing, have to be more involved in this area of development. Since no project succeeds without financial banking, many project ideas that could have contributed to the development of the economy are thrown away since the sponsors could not raise financing. In view of this fact, a higher level of involvement by financial institutions is desirable.

NIDB as the largest and the foremost development bank in the country has played a leading role in project financing. The contribution of this bank can not easily be discounted as it has been enormous. The bank has been able to distribute its activities through it's area offices to all parts of

the country. It is commendable that the role of provision of financing for projects have been effectively played by NIDB.

5.2 RECOMMENDATIONS

Having taken a survey of the level of participation of financial institutions in project financing in Nigeria, one can not fail to appreciate their level of contribution.

However, given the low per capita income situation, and the difficulties in capital formation as it obtains in the country, one can not but recommend a still higher level of participation by the financial institutions.

The loan conditions as demanded by some banks are too stringent. For instance the NIDB condition that he client must have the value of 1.5 times the value of the loan in form of collateral, discourages many new proposals.

Also NIDB's insistence on dealing only with limited liability companies does not encourage individual investment, or contribution to investment.

Banks are expected to play a more dynamic role in project financing. The magnitude of private sector investment can not be left to private developers alone. It is the sole role of the financial institutions to mobilise savings and channel them into loanable funds.

In view of this, banks and other financial institutions are better placed to:

(a) Promote the savings habits in the most elementary units of the economy, and thus encourage capital formation.

(i) Estimate the credit requirements of projects and adequately fund it, the alternative is still-birth projects or the promoters go to money lenders. The effect of this is a higher cost of the projects.

(ii) Identify more project, research the feasibility and recommend these to both foreign and domestic investors.

BIBLIOGRAPHY

1. Adekanye, F. (ed.) Banks and the Nigerian Economy: Seminar paper presented at the 17th Annual Banking Seminar of the Nigerian Institute of Bankers. Pp. 18-21; 65-69.
2. Diaku, I. Industrial Financing in Nigeria. Longmans Nig. Ltd., 1989. Pp. 5-10; 35-45.
3. Francis, O. Okafor. Investment Decision, Evaluation of Projects and Securities. Cassell Ltd. London, 1983. pp. 10-25
4. Harlander, H. and Merger D. Development Banking in Africa. Seven Cases. 1970. pp. 3-15.
5. Horne, J.C. Van. Financial Management and Policy. Prentice-Hall Inc., Englewood Cliffs, N.J., 1980. pp. 10-15; 115-130
6. Kane, A.J. Development of Banking; an Economic Appraisal. D.C. Heath and Co., London, 1970. pp. 14-18; 25-30
1. Loring, G. Farwell (ed.) Financial Institutions. Pp. 3-15.
2. Nwankwo, G.O The Nigerian Financial System. Macmillan Press, Hong-Kong, 1980. pp. 3-20.
3. Ogundipe, S.O. Merchant Banks in Nigeria's Economic growth. Central Bank of Nigeria. Bullion, 1979. Pp.8-18.
4. Okeji, M.I.F. Principles of Finance (Notes, Questions and Answers) Unpublished. Pp. 95-120.
5. Okigbo, P.N.C. Nigeria's Financial System and Structure. Longman's, London, 1982. pp.3-35
6. Olasusi, F. Introduction to Banking. Evans Brothers Nig. Ltd., 1982. Pp .3-20.
7. Onoh, J.K. Money and Banking in Africa. Longmans Nig. Ltd., 1982. pp. 30-40.
8. Polakoff, M.E. and others. Financial Institutions and Markets. pp. 5-25
9. Weston, J.F. and Brigham E.F. Essentials of Managerial Finance. Holt, Rinehart and Winston, London, 1979. P.85-125

Appendix - II

DEPARTMENT OF BUSINESS ADMINISTRATION

AHMADU BELLO UNIVERSITY ZARIA

Q U E S T I O N N A I R E

TOPIC: INSTITUTIONAL FINANCING OF PROJECTS IN NIGERIA. A CASE STUDY OF NIDB.

