

## LOCAL INPUT FACILITY

### **1.0. INTRODUCTION**

Under the Local Input Facility (LIF), NEXIM would grant short, medium and long term fixed rate loans in local currency, either directly to exporters or to participating banks on behalf of their export clients.

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

The main objective of the facility is to provide medium/long-term finance in local currency to exporters, directly or through licensed banks for the following purposes:

- i. Setting up of new export projects.
- ii. Revitalisation, acquisition of additional assets for modernisation, and/or expansion of existing production units for exports.
- iii. Acquisition, rehabilitation and/or expansion of plantations/farms for the production and processing of exportable products.
- iv. Acquisition of spare parts and packaging materials for the manufacture of exportable products.
- v. Any other activity that may be acceptable to NEXIM.

### **3.0. ELIGIBILITY CRITERIA**

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

A bank seeking to benefit from the facility shall be of good financial health as evidenced by its audited accounts for the preceding three years, current market information, and meet criteria set by NEXIM from time to time.

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

For exporters to be eligible they must satisfy the following:

- Be duly incorporated/registered in Nigeria as limited liability companies or cooperative societies (manufacturing, trading, or service companies)
- Be existing production units with a minimum of 50% export orientation evidenced by previous and existing export orders or any other evidence acceptable to NEXIM
- Be new units with a minimum of 50% export orientation evidenced by export commitment(s) or any other evidence acceptable to NEXIM.

#### **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
- Items prohibited for importation/exportation by prevailing government policies/guidelines

### **4.0. FEATURES OF THE LOCAL INPUT FACILITY**

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

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

#### **4.2. TENOR**

The duration of the facility shall be specifically agreed between PBs and NEXIM or NEXIM and the client in the case of direct lending, however the facility will have a maximum tenor of seven (7) years inclusive of maximum moratorium period of two (2) years from the date of disbursement.

#### **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 charges and admin fees are to the account of beneficiary Projects.

#### **4.4. MORATORIUM**

The Local Input Facility (LIF) allows for maximum moratorium of two (2) years on Principal repayment.

#### **4.5. REPAYMENT**

For project related financing, payments will normally be made in a set number of equal and consecutive installments typically within six months from the expiration date of the moratorium period. After the moratorium period, installments of loan principal and repayments of interest would be synchronized.

All principal repayments shall be in the currency of disbursement and in accordance with the repayment schedule established at the time the loan is granted. In case of default on any facility or due loan instalments, NEXIM shall charge a penal rate for short term facilities and medium to long term facilities, above the rate at which the initial loan was given and at rates to be determined from time to time for the period of the default. All payments received shall be applied to defray interest charges first before application to principal amounts outstanding.

#### **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)
- 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)
- Copies of title of documents that are available as security
- Any other document that may be required.

## **7.0. DISBURSEMENT**

- For the working capital aspect, NEXIM shall disburse funds to the PB for an interbank request.
- In the case of a direct lending request and upon fulfillment of all the conditions precedent to disbursement, payment shall be made directly to the supplier of the item for the locally sourced items.

## **8.0. OTHER ASPECTS**

- 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
- 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
- NEXIM shall on an annual basis set limits for borrowers
- Where necessary an extension of the tenor of the facility or due loan installments may be granted
- 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, and written report will be made to the Central Bank of Nigeria accordingly
- NEXIM shall monitor the utilisation of funds disbursed
- NEXIM shall undertake regular project visits to ensure adherence to the conditions of the loan
- Where applicable, NEXIM shall require the domiciliation of export proceeds by the exporter
- For loans with tenure of five years and above, NEXIM shall be represented on the Board of the Company throughout the duration of loan

## **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.

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