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Impact Assessment of Central Bank of Nigeria's MSMES Fund on Development of Entrepreneurship in Nigeria

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Abstract

The study's goal was to assess the influence of the 2013 Central Bank of Nigeria MSMEs fund on the growth of entrepreneurship in some Nigerian states. The study used a quantitative approach to data gathering and analysis as an exploratory study. To reflect the six geopolitical zones of the nation, primary data from 720 MSMEs in six states were gathered and analyzed using SPSS 23. Results demonstrated a strong positive association between the growth of entrepreneurship in a few Nigerian States and the CBN MSMEs fund. Conditions for MSMEs in Nigeria to obtain CBN funds are another crucial aspect that propels the growth of entrepreneurship in the nation. The study suggests, among other things, that: a vigorous campaign be used to inform MSMEs' operators of the fund's existence in order for majority of them to benefit from it; sufficient funds be granted to some businesses, especially the micro and small ones, in order to meet their operational working capital needs; and the time between documentation and the release of funds by participating banks be shortened.

Keywords: Nigeria; CBN MSMEs Fund; Entrepreneurship Development.

Introduction

In any nation, the micro, small, and medium-sized companies (MSMEs) segment of the economy play a critical role in fostering new businesses and entrepreneurial growth. Additionally, it has a significant capability for creating jobs for Nigeria's teeming youth population. The sector is renowned for making a significant contribution to the nation's export drive, the reduction of poverty, the GDP, growth and development, and the usage of the available productive resources. The bulk of less fortunate Nigerians lack economic empowerment. As a result, they are unable to save in a way that would actually benefit micro, small, and medium-sized businesses, which comes first in the hierarchy of their funding sources. In addition, they lack the necessary collateral to obtain loans from legitimate financial institutions.

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Therefore, the acute lack of finances is impeding their efforts to engage in economic endeavors, which also portrays a general picture in other less developed economies around the world.

The youth unemployment rate has been rising throughout the nation in recent years. This is a result of the substantial number of graduates that leave the nation's numerous higher education institutions each year. The Central Bank of Nigeria (CBN) established the MSMEs Fund for the beginning and development of these businesses after realizing that MSMEs possess an admirable route for absorbing a substantial horde of these graduates. The purpose of this intervention fund is to provide essential capital money for their operations, allowing the vast majority of teeming graduates to be employed in this crucial economic subsector. In a similar vein, some of these young people can be inspired to launch their own businesses.

The Central Bank of Nigeria established a fund as an intervention program in response to the finance gap impeding the growth and starting of MSMEs in the nation. Approximately ten (10) years have passed since the start of the intervention program. Therefore, the purpose of the study is to assess how it has affected the growth of entrepreneurship in the nation.

The World Bank (2020) estimates that MSMEs account for over ninety percent (90%) of business ventures and more than fifty percent (50%) of jobs globally. Unsurprisingly, the established MSMEs in developing economies around the world account for roughly forty percent (40%) of the GDP (PwC, 2020).

However, the biggest issue impeding these businesses (MSMEs) in the nation is with how to fund their operations and new ventures. The CBN made the decision to establish a fund as an intervention program to provide mitigating measures for addressing such a crisis. On August 15, 2013, the CBN Micro, Small and Medium Enterprises Development Fund (MSMEDF) was established with a capital fund of $220 billion (N220b). This intervention program was implemented in view of the significant economic contributions made by these businesses as well as the enormous financial gap that exists in the nation CBN (2013).

According to CBN (2013), the Fund has ten percent (10%) set aside for developmental goals such as grants, capacity building, and administrative costs, while the remaining ninety percent (90%) will be released to the participating financial institutions (PFIs) at a rate of two percent for on-lending to MSMEs at a maximum interest rate of nine percent (9%) per year. The agricultural value chain, services, cottage industries, craftsmen, trade and commerce, as well as any other income-generating ventures that the CBN may from time to time specify, are all eligible activities that can get funding. The CBN established the Fund with the broad goal of providing low interest funds to the MSME sub-sector of the Nigerian economy through PFIs for these purposes: improving MSMEs' access to financial services; increasing the productivity and output of microenterprises; increasing employment and creating wealth; and promoting inclusive growth that benefits both men and women. The goal of this study was to evaluate the contribution of the CBN grant to the growth of entrepreneurship in Nigeria.

