

## FOREIGN INPUT FACILITY

### **1.0. INTRODUCTION**

Under the Foreign Input Facility (FIF), NEXIM would grant short, medium and long term loans in foreign currency, to participating banks on behalf of their export clients or directly to the exporter via an (Letter of Credit- LC) arrangement, for the importation of raw materials, packaging materials, capital equipment and spare parts needed for the production of goods for export.

### **2.0. OBJECTIVES OF THE FACILITY**

The objectives of the loan are to continue the process of:

- Diversifying the economy from over-dependence on crude oil exports and promoting industrial development.
- Consolidating the gains of ADB/ESL by continuous injection of additional foreign exchange requirements needed to purchase raw materials and other inputs for the increase in capacity and capacity utilization of export-oriented industries.

### **3.0. ELIGIBILITY CRITERIA**

#### **3.1. PARTICIPATING BANK**

Banks wishing to participate under the facility must be in good financial health as evidenced by three years Audited Accounts, and meet additional criteria set by NEXIM from time to time.

#### **3.2. ELIGIBLE EXPORTERS**

Eligible exporters must be duly incorporated/registered in Nigeria as limited liability companies or cooperative societies (manufacturing, trading or service companies), which produces goods/services for direct export. The companies must use at least 60% (by value) of local raw materials or intermediate goods/services produced in Nigeria for its products, or the local value added of its products must exceed 50%.

#### **3.3. INELIGIBLE EXPORTS**

The following items are not eligible for financing:

- Armaments, ammunitions and other military equipment
- Psychotropic drugs and narcotic
- All items prohibited by international conventions or environmental constraints
- Phonographic and obscene materials; and
- Items prohibited for importation/exportation by prevailing government policies/guidelines

### **4.0. FEATURES OF THE TRADE FINANCE FACILITY**

#### **4.1. OBLIGOR LIMIT**

The Facility shall have a single obligor limit of N5.0billion.

#### **4.2. TENOR**

The Foreign Input Facility (FIF) shall have a maximum tenor of up to seven (7) years.

#### **4.3. INTEREST RATES**

The Facility shall be availed at a maximum all-in interest rate of 9% per annum inclusive of all charges. However, legal and admin charges are to the account of beneficiary Projects. PBs are allowed to charge a maximum of 3% spread.

#### **4.4. REPAYMENT**

NEXIM may consider repayment terms of up to 7 years including a moratorium period of up to 2 years depending on the loan amount and the project being financed. For spare part and raw materials, moratorium is for a maximum of 2 years, while for packaging materials, the moratorium is a maximum of 1 year. Payments will normally be made in the currency of disbursement and in a set number of equal and consecutive semi-annual installments. After the moratorium period, semi-annual installments of loan principal and repayments of interest would be synchronized.

#### **5.0. COLLATERAL REQUIREMENTS**

Where the request is interbank, PB's are expected to fully secure their lending. The types of security acceptable to NEXIM shall include but not limited to the following:

- Bank guarantee or insurance bond
- Landed property belonging to the borrower/directors of the company in a location acceptable to NEXIM
- First lien or fixed charge on machinery and equipment of the borrower
- Share certificates of quoted companies acceptable to NEXIM
- Investment certificates or commercial bills acceptable to NEXIM
- Floating charge on moveable property of the borrower or directors of the company
- Other assets as necessary

#### **6.0. DOCUMENTATION**

The following documents should accompany the application:

- A certified true copy of Certificate of Incorporation
- Three years audited statement of accounts or a complete set of management report signed by two directors of the company for the accounting period for which their audited statement of account is not available
- A feasibility study report/business plan
- Certified true copies of forms CO2 and CO7
- Certified true copies of proforma invoice(s) for new/used equipment from a reputable supplier(s)
- Processed 'Form M', marked "Not valid for AFEM"
- Evidence of licence/permit from relevant agencies where applicable
- Evidence of export commitment or any other arrangement acceptable to NEXIM
- Copy of Environmental Impact Assessment Report
- Evidence of availability of counterpart funding (for new projects)
- Status Report on previous exposure levels of NEXIM to the Bank and the performance of the PB and its sponsored projects in respect of FIF (where applicable)
- Letter of Assurance (applicable to fishing trawlers)
- Factory design where applicable, which includes the bill of quantities
- Site Visit Report of the project by the PB
- Copies of title of documents that are available as security
- Any other document that may be required.

#### **7.0. DISBURSEMENT**

- For direct lending requests, NEXIM shall disburse approved funds upon fulfillment of all conditions precedent to draw down
- For interbank requests, NEXIM shall disburse funds to the PB upon fulfilment of all the conditions precedent to disbursement and shall advise the beneficiary client accordingly.
- The PB shall, within twenty-one (21) working days of receipt of funds establish the Letter of Credit (L/C) and advise NEXIM accordingly with a copy of processed Form "M" and the L/C.

- NEXIM reserves the right to do witness testing or engage the services of a consultant to do so on its behalf, at the expense of the PB, before shipment.

#### **8.0. OTHER ASPECTS**

- The PB shall satisfy itself with the viability of the project being financed under this facility.
- NEXIM may request for an acceptable technical report or warranty on the equipment acquired by exporters.
- No new equipment should be purchased with the proceeds of this facility from sources other than the manufacturers or major/accredited distributors of the manufacturers.
- Where discrepancies are noticed between information provided on the Proforma-Invoice and what is physically delivered, NEXIM shall review the entire transaction and may recall the facility immediately.
- PB's are to ensure the provision of adequate working capital and also bear any cost over-run during the tenor of the facility.
- NEXIM shall on an annual basis set borrowing limits for PBs. These limits will not however exceed 25% of the Bank's paid-up capital plus accumulated reserves adjusted by provisions for loan losses.
- NEXIM shall finance up to 100% of the invoice value of the equipment or raw material provided that it shall not be more than 80% of the total project cost.
- Where necessary an extension of the tenor of the facility or due loan installments shall be granted if the problems are adjudged to be of a short-term nature. However, such extension shall be made only once.
- Where the funds are used for purposes other than for which they were granted, or other forms of abuse such as false declaration etc., NEXIM shall immediately recall all outstanding amounts on the facility. In the case of an interbank request the PB shall also be blacklisted and a written report will be made to the Central Bank of Nigeria accordingly.

#### **9.0. AMENDMENTS**

These Guidelines shall be subject to review from time to time as may be deemed necessary by NEXIM. The Amendment does not have retroactive effect and therefore is applicable only to new approvals.

**For further information please contact:**

Project Finance Department  
Nigerian Export - Import Bank,  
Plot 975 Cadastral Zone AO,  
Central Business District,  
P.M.B. 276, Garki, Abuja, Nigeria.  
Telephone (+234) 9 4603630 - 9  
Email: [neximabj@neximbank.com.ng](mailto:neximabj@neximbank.com.ng)