



## **NCDMB WORKING CAPITAL & CAPACITY BUILDING SCHEME**

### **OPERATING GUIDELINES**

#### **1.0 Introduction**

The Nigerian Content Development and Monitoring Board (NCDMB) and the Petroleum Technology Association of Nigeria (PETAN) recently executed an Agreement on a US\$30m Working Capital Scheme that will support the operations of Nigerian Oil Service Providers against the adverse effects of both COVID-19 pandemic and loss of contracts due to low oil price.

The Working Capital and Capacity Building Fund will be managed by the Nigerian Export-Import Bank (NEXIM), which would facilitate on-lending to qualified Nigerian Oil Service Providers (NOSPs), which belong to a professional Association in the Nigerian Oil & Gas industry recognized by NCDMB - either PETAN or the Oil & Gas Trainers Association of Nigeria (OGTAN).

The loans under the Scheme will provide liquidity to beneficiaries and enable them have adequate working capital to manage other operating expenses related to their portfolio of oil and gas operations and restocking of inventory. The Funds will also be applied to acquisition and maintenance of low-end assets and/or expansion or renovation related to ongoing oil-servicing contracts/projects requiring funding.

The partnership between NCDMB and NEXIM under the scheme is in accordance with the mandates of both organisations towards the promotion and development of Services-related companies to effectively compete domestically and internationally, especially against the backdrop of the African Continental Free Trade Agreement (AfCFTA). The synergy is also in realization of the growing influence and dominance of the Services sector with contribution of over 50% to the Gross Domestic Product (GDP).

#### **2.0 Objectives of the Scheme**

The Working Capital & Capacity Building Fund is designed to achieve the following strategic objectives:

- a. Boost indigenous participation in the Oil & Gas industry and build local capacity and competencies.
- b. Promote the growth and development of Nigerian Content in the provision of services to the Nigerian Oil and Gas Industry.
- c. Address persistent funding challenges that have constrained capacity and growth of local service providers in Oil & Gas-related activities.

- d. Facilitate growth of Host Community-based companies in the provision of Services to the upstream Oil & Gas sector.
- e. Enhance productivity and job creation in the Oil & Gas Industry.
- f. Attract investment capital into the sector and boost contribution of the sector to Nigeria's economic growth.
- g. Enhance skill acquisition and competences as well as rating to undertake export of Services in Oil & Gas-related activities.

### **3.0 Product Description:**

The scheme covers registered Nigerian Oil Service Providers who are contributors to the scheme and fully compliant with their remittances and which belong to professional Association in the Nigerian Oil & Gas Industry recognized by NCDMB (PETAN or OGTAN) and have existing contract(s) with approved an International Oil Company (IOC) or major Nigerian Oil Company (NOC)

**3.1 Fund Size-** US\$30 million from NCDMB and Matching Fund of same amount in Naira from NEXIM. Hence, total Fund size in Naira and US Dollars is US\$60 million

**3.2 Single Obligor Limit-** US\$1 million or its Naira equivalent at official exchange rate of the Central Bank of Nigeria (CBN) on the date of disbursement

#### **3.3 Pricing**

This shall be an all-in Interest Rate per annum of 8% for Naira-denominated loans and 5% for USD-denominated loans

#### **3.4 Features of the Scheme**

The Scheme comprises two components viz:

##### **a) Working Capital Facility**

To provide funding to support contract execution and availability of Working Capital, including OPEX payments. The duration of the Working Capital facility shall be a maximum of one (1) year.

##### **b) Capacity Building Financing**

To finance Capacity Building activities, including low-end asset acquisition and training financing. The duration of the facility shall be up to 3 years, with maximum moratorium period of one year.

### **4.0 Eligibility Criteria**

#### **4.1 Eligible Applicant**

Only duly registered Nigerian Oil Service Provider, which belong to PETAN or OGTAN and have fully complied with remittance of their obligations into the Nigerian Content

Development Fund (NCDF) shall be eligible for financing under the Scheme. The company shall also be:

4.1.1 Duly registered/incorporated in Nigeria.

4.1.2 Commercially viable and have contract relationship with IOC/major NOC.

#### **4.2 Eligible transaction**

Eligible transactions to qualify for funding support under this Scheme shall include:

- (i) Transactions connected with Oil service contracts;
- (ii) Contracts to boost the operations and viability of a qualifying NOSP
- (iii) Transactions for the supply of low-end assets and/or other equipment relating to the execution of an oil services contract from IOCs/NOCs.

#### **5.0 Application Procedure**

All applications under the Scheme shall be online through a dedicated Portal created by NEXIM for the scheme. Applications, with full documentary requirements, shall be processed to disbursement within 21 working days.

#### **5.1 Documentation Requirements:**

All applications shall be accompanied by the underlisted Certified True Copies (CTC) of the following documents

- ❖ Incorporation documents
- ❖ Contract/Payment Invoice
- ❖ Permit to Operate as an Nigerian Oil Service Provider/company
- ❖ Proforma Invoice, where applicable
- ❖ Copy of latest Audited Accounts/ Financial Statements
- ❖ Financial Summary Sheet (as per template)
- ❖ Completed Questionnaire/Checklist

#### **5.2 Collateral Documentation:**

- Assignment of contract
- Domiciliation of Proceeds/Assignment of receivables
- Irrevocable Standing Payment Order (ISPO) from Receiving Bank(s)
- Assignment of receivables
- Association Guarantee from PETAN or OGTAN
- Insurance cover with NCDMB/NEXIM noted as loss payees
- Registration of Invoices/Movable Assets with National Collateral Registry