Therefore, in order to suggest appropriate actions for improving its operations, it is crucial to assess the influence that the MSMEs fund has had on the creation and growth of these business organizations. The fund's revitalization will enable it to contribute to lowering the unemployment rate and so increasing the nation's economic progress.

Purpose of the Research

The study's main goal was to assess how the CBN Medium, Small, and Medium-Sized Enterprises (MSMEs) Fund affected the growth of entrepreneurship in the nation as a policy intervention.

The following are some of the study's particular goals:

i) Examine the requirements for MSMEs to access the grant;

ii) Examine the potential barriers preventing MSMEs from gaining access to the fund; and

iii) Assess the fund's influence on the growth of entrepreneurship in the nation.

Research Issues

The following are the study's pertinent research questions:

i) What prerequisites must MSMEs meet in order to access the fund?

ii) What potential barriers can prevent MSMEs from accessing the fund? and
iii) What level of influence does the fund have on the growth of entrepreneurship in the nation?

REVIEW OF RELATED LITERATURE

Conceptualization of Medium-sized, small- and medium-sized enterprises

There are numerous ways to define MSMEs using metrics like total assets (a proxy for capitalization), staff count, and turnover, however these standards differ from nation to nation based on the regulatory frameworks of the industry-specific authorities. When these criteria are brought to light in Nigeria, two important government agencies in charge of the industry, such as the Bank of Industries (BOI) and the Small and Medium Enterprises Development Agency of Nigeria, can be regarded through various prisms (SMEDAN). They assert that the following characteristics best describe micro, small, and medium-sized businesses (MSMEs).

The characteristics of such businesses, according to BOI definition, involve: less than 10 for micro type, between 11 and 50 for small size, and between 51 and 200 for the medium size type in terms of number of employees; less than N5m, between N5M and N100m, and between N100m and N500m for total assets respectively; and less than N20m, less than N200m and less than N500m for annual turnover respectively (PwC, 2020).

The above is indicative of the criteria that has been used to describe the micro, small and medium enterprises by the Bank of Industry, a government agency charged with promoting industrial development in Nigeria.

The characteristics of such businesses, according to SMEDAN definition, involve: less than 10 for micro type, between 10 to 49 for small size, and between 50 and 199 for the medium size type for number of employees; and less than N5m, between N5M and N50m, and between N50m and N500m for total assets respectively(PwC, 2020).

The Small and Medium Small and Medium Enterprises Development Agency of Nigeria, a government organization dedicated with fostering the growth and development of SMEs in the nation, has utilized the criteria listed above to describe micro, small, and medium enterprises.

The above classifications of MSMEs based on factors like number of employees, total assets or capitalization, and annual turnover similar; the last factor stressed by the BOI but ignored by SMEDAN.

Underpinnings of Entrepreneurship

Technology innovation, taking advantage of opportunities, overcoming uncertainty, and taking risks are all attributes of entrepreneurship. But during the past 30 years, this has been minimized (Marsden, 1990). Entrepreneurship serves as a vehicle to enhance the quality of life for people, families, and communities while sustaining a healthy economy and environment in a nation that is afflicted by poverty and hindered economic progress (Petrin, 1994). Numerous academic studies, including those by Abimbola & Agboola (2011), Chukwuemeka (2011), Evbuomwan, Ikpi, Okoruwa & Akinyosoye (2012), Onaolapo & Oladejo (2011), Inyang & Enuoh (2009), Osemeke (2012), Sanni (2009), and Siyanbola, Afolabi, Olalekan & Egbetokun (2011).

There is ample proof that the Nigerian government has implemented a number of policies and set up a number of organizations to encourage the growth of MSME and entrepreneurship (Abimbola & Agboola, 2011; Abiola, 2011; EFInA, 2012a, b; Oni & Daniya, 2012; Siyanbola et al., 2011). Therefore, it is crucial to assess the degree to which such policies and programs have been successful in promoting entrepreneurship and the growth of MSME in the nation. The Small and Medium Industries Equity Investment Scheme (SMIEIS) was created to set aside 10% of their pre-tax revenues for equity investments in MSMEs in order to foster entrepreneurship in the nation (EFInA, 2012a, b; SMEDAN, 2010).

