

**AGRICULTURAL CREDIT GUARANTEE SCHEME FUND
DECREE 1977**



ARRANGEMENT OF SECTIONS

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of the Fund*

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SCHEDULE

AGRICULTURAL PURPOSES

Decree No. 20

[8th March 1977] Commence-
ment.

THE FEDERAL MILITARY GOVERNMENT hereby decrees as follows :—

Establishment and Management of the Fund

1.—(1) There shall be established a fund to be known as the Agricultural Credit Guarantee Scheme Fund (hereinafter referred to as “the Fund”) for the purpose of providing guarantees in respect of loans granted for agricultural purposes by any bank in accordance with the provisions of this Decree.

Establish-
ment of the
Fund, etc.

(2) The guarantees to which subsection (1) above relates are guarantees in relation to the repayment of the interest and principal of the loan.

(3) The reference in this section to agricultural purposes is a reference to any of the purposes set out in the Schedule to this Decree.

(4) The Commissioner may by order published in the *Gazette* add to, delete from or otherwise vary the provisions of the Schedule to this Decree

Establishment of the Board.

2.—(1) The Fund shall, subject to section 4 of this Decree, be managed by a body to be known as the Agricultural Credit Guarantee Scheme Fund Board (hereinafter referred to as "the Board") which shall be a body corporate with perpetual succession and a common seal and may sue and be sued in its corporate name.

(2) The Board shall comprise—

(a) four persons appointed by the Commissioner, one of whom shall be designated Chairman ; and

(b) two representatives of the Central Bank.

(3) The quorum for meetings of the Board shall be four of whom at least one shall be a representative of the Central Bank.

(4) The Board shall meet not less than four times in each year and on such other occasions as the Board may consider necessary.

(5) At any meeting of the Board the Chairman shall preside ; but if he is absent, the members present at the meeting shall appoint one of their number to preside at that meeting.

1964 No. 1.

(6) Subject to the provisions of the Interpretation Act 1964 (which provides for decisions of a statutory body to be taken by a majority of its members and for the person presiding to have a casting vote), the Board may make standing orders regulating its proceedings or any sub-committee thereof.

(7) Where the Board desires to obtain the advice of any person on a particular matter, the Board may co-opt him as a member for such period as it thinks fit ; but a person who is a member by virtue of this subsection shall not be entitled to vote at any meeting of the Board and shall not count towards a quorum.

(8) There shall be a Secretary to the Board who shall be an official of the Central Bank designated as such and the secretariat of the Board shall be located in the Central Bank.

(9) The administrative expenses of the Board shall be borne by the Federal Military Government.

Power of the Commissioner to give directions.

3. The Commissioner may give the Board directions of a general character or relating generally to particular matters with regard to the exercise by the Board of its functions under this Decree and it shall be the duty of the Board to ensure that the directions are complied with.

Appointment of managing agent.

4.—(1) The Commissioner may appoint for such period as he may deem fit any person (whether corporate or unincorporate) as the managing agent for the administration of the Fund and any person so appointed shall act in accordance with any general or special directions as may from time to time be given by the Board.

(2) The Central Bank shall be deemed to have been appointed as the managing agent for the purposes of subsection (1) above and the appointment shall have effect for such period as the Commissioner may direct.

(3) Any person appointed as the managing agent pursuant to this section shall be remunerated from moneys provided for that purpose by the Federal Military Government upon such terms as the Board, with the approval of the Commissioner, may determine.

Financial Provisions

5. The Fund shall consist of the sum of one hundred million naira which shall be paid as soon as may be after the establishment of the Fund and shall be contributed—

Amount to be paid into the Fund.

(a) as to 60 per cent, by the Federal Military Government ; and

(b) as to 40 per cent, by the Central Bank.

6.—(1) The maximum liability of the Fund in respect of any guarantee given pursuant to this Decree shall not exceed 75 per cent of the specified loan, being—

Limits of liability of the Fund in respect of guarantees.

(a) in the case of a loan granted to any individual, any sum up to but not exceeding ₦50,000 ; and

(b) in the case of a loan granted to a co-operative society or a corporate body, any sum up to but not exceeding ₦1,000,000.

(2) For the purposes of this section, loan means the principal loan and the interest thereon.

7.—(1) Applications for guarantees under this Decree shall be made to the Board by the bank concerned following a request for a loan made to that bank and such applications shall be in such form as the Commissioner may prescribe.

Applications for loans and for guarantees, etc.

(2) Where for any reason any request for a loan for the purposes of this Decree is rejected by any bank the bank shall give reasons therefor to the person making the request and shall specify what steps should be taken by the person to enable him to comply with the bank's requirements.

8. Every agreement for a loan in respect of which a guarantee is to be given under this Decree shall be in such form and upon such terms and conditions as the Commissioner may approve.

Form and terms of loan agreement.

9. The rate of interest payable on a loan granted pursuant to this Decree shall be as may be directed by the Commissioner.

Rate of interest.

10. Security required by a bank for the purpose of any loan under this Decree may be one or more of the following, that is to say—

Forms of security.

(a) a charge on land in which the borrower holds a legal interest or a right to farm, or a charge on the crops on such land ;

(b) a charge on the movable property of the borrower ;

(c) a life assurance policy, a promissory note or other negotiable security ;

(d) stocks and shares ;

(e) a personal guarantee ;

(f) any other security acceptable to the bank.

Safeguard
in respect
of certain
loans.

