



SOW
Professional Services Ltd

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CBN N50 BILLION TARGETED CREDIT FACILITY FOR HOUSE- HOLDS AND SMES

GUIDELINES FOR IMPLEMENTATION AND HOW TO ACCESS THE FUND

[COMPANY NAME] | [Company address]

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CBN N50 BILLION TARGETED CREDIT FACILITY FOR HOUSEHOLDS AND SMES



Targeted Credit Facility (TCF) as a stimulus package, to support households and Micro, Small and Medium Enterprises (MSMEs) affected by the COVID-19 pandemic.

3 Major Objectives of the Facility:

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

3 Eligible Participants to the Facility

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

Activities and Business Covered under the Scheme:

1. Agricultural value chain activities
2. Hospitality (accommodation and food services)
3. Health (pharmaceuticals and medical supplies)
4. Airline service providers
5. Manufacturing/value addition
6. Trading

The disruptions caused by corona virus (COVID-19) crises, which has led to global supply chains, ridiculous drop in global crude oil prices, turmoil in global stock and financial markets, massive cancellation of sporting and entertainment event, lockdown of large gathering or movements of persons in many countries, and intercontinental travel bans/restrictions across critical air routes in the world has led to unprecedented

No doubts, these outcomes have had severe consequences on households' livelihoods and business activities, resulting from drop in global demand, declined consumer confidence and slowdown in trade and production.

Consequent to this, the Central Bank of Nigeria (CBN) introduced a N50 billion

7. Any other income generating activities as may be prescribed by the CBN.

The facility will be **funded and be financed** from the Micro, Small and Medium Enterprises Development Fund (MSMEDF) and the eligible participating **Financial Institution** for the Scheme is NIRSAL Micro-finance Bank (NMFB).

The Loan Limit is divided as follows:

SMEs: The loan amount shall be determined based on the activity, cashflow and industry/segment size of beneficiary, subject to a maximum of N25 million for SMEs
Households: Can access a maximum of N3 million
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).

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.

Loan Tenor:

Working capital shall be for a maximum period of one year, with no option for roll-over. Term loan shall have a maximum tenor of not more than 3 years with, at least, one-year moratorium.

The Collateral/Requirements

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:

1. Moveable asset(s) duly registered on the National Collateral Registry
2. (NCR).
3. Simple deposit of title documents, in perfectible state
4. Deed of Debenture (for stocks), in perfectible state
5. Irrevocable domiciliation of proceeds
6. Two (2) acceptable Guarantor
7. Personal Guarantee of the promoter of the business
8. Life Insurance of the Key-Man, with NMFB noted as the First Loss Payee
9. Comprehensive Insurance over the asset

Modalities for Application:

Households/MSMEs:

1. Eligible households or MSMEs shall submit applications directly to NIRSAL Microfinance Bank (NMFB),
2. 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.
3. NMFB shall appraise and conduct due diligence applications.
4. Upon satisfactory appraisal of application, NMFB shall forward the applications to the CBN for final approval

5. CBN reviews applications and gives final approval for disbursement to NMFB.

Corporate Entity:

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

With this interventionist approach by the apex bank in Nigeria, members of the public, especially individuals should as a matter of urgency, take advantage of this opportunity and ensure strict compliance with the provisions of the scheme.

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