Together, these policies sought to "remove barriers to entrepreneurs and expand the opportunities available to them by providing information and necessary training, financial assistance, which are considered germane to entrepreneurial development" (Osemeke, 2012). However, Nigeria's prospects for an entrepreneurial revolution, like those of many African nations, are constrained by a deplorable state of physical infrastructure. The absence of road networks, roads, trains, waterways, and telecommunications present significant barriers to MSMEs' growth and entrepreneurial activity.

Review of Theory

The pecking order theory serves as the foundation for this research. According to the hypothesis, businesses are more likely to turn to internal financing than to external financing due to the "greater information costs associated with external finance" (Myers, 1984; Myers & Majluf, 1984). Relatedly, since the latter ones are easily taken into account for operational funding by established financial institutions like commercial banks, microfinance banks, and other similar financial organizations, MSMEs are even overshadowed by big scale enterprises in the case of MSMEs. In a similar vein, large-scale businesses have easy access to capital market financing, whereas MSMEs are not given priority when applying for either short- or long-term financing.

Additionally, if there are other external funding options, businesses would prefer loanable funds over equity funds due to ownership dilution and, more importantly, increased information costs and a resulting loss of control (López-Gracia & Sogorb-Mira, 2008; Mac a Bhaird & Lucey, 2010; Myers, 1984).

The pecking-order theory was shown to be important or prevalent in the operations of SMEs, according to evidence from other studies (Watson & Wilson, 2002; López-Gracia & Sogorb-Mira, 2008; Mac a Bhaird & Lucey, 2010). Therefore, rather than using long-term debt and equity, micro, small, and medium-sized businesses prefer to employ internal resources of funding or short-term external capital through debt (Mac an Bhaird & Lucey, 2010).

Empirical Analysis

Here, a few of the study's related publications are reviewed.

On the basis of the administration of questionnaires and interviews with sample businesses and commercial banks in Lagos, which is home to a sizable portion of Nigeria's industrial activities, Egbetokun (2008) assessed the impact of a Nigerian financial intervention scheme, the Small and Medium Enterprises Equity Investment Scheme (SMEEIS), on the growth of Nigerian SMEs. The study concluded that the most important barriers to SMEs accessing money from the scheme were found to be poorly planned business plans and poorly packaged initiatives. However, some of the SMEs found the scheme to be beneficial. However, the majority of them were unaware of its potential and activities. As a result, money had accumulated that the businesses could have used to their advantage.

Public funding was examined by Emilia & Alexandru (2016) as a potential remedy for ICT SMEs and entrepreneurs. The findings show that grant recipients have voiced complaints regarding issues connected to delays in receiving advances and repayments, and there have even been instances where recipients have turned to bank loans. Other issues include the use of discriminatory criteria to provide the facility, abuse of qualification and selection criteria, communication of the proceedings, a problem with the rating component, and difficulties in acquiring the loan facility.

The study of Taiwo, Falohun & Agwu (2016) looked into SMEs funding and how it affected Nigeria's economic expansion. The study's findings, among other things, showed that it is challenging for Nigeria's leading SMEs to meet certain of the conditions of government funding schemes because of their current stage of development. As a result, SMEs in Nigeria are unable to participate in SMEEIS or any other government funding initiatives.

The role of the government in assisting SMEs was examined by Abbasi, Wang & Abbasi in 2017 based on a literature assessment, prospective sources of funding for small and medium-sized businesses. According to the study, government policies on SMEs have a significant impact on the economic development of any nation, including by providing crucial factors that affect the performance and success of SMEs, as well as by supporting and initiating projects for SMEs that are aligned with the objectives of both the economy's and the sector's sustainable development. Some governments are only geared and focused on assisting the SME sector to help them grow, such as by financing their operations where they are unable to raise money for their profitable ideas, especially when it comes to promoting creative businesses. Governments and international SME support organizations additionally mediate primarily through: I participation in the business market with investment funds that honor orders to private ventures professionals; ii) direct open financing to SMEs under projects supervised by public financial institutions; iii) guarantees to private establishments that offer financing to SMEs; and iv) subsidizing of private financing organizations at incredibly favorable terms. These government-sponsored interventions help SMEs on a larger scale. However, there are a number of things that work against such government support programs, such as the fact that people are unaware of them, they can't fulfill certain standards, and there aren't enough funds available for them.

