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# HIGHLIGHTS OF THE CENTRAL BANK OF NIGERIA'S GUIDELINES FOR THE IMPLEMENTATION OF TERTIARY INSTITUTIONS ENTREPRENEURSHIP SCHEME IN NIGERIA

## A. INTRODUCTION

There is no gainsaying that Nigeria is experiencing a downturn in the number of available jobs for its teeming number of young school leavers.

To address the rising rate of youth unemployment and underemployment in Nigeria, the Central Bank of Nigeria (“**CBN**”), in partnership with Nigerian polytechnics and universities on Wednesday, October 20, 2021, unveiled the Tertiary Institutions Entrepreneurship Scheme (“**the Scheme**”). The Scheme is operated as part of the CBN’s development finance initiative, and is to be managed by the Development Finance Department of the CBN<sup>1</sup>.

The Scheme mirrors some innovative graduate employment projects being run in countries such as England and Scotland. In England, there operates the National Health Service Graduate Management Training Scheme<sup>2</sup> and the National Graduate Development Programme<sup>3</sup>; both geared towards the promotion of socio-economic development of graduates in the country. Similarly in Scotland, there is the Scottish Government Graduate Development Programme<sup>4</sup> aimed at ensuring that its workforce represents the range of interests and diversity of modern Scotland.

<sup>1</sup> The Scheme is to be operated for a period of 10 (ten) years in the first instance (not exceeding December 31, 2031), and may be continued depending on its complexity.

<sup>2</sup> This Scheme is generally a two-year development scheme except a specialization is being undertaken in finance which will thus operate for 2½ (two and a half) years.

<sup>3</sup> This Scheme is to be operated for 2 (two) years.

<sup>4</sup> This Scheme is to be operated for 4 (four) years.

## B. OBJECTIVES OF THE SCHEME

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In addition to enhancing access to finance by undergraduates and graduates of Nigerian polytechnics and universities with innovative entrepreneurial and technological ideas, the Scheme aims to:

- i. provide an enabling environment for co-creation, mentorship and development of entrepreneurial and technological innovations;
- ii. fast track ideation, creation and acceleration of a culture of innovation-driven entrepreneurship skills among graduates of polytechnics and universities in Nigeria;
- iii. promote gender balance in entrepreneurship development through capacity development and improved access to finance;
- iv. increase the capacity of undergraduates and graduates for entrepreneurship and economic development in partnership with academia and industry practitioners; and
- v. boost the contribution by the non-oil sector to the country's GDP.

## C. PARTICIPATION AND ELIGIBILITY

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In order to be eligible for the Scheme, an Applicant must be a graduate of a Nigerian polytechnic or university and must possess the following:

- i. First degree certificate (BSc/HND/ or its equivalent);
- ii. National Youth Service Certificate (“NYSC”) discharge or exemption certificate;
- iii. Certificate of Participation issued by polytechnics and universities evidencing entrepreneurship training; and
- iv. Not more than 7 (seven) years post-NYSC experience.

## D. ELIGIBLE ACTIVITIES UNDER THE SCHEME

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Innovative start-ups and existing businesses owned by graduates of Nigerian polytechnics and universities in the following areas will be eligible under the Scheme:



- i. **Agribusiness:** Production, processing, storage and logistics.



- ii. **Information Technology:** Application/software development, business process outsourcing, robotics and data management.



- iii. **Creative Industry:** Entertainment, artwork, publishing, culinary/event management, fashion, photography and beauty/cosmetics.



- iv. **Science and Technology:** Medical innovation, robotics, ticketing systems, traffic systems, renewable energy, waste management; and



- v. Any other activity as may be determined by the CBN from time to time.

It is important to point out that priority will be given to innovative entrepreneurial activities with high potentials for export, job creation and transformational impact. Furthermore, trading activities shall not be eligible for financing under the Scheme.

## E. COMPONENTS OF THE SCHEME

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The Scheme is to be implemented through the following components:



- i. **Term Loan component**

This involves the provision of loans to graduates of Nigerian polytechnics & universities. Interest and principal repayments shall be made on a monthly or quarterly basis, depending on the established cash flow cycle and in line with the approved repayment schedule.



### ii. **Equity investment component**

This essentially entails the injection of capital for start-ups, expansion of established businesses or revival of failing businesses.



### iii. **Developmental component**

This involves the disbursement of grants to Nigerian polytechnics & universities for the purpose of national biennial entrepreneurship competitions, aimed at *inter alia* raising awareness and visibility of high-impact entrepreneurial/technological ideas among undergraduates and encouraging commercially viable innovations.

## F. **CONCLUSION**

We are aware that in the past, the CBN had floated similar projects as the Scheme such as the Agricultural Credit Guarantee Scheme; Small and Medium Enterprises Equity Investment Scheme; and Small and Medium Enterprises Credit Guarantee Scheme. The foregoing Schemes notwithstanding, the available evidence shows that the rate of graduate unemployment in the country is worrisomely increasing.

Thus, we are of the considered view that the Scheme is a welcome panacea to Nigeria's bothersome unemployment rate.

However, restricting eligible participants of the Scheme, to graduates with not more than 7 (seven) years' post-NYSC experience, is quite unfair as there are indeed a number of unemployed and underemployed graduates who fall outside this window.

The aforementioned restriction notwithstanding, we expect to see a marked improvement in entrepreneurship activities in Nigeria as a result of the Scheme to the extent that it is effectively and not selectively implemented.

For any comments and additional information on the issues discussed, please contact any of the under-listed persons:

Eniola **ELEGUSHI**

Senior Associate

[e.elegushi@greychapellegal.com](mailto:e.elegushi@greychapellegal.com)

Collins **ARIKOR**

Associate

[c.arikor@greychapellegal.com](mailto:c.arikor@greychapellegal.com)

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#### **CONTACT US:**

Plot 17B Emmanuel Abimbola Cole Street Lekki Phase 1, Lagos | +234 (0) 815 291 4717 | [info@greychapellegal.com](mailto:info@greychapellegal.com)