



CENTRAL BANK OF NIGERIA

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CIRCULAR TO DEPOSIT MONEY BANKS AND THE GENERAL PUBLIC

GUIDELINES FOR THE IMPLEMENTATION OF THE ₦50 BILLION TARGETED CREDIT FACILITY

Further to the CBN Governor's Press Release of March 16, 2020 and our circular referenced FPR/DIR/GEN/CIR/07/049 in response to COVID-19 outbreak and spillovers, the CBN hereby issues the following attached Guidelines for the implementation of the ₦50 billion Targeted Credit Facility for households and small and medium sized enterprises (SMEs) that have been particularly hard hit by COVID-19.

Enquiries on the Guidelines may be referred to the Director, Development Finance Department, Central Bank of Nigeria, Abuja.

A handwritten signature in blue ink, appearing to read 'Kevin N. Amugo', written over a horizontal line.

KEVIN N. AMUGO

DIRECTOR, FINANCIAL POLICY AND REGULATION DEPARTMENT



CENTRAL BANK OF NIGERIA

GUIDELINES FOR THE IMPLEMENTATION OF THE N50 BILLION TARGETED CREDIT FACILITY

1.0 Introduction

The corona virus (COVID-19) pandemic has led to unprecedented disruptions to global supply chains, sharp drop in global crude oil prices, turmoil in global stock and financial markets, massive cancellation of sporting and entertainment event, lockdown of large swaths movements of persons in many countries, and intercontinental travel bans/restrictions across critical air routes across the world. These outcomes have had severe consequences on households' livelihoods and business activities, resulting from drop in global demand, declined consumer confidence and slowdown in production.

In this respect, the Central Bank of Nigeria (CBN) introduced the N50 billion Targeted Credit Facility (TCF) as a stimulus package to support households and micro, small and medium enterprises (MSMEs) affected by the COVID-19 pandemic.

This Guidelines outlines the operational modalities for the Scheme.

2.0 Objectives of the Facility

The broad objectives of the CBN's N50 billion Targeted Credit Facility include:

- i. Cushion the adverse effects of COVID-19 on households and MSMEs;
- ii. Support households and MSMEs whose economic activities have been significantly disrupted by the COVID-19 pandemic.
- iii. Stimulate credit to MSMEs to expand their productive capacity through equipment upgrade, and research and development.

3.0 Eligible Participants

- i. Households with verifiable evidence of livelihood adversely impacted by COVID-19; and
- ii. Existing enterprises with verifiable evidence of business activities adversely affected as a result of the COVID-19 pandemic.
- iii. Enterprises with bankable plans to take advantage of opportunities arising from the COVID-19 pandemic.

4.0 Activities Covered

Eligible activities under the Scheme include:

- i. Agricultural value chain activities
- ii. Hospitality (accommodation and food services)
- iii. Health (pharmaceuticals and medical supplies)
- iv. Airline service providers
- v. Manufacturing/value addition
- vi. Trading
- vii. Any other income generating activities as may be prescribed by the CBN.

5.0 Funding

The Scheme shall be financed from the Micro, Small and Medium Enterprises Development Fund (MSMEDF).

6.0 Participating Financial Institution

The eligible participating financial institution for the Scheme is NIRSAL Microfinance Bank (NMFB).

7.0 Loan Limit

7.1 SMEs: The loan amount shall be determined based on the activity, cashflow and industry/segment size of beneficiary, subject to a maximum of ~~N~~25 million for SMEs; and

7.2 Households: Can access a maximum of ~~N~~3 million

7.3 Working capital shall be a maximum of 25% of the average of the previous 3 years' annual turnover. (where the enterprise is not up to 3 years in operation, 25% of the previous year's turnover will suffice).

8.0 Interest Rate

Interest rate under the intervention shall be 5% p.a. (all inclusive) up to 28th February 2021 and thereafter, the interest on the facility shall revert to 9% p.a. (all inclusive) as from 1st March 2021.

9.0 Loan Tenor

9.1 Working capital shall be for a maximum period of one year, with no option for rollover.

9.2 Term loan shall have a maximum tenor of not more than 3 years with, at least, one-year moratorium.

8.0 Collateral Requirement

The collateral to be pledged by beneficiaries under the programme shall be as may be acceptable by NIRSAL MFB, but may include any one or more of the following:

- i. Moveable asset(s) duly registered on the National Collateral Registry (NCR).
- ii. Simple deposit of title documents, in perfectible state
- iii. Deed of Debenture (for stocks), in perfectible state
- iv. Irrevocable domiciliation of proceeds
- v. Two (2) acceptable Guarantor
- vi. Personal Guarantee of the promoter of the business
- vii. Life Insurance of the Key-Man, with NMFB noted as the First Loss Payee
- viii. Comprehensive Insurance over the asset

9.0 Principal Repayment

Repayment shall be made on installment basis by the beneficiaries to the NMFB according to the nature of enterprise and the repayment schedule/work plan provided at the application stage.

10.0 Modalities

10.1 Households/MSMEs

- i. Eligible households or MSMEs shall submit applications directly to NIRSAL Microfinance Bank (NMFB);
- ii. The application must, among others, contain BVN number, business registration (where applicable) and business plan with clear evidence of the opportunity or adverse impact as a result of COVID-19 pandemic.
- iii. NMFB shall appraise and conduct due diligence applications.
- iv. Upon satisfactory appraisal of application, NMFB shall forward the applications to the CBN for final approval
- v. CBN reviews applications and gives final approval for disbursement to NMFB.

10.2 Corporate Entity

- i. A corporate entity shall submit application to NMFB with clear evidence of the opportunity or adverse impact as a result of COVID-19 pandemic.
- ii. NMFB shall appraise and conduct due diligence applications.
- iii. Upon satisfactory appraisal of application, NMFB shall forward the applications to the CBN for final approval
- iv. CBN reviews applications and gives final approval for disbursement to NMFB.

11.0 Monitoring and Reporting

Periodic monitoring of projects financed under the Scheme shall be conducted by the NIRSAL MFB.

12.0 Responsibilities of Stakeholders

12.1 CBN shall:

- i. Provide the seed fund for the Scheme
- ii. Release funds to NIRSAL MFB for disbursement to successful applicants.
- iii. Review the Guidelines of the Facility as may be necessary
- iv. Receive and process periodic returns from NIRSAL MFB.
- v. Monitor and evaluate implementation of the Scheme by NIRSAL MFB.

12.2 NIRSAL MFB shall:

- i. Validate the status and BVN of the applicants;
- ii. Process and disburse funds to approved beneficiaries;
- iii. Maintain records of all beneficiaries and disbursements;
- iv. Forward periodic returns on the prescribed format on the Scheme to CBN;
- v. Comply with the Guidelines; and
- vi. Carry out any other duties as the CBN may prescribe from time to time.

15. Exit Date

The exit date of this Intervention is 31st December 2024.

16. Amendments

This framework shall be subject to review from time to time as may be deemed necessary by the CBN.

17. Enquiries and Returns

All enquiries and returns should be addressed to:

**Director,
Development Finance Department
Central Bank of Nigeria,
Abuja.**

March 2020