According to OECD (2019), findings from a study on SMEs and entrepreneurs' access to finance over the period 2007–2017 including 46 sampled nations worldwide—excluding Nigeria—showed overall favorable trends in financing of SMEs but with some implicit very large cross-country disparities. For instance, SME access to finance is still regaining ground in the nations that were hardest hit by the financial crisis. Indicators show to a worsening in SME access to finance in recent years in some significant emerging economies where the economic environment has remained challenging. In addition, several nations have started or extended measures to address the ongoing structural financial gaps that SMEs have faced in recent years in an effort to increase their resilience and take advantage of digital prospects. In this regard, recent years have seen an increase in the adoption of an appropriate regulatory framework or the creation of specialized policies to support the Fintech business.

The benefits of the Micro, Small and Medium Enterprise Development Fund (MSMEDF), operated by the Central Bank of Nigeria, were examined by Anaeto (2021). The study states that as of the first quarter of this year, the targeted credit facility of the apex bank had assisted 447,671 beneficiaries across the nation, with 58,229 firms and 389,442 households affected by the COVID-19 pandemic promoting employment retention in the real sector. Additionally, the CBN funded 488 MSME initiatives across the nation, including 120 state projects and 368 private sector enterprises in the fields of agriculture, manufacturing, services, renewable energy, and trading, which resulted in the creation of 216,706 direct and indirect jobs nationally. 55,422 aspiring business owners received training through the fund as well. While there have been some concerns that the statistics appear to favor some regions of the nation, some states seem less eager to take advantage of the opportunities presented to them.

The work of Xavier-Itam & Chinedu (2022) examined the Central Bank of Nigeria's development finance policy incentives and their impact on program utilization. Crosssectional data, a general-to-specific modeling approach, and ordinary least squares estimation were used to determine utilization. The results showed that the size of the targeted enterprises had a positive impact on utilization, with larger enterprises having greater utilization compared to smaller enterprises. Furthermore, compared to interventions with PFIs from a single category, those with a variety of participating financial institutions (PFIs) by license had lower utilization. Additionally, the utilization of the intervention fund increases with the size of the enterprise. Smaller businesses are ostensibly more financially underserved and unserved. In government programs where a variety of business types can access funding, it is possible that large businesses will crowd out medium-sized ones, and vice versa. The paper came to the conclusion that more intervention funds should be tier-ed according to enterprise size to reverse the situation.

METHODOLOGY

Research Approach

The study used a survey approach to gather primary data based on structured questionnaire and personal interviews, which were created and given to chosen respondents from predetermined states in Nigeria. These include the states of Kaduna (North West zone), Bauchi (North East zone), Nasarawa (North Central zone), Lagos (South West zone), Enugu (South East), and Akwa Ibom (South South zone). This suggests that the six (6) states used for the study were chosen with purpose to represent the country's six geopolitical zones. The questionnaire instrument was used, with some modifications made to fit the needs of our study, however it was originally taken from earlier studies that had been published in Scopus Journals and Sage publications.

The study's data came from both primary and secondary sources. As was previously mentioned, the primary data was produced using tools for conducting personal interviews and administering questionnaires. The secondary data was created using publicly accessible literature found in specialized journals and academic articles.

For each state in a geopolitical zone that was chosen, the study's sample size was one hundred twenty (120) resulting in a total of seven hundred (720) respondents, representing a purposive sample method.

Research Propositions

The following hypotheses were developed during the study and are being tested.

$H_0$1: MSMEs are not prevented from accessing the CBN intervention fund by its conditions.