(1) Please tick in the box provided for any chosen

(2) You can write on extra sheet if the space provided is not sufficient.

PART A

1. Name of Company; .....
2. Registered Office .....
3. Is the Company Incorporates? ☐ Yes ☐ No
4. If "Yes" State Year of Incorporation 19 .....
5. What is the Nature of the Company's Business .....

   .....

   .....
6. What was the Business of the main Shareholders before Incorporating the Company?

   .....

   .....
7. When did the company Start Commercial Operation? .....

   .....

   .....
8. What is/are the Company's Main Products? .....

   .....

   .....
9. How many workers are employed in the company? Please state as follows:

   Skilled..... Unskilled.....

   Expatriates.....

   Nigerians .....
10. What is the Authorised Share Capital of the Company .....

    .....

.....

11. Who are the Shareholders?

☐ Wholly Nigerian ☐ Nigerian & Foreigners

12. If it is a joint venture, what I percentage of the share are held by Nigerians.....

13. Are the Shares Fully paid-up? ☐ Yes ☐ No

14. What is your Networth as at now, please indicate as follows:

Paid-up Capital .....

Retained Reserves

.....

15. What are your total assets as at now?

Fixed

Assets.....

Current

Assets.....

PART B

16. Who are your Bankers other than NIDB? .....

.....

.....

17. How long have you been banking with them?

☐ One Year ☐ Two Years ☐ More than Two Year

18. Have you enjoyed any loans form these other banks?

Yes ☐ No ☐

19. If Yes, what type of loan? ☐ Overdraft ☐ Short term loan

☐ Long-term loan

20. How Long have you been enjoying such loans

☐ One Year ☐ Two Years ☐ More than Two Year

21. What is the rate of interest

.....

PART C

22. How did you know of NIDB

☐ Through friends

☐ Through Advertisement

☐ Through the Officials of NIDB

23. If ever applied for NIDB loan, for what purpose did you apply for the assistance?

☐ Manufacturing ☐ Mining/Quarrying

☐ Commerce ☐ Tourism/Hotel

24. Did you get the loan? ☐ Yes ☐ No

25. If yes how much was the loan?.....

and the Rate of Interest?

26. If no, why was the loan not given to you? .....

.....

.....

27. How much time did it take NIDB to process your application? 6 Months

☐ 1 Year ☐ Over 1 Year ☐

28. What is your opinion about the Rate Interest? .....

.....

.....

29. What is your view about NIDB Loan Procedure? .....

☐ Satisfactory ☐ Unsatisfactory ☐ Very Difficult

30. If the procedure is not satisfactory what aspects of the procedure do you feel dissatisfied with? Please comment

.....

.....

.....

.....

31. Can you make suggestions for improving NIDB Procedures?

.....

.....

.....

.....

.....

.....

KASHIM IBRAHIM LIBRARY

32. What are your view about the officials of NIDB

☐ Very Professional ☐ Unco-operative

☐ Very Bureaucratic ☐ Co-operative

33. Comment on your; choice in question 35 above .....

.....

.....

.....

.....

.....

.....

.....

PART D

34. What is your attitude towards borrowing in general? .....

.....

.....

.....

.....

35. What other source/sources do you think you can obtain

Loan from? ☐ Commercial Bank ☐ Merchant Bank

☐ Investment Bank Private Lenders

☐ Insurance Companies ☐

36. What are your future financial plans for the nest five years please state the amount required if possible .....

37. What do you need the funds for?

☐ Expansion ☐ Diversification

☐ Replacement of Machines Renovation ☐

38. Where do you hope to get the funds from?

☐ NIDB ☐ Commercial Banks ☐ Merchant Bank

☐ Company Reserves ☐ Insurance Companies

39. Why do you prefer the source in question 38 above?

.....

.....

.....

Thank you very much for your co-operation.

ORGANISATIONAL CHART

NIGERIAN INDUSTRIAL DEVELOPMENT BANK