11. Where a loan or any portion thereof, in respect of which a guarantee is to be given under this Decree, is to be applied to the purchase of livestock, machinery or farming equipment, the loan or portion thereof, as the case may be, shall not be paid to the borrower but shall instead be paid by the bank directly to the supplier who shall furnish the bank with a copy of the delivery note or other document in evidence of the delivery of the livestock, machinery or farming equipment to the borrower.

Recovery of
outstanding
loan, etc.

12.—(1) Where there has been a default in the repayment of the interest or principal of any loan guaranteed under this Decree the bank concerned shall in the first instance endeavour to recover the amount outstanding from the borrower or his sureties, if any, and may for that purpose dispose of any security obtained in respect of the loan.

(2) Where any part of the interest or principal remains outstanding after the steps specified in subsection (1) above have been taken, or where the recovery of any amount outstanding is impracticable, the bank may apply, in the prescribed form, to the Board for payment and the Board shall, in accordance with the terms of the guarantee, settle the claim.

Loans to be
applied for
purposes for
which made,
and offences.

13.—(1) No loan granted pursuant to this Decree shall be applied to any purpose other than that for which the loan was granted.

(2) Any person who applies any loan granted pursuant to this Decree in contravention of subsection (1) of this section shall be guilty of an offence and shall be liable on conviction to a fine of an amount not less than the amount of the loan in respect of which the offence was committed or to imprisonment for not less than five years.

(3) Where an offence under this section committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of any director, manager, secretary or other similar officer of the body corporate (or any person purporting to act in any such capacity) he as well as the body corporate shall be deemed to be guilty of the offence and may be proceeded against and punished accordingly.

Miscellaneous and Supplementary

Rules and
publication
thereof.

14.—(1) The Commissioner may make rules with respect to any of the following matters, that is to say—

(a) form of application for loans and for guarantee of loans under this Decree ;

(b) terms, conditions, rates of interest, fees or administrative charges in respect of loans ;

(c) form of application for repayment of outstanding loan under any guarantee and other matters connected therewith ;

(d) any other matter that may be incidental or supplemental to any of the above matters.

(2) It shall not be necessary for any rules made by the Commissioner under this section to be published in the *Gazette* but where the provisions of any rules may affect the interest of any person the Board shall bring any information contained thereunder to the notice of the person affected in such manner (including publication thereof in the *Gazette*) as the Board may deem necessary.

15. All legal proceedings of a civil nature arising from the failure of any borrower to repay a loan granted by a bank and guaranteed under this Decree or arising from any matter pertaining to any guarantee given pursuant to this Decree shall be instituted and conducted by or against the Board.

Legal proceedings.

16. Moneys in the Fund which may at any time be surplus to the current needs of the Fund may be invested in such securities as may from time to time be approved by the Commissioner.

Investment of surplus moneys in the Fund.

17.—(1) The managing agent shall keep separate accounts in respect of moneys forming part of the Fund and proper records in relation thereto and shall prepare annually a statement of accounts in such form as the Commissioner may direct.

Accounts and audit.

(2) For the purposes of subsection (1) above, the financial year of the Fund shall be from 1st January to 31st December of every year or such other period as may be determined by the Board with the approval of the Commissioner.

(3) The accounts of the Fund shall be audited annually by such person and on such terms as the Commissioner may direct.

18.—(1) It shall be the duty of the managing agent to prepare and submit through the Board to the Commissioner, not later than three months after the end of each financial year, a report which shall be in such form as the Commissioner may direct.

Annual reports.

(2) The report shall include the audited accounts of the Fund in respect of the period in question together with the auditor's report on the accounts and shall be presented by the Commissioner to the Federal Executive Council so soon after receipt thereof as may be convenient.

19. In this Decree, unless the context otherwise requires—

Interpretation.
1969 No. 1.

“bank” has the same meaning as in the Banking Decree 1969 ;

“the Board” means the Agricultural Credit Guarantee Scheme Fund Board established by section 2 of this Decree ;

“Central Bank” means the Central Bank of Nigeria established by the Central Bank of Nigeria Act ;

Cap. 30.

“the Commissioner” means the Federal Commissioner charged with responsibility for finance ;

“the Fund” means the Agricultural Credit Guarantee Scheme Fund established by section 1 of this Decree ;

“loan” includes advances, overdrafts and any credit facility.

20. This Decree may be cited as the Agricultural Credit Guarantee Scheme Fund Decree 1977.

Citation.

SCHEDULE

Section 1

AGRICULTURAL PURPOSES

Any purpose connected with—

- (a) the establishment or management of plantations for the production of rubber, oil palm, cocoa, coffee, tea and similar crops ;
- (b) the cultivation or production of cereal crops, tubers, fruits of all kinds, cotton, beans, groundnuts, sheanuts, beniseed, vegetables, pine-apples, bananas and plantains ;
- (c) animal husbandry, that is to say, poultry, piggery, cattle rearing and the like, and fish farming.

MADE at Lagos this 8th day of March 1977.

LT.-GENERAL O. OBASANJO,
*Head of the Federal Military Government,
Commander-in-Chief of the Armed Forces,
Federal Republic of Nigeria*

EXPLANATORY NOTE

*(This note does not form part of the above Decree
but is intended to explain its purport)*

The Decree establishes an Agricultural Credit Guarantee Scheme Fund into which there will be subscribed the sum of ₦100,000,000 to provide guarantees for loans granted for agricultural purposes by any bank.

A Board is set up as the policy making body of the Scheme while the Central Bank of Nigeria will, for the time being, be responsible for the day to day management of the Fund.