$H_0$2: The CBN intervention fund has little effect on how entrepreneurship is growing in the nation.

Data Validity and Reliability

The researcher used content validity to demonstrate the reliability of the questionnaire. To do this, she looked for evidence based on the content, such as determining whether the items accurately captured the construct of what the study was attempting to measure, whether any crucial content elements or themes had been left out, and whether any unrelated items had been included that might be outside the construct. Internal consistency reliability, which focused on the items being used to measure the construct, was used to assess the questionnaire's reliability. The reliability of the items was evaluated using the Cronbach's coefficient alpha, which was 0.731 overall. This demonstrates the scale's strong reliability and high level of internal consistency.

Reliability Statistics

Cronbach's Alpha	N of Items
.731	3

Analysis of Data and Findings

Analysis of Respondents' Demographic Profiles

The 720 respondents who participated in the study are depicted in Table 1 by their demographic characteristics. According to the findings, the distribution of respondents by kind of business was as follows: 668 respondents from micro businesses, or 92.78%; 47 respondents from small businesses, or 6.50%; and 5 respondents from medium businesses, or 0.72%. For the years in the business distribution, those in the 1–5 year bracket had the most respondents (344, or 47.78%), followed by those in the 6–10 year bracket (244, or 33.39%), those in the 11–20 year bracket (18.06%), and those in the 21–20 year bracket (only 5 respondents, or 0.72%). In terms of company assets, those with less than 5 million respondents made up 668 of the total, or 92.78%; those with 6 million to 100 million respondents made up 47, or 6.7%; and those with 101 million to 500 million respondents made up 0.72%.

In terms of staff count, respondents with ten or fewer employees made up 668 respondents, or 92.78%; respondents with 11–50 employees made up 244 respondents, or 6.50%; and respondents with 101–200 employees made up 5, or 0.72%. Period of Loan Repayment: For the 1 month to 1 year period, 375 respondents (52.08%), for the 1 year to 2 years period, 306 respondents (42.50%), for the 2 years to 3year period, 38 respondents (5.28%), and for the 5 year and above period, 1 respondent (0.14%). Interest rates ranged from 2% to 5%, with 42 respondents making up 5.8% of the total; from 6 to 10%, with 676 respondents making up 93.89% of the total; and from 11 to 15%, with 2 respondents making up 0.28% of the total.

These findings imply that there are more micro businesses than small businesses in the sample, and regarding the age of businesses, banks and the government should pay special attention to those that are between 1 month and 5 years old as they will likely experience the greatest growth in the future. In terms of business assets, those with 5 million naira or less accounted for 668, or 92.78%, those with 6–100 million naira, for 47, or 6.5%, and those with 51–200 million naira, for five, or 0.72%. This suggests that the majority of respondents had limited starting capital because financing might not be straightforward to come by. The majority of employee respondents (92.78%) came from the 10 to 50 employee group, with 668 respondents (representing 92.78%), followed by 244 respondents (representing 6.5%), and five respondents (representing 0.72%) from the 51 to 200 employee group. Regarding the loan repayment time, 375 respondents, or 52.08%, fell into the 1 month to 1 year bracket, followed by 306 respondents, or 42.50%, who were in the 2year to 5year bracket, and finally 1 respondent, or 0.14%, fell into the 5 year and above repayment bracket. This might be due to financial institutions' attempts to prevent business loan defaults by crowding the majority of early repayment periods. Regarding the rate of interest payments made by the respondents' businesses, those between 6% and 10% represented the majority with 676 representing 93.87%, followed by those between 2% and 5% with 42 representing 5.8%%, and those between 11% and 15% with 2 representing 0.28%. This suggests that companies choose a standard interest rate that is sufficiently flexible.

Table 1: Analysis of demographic profiles of respondents

Variable	Items	Frequency	Percentage (%)
Line of Business	Micro Small Medium	668 47 5	92.78 6.50 0.72
Years in Business	1-5 years 6-10 years 11-20 years 21-30 years	344 244 170 2	47.78 33.39 18.06 0.77
Business Assets	Less than 5million B/w 6m-100million B/w 101m-500million	668 47 5	92.78 6.50 0.72
No. of Employees	Less than 10 B/w 11-50 B/w 51-200	668 244 5	92.78 6.50 0.72
Period of loan repayment	1month-1year 1year-2years	375 306	52.08 42.50

	2years-3years 5years and above	38 1	5.28 0.14
Rate of Interest	2%- 5% 6%-10% 11%- 15%	42 676 2	5.83 93.89 0.28

Source: SPSS Computation, 2022.

Table 2: Correlation Analysis
Correlations

		OBAF_MEAN	ED_MEAN	CAF_MEAN
OBAF_MEAN	Pearson Correlation	1	.341**	.635**
	Sig. (2-tailed)		.000	.000
	N	720	720	720
ED_MEAN	Pearson Correlation	.341**	1	.471**
	Sig. (2-tailed)	.000		.000
	N	720	720	720
CAF_MEAN	Pearson Correlation	.635**	.471**	1
	Sig. (2-tailed)	.000	.000	
	N	720	720	720

Source: SPSS Computation, 2022.
**. Correlation is significant at the 0.01 level (2-tailed).
SPSS Computation, 2022 is the source.
**. The 0.01 level of significance for correlation (2-tailed).

The Pearson correlation test between the variables is shown in Table 2. The correlations between all of the variables have substantial levels, which proves that there is linearity and that it is evident across the variables. Additionally, the low correlation value across the variables suggests that the model satisfies the regression analysis's linearity assumption.

Data analysis and inferential analysis

Inferential Analysis & Data Analysis

Table 3: ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	41.708	2	20.854	104.092	.000[b]
	Residual	143.646	717	.200		

	Total	185.354	719				

Source: SPSS Computation, 2022.

a. Dependent Variable: ED_MEAN- Entrepreneurship development

b. Predictors: (Constant), OBAF_MEAN, CAF_MEAN

Table 3: Regression coefficients[a] for each independent variable.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.837	.099		28.655	.000
	CAF_MEAN	.310	.031	.427	10.040	.000
	OBAF_MEAN	.047	.029	.069	1.626	.104

Source: SPSS Computation, 2022.

a. Dependent Variable: ED_MEAN- Entrepreneurship Development
b. Independent Variables: OBAF_MEAN – Obstacles in accessing fund, CAF_MEAN- Conditionalities in accessing the fund

Table 3 displays the outcomes of the MSMEs Fund's linear regression analysis on the growth of entrepreneurship in a particular Nigerian state. The outcome demonstrates that restrictions on accessing the fund (= 0.310, t = 10.040, p0.05) have a favorable and significant impact on the growth of entrepreneurship in particular Nigerian States. The outcome also demonstrates that barriers to accessing the fund have no impact on the growth of entrepreneurship in particular Nigerian States.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.474[a]	.225	.223	.44760

Source: SPSS Computation, 2022.

a. Predictors: (Constant), OBAF_MEAN – Obstacles in accessing fund CAF_MEAN- Conditionalities in accessing the fund

This conclusion is supported by table 4's R value of 0.474, which shows that the CBN MSMEs Fund has a strong positive link with the growth of entrepreneurship in a few Nigerian States. The CBN MSMEs fund can account for around 22.30% of the variation in entrepreneurship development that happens in certain States of Nigeria, according to the R2 = 0.223, while the remaining 77.70% of the variation is explained by other variables that were not taken into account.

Discussion of the Results

The findings of the straightforward linear regression analysis on the impact of the Central Bank of Nigeria's MSMEs Fund on the growth of entrepreneurship in particular Nigerian demonstrate the existence of entrepreneurship development in particular Nigerian states. This suggests that the support of MSMEs has a major impact on the growth of entrepreneurship in a few Nigerian states. The conclusions of this study concur with those of comparable empirical studies by Anaeto (2021) and Abbasi, Wang & Abbasi (2017), which were conducted to establish beneficial relationships between governmental funding of MSMEs and economic development. Additionally, the findings are in line with a 2019 research result from OECD nations that looked at 46 sampled countries throughout the world during a study on SMEs and entrepreneurs' access to finance from 2007 to 2017.

Conclusion

Based on the findings of the study's empirical research, we draw the conclusion that the CBN MSMEs fund significantly influences the growth of entrepreneurship in a number of Nigerian states. Additionally, it is found that one of the key reasons promoting the growth of entrepreneurship in Nigeria is the conditions placed on MSMEs' access to CBN funds. From a theoretical standpoint, it is also possible to draw the conclusion that CBN financing of MSMEs and its subsequent impact on the growth of entrepreneurship are consistent with the pecking-order theory, which contends that it has application to the operations of small and medium-sized businesses.

The study also showed that there are some barriers preventing the fund from effectively influencing MSMEs' business operations in the study's chosen states. Some MSMEs' owners are unaware of its existence, some of the conditions must be met with difficulty, some enterprises have been given inadequate sums of money, participating banks often take a long time to process paperwork before releasing funds, and there are also unfavorable interest rates on the fund, especially for micro enterprises.

Recommendation

According to the study's findings, it is advised that, among other things:

1. To raise knowledge of its existence among MSMEs' operators, a vigorous campaign should be undertaken;
2. Some of the conditionalities, for instance, the rate of interest, should be relaxed in order to enable majority of MSMEs to benefit from the fund;

3. Adequate amount of funds should be granted to some enterprises, particularly the micro and small enterprises towards meeting their working capital needs in operations;
4. To help prevent frustration among MSMEs' owners, the time between documentation and the release of funds by participating financial institutions or banks should be shortened to 30 days;
5. The credit rates should be tiered according to the size of the enterprise, with various rates for micro, small, and medium-sized businesses.

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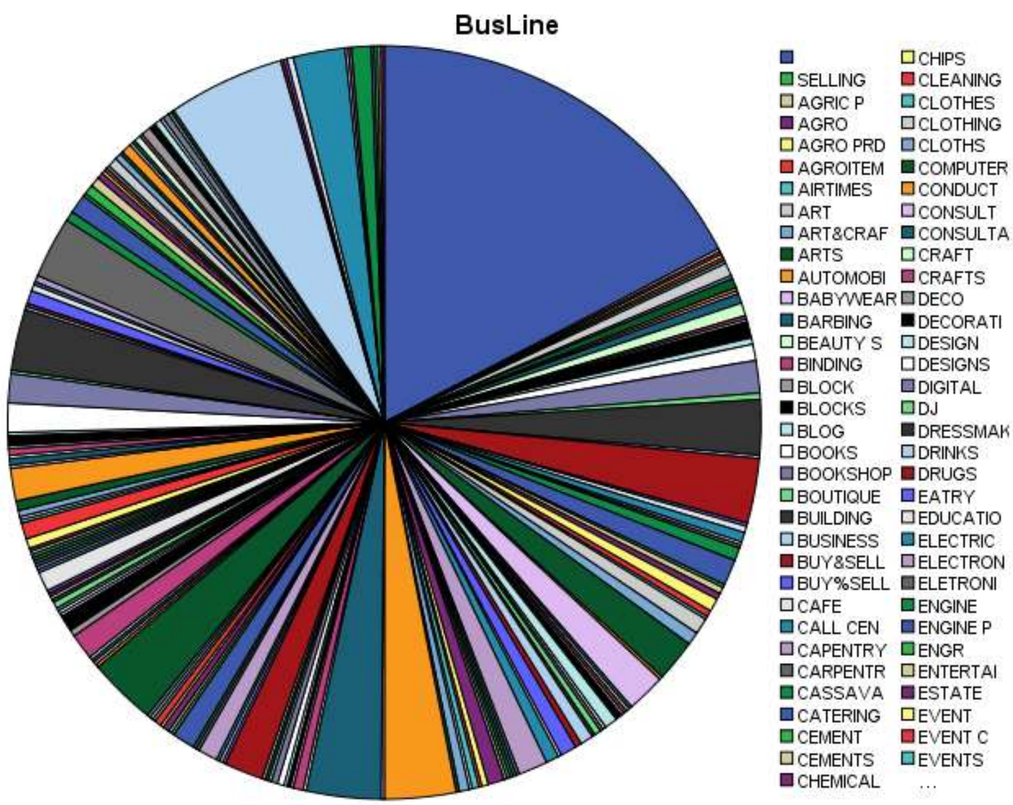
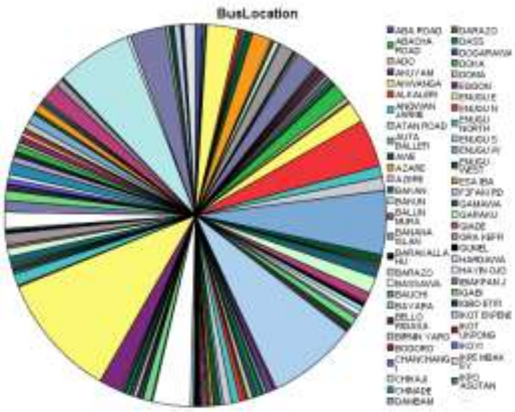
Appendix 1



Appendix 2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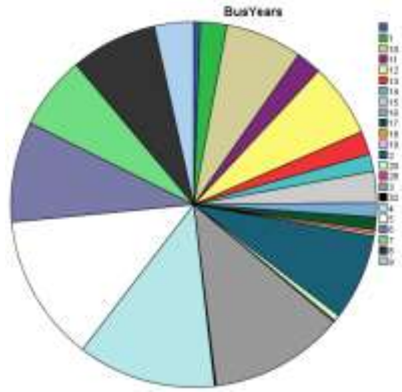
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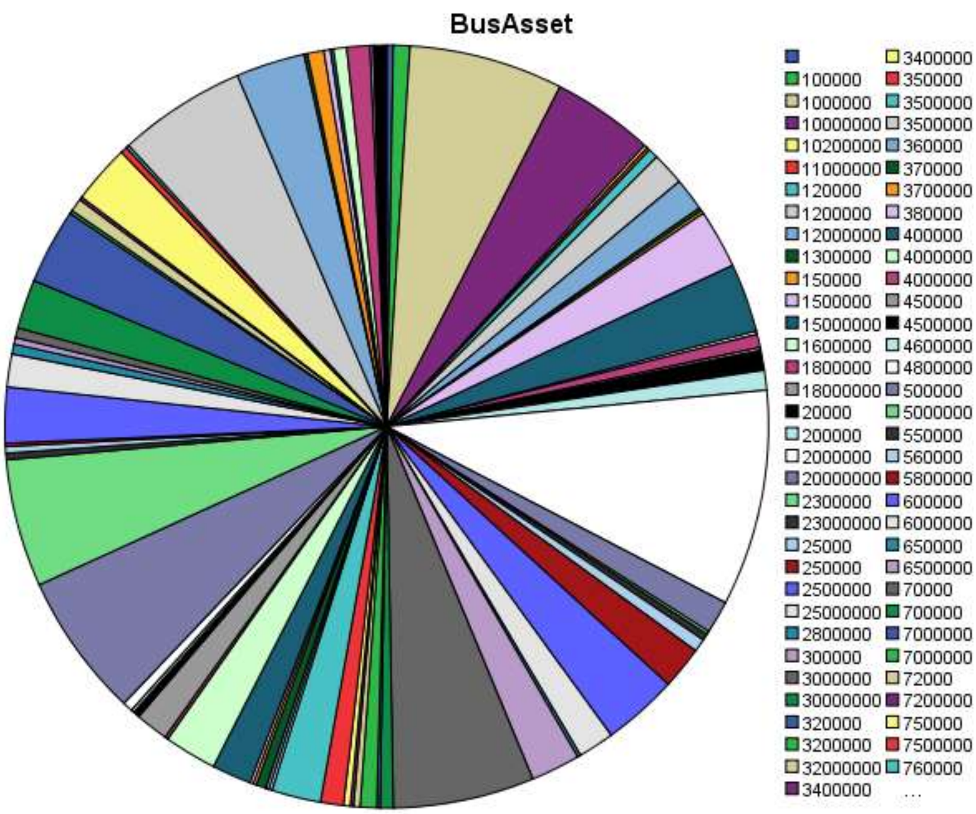
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