

THE NIGERIA - AFRICA TRADE AND INVESTMENT PROMOTION PROGRAMME (NATIPP)

1.0. INTRODUCTION

In a bid to catalyze and expand trade and investments between Nigeria and the rest of Africa, the African Export-Import Bank (“AFREXIMBANK”) in collaboration with the Nigerian Export- Import Bank (“NEXIM”) and Nigerian Export Promotion Council (“NEPC”) launched the Nigeria - Africa Trade and Investment Promotion Programme (“NATIPP” or the “Programme”). The Programme, which is in an amount of US\$1 billion, was launched on December 13, 2019, on the side-lines of the inaugural Intra African Trade Fair in Cairo.

NATIPP is being implemented within the framework of Afreximbank’ s Intra African Trade Strategy, with the objective of boosting intra-African trade.

Under the terms of the Programme, Afreximbank will work with NEPC and NEXIM to identify, prepare and appraise trade transactions and projects; explore co-financing and risk-sharing opportunities; and share market information, with emphasis on Intra-African trade matters, through technical cooperation, staff exchange, research and joint events.

2.0. PURPOSE / GOALS AND OBJECTIVES

The aim of NATIPP is to facilitate the expansion of Nigeria’s trade and investments with the rest of Africa and trade between Nigeria and Africans in the Diaspora.

Specifically, NATIPP will:

- Provide financing and/or payment assurances/ guarantees in support of Nigeria’s trade with other African countries.
- Promote, facilitate and finance Intra-African investments into and out of Nigeria in the form of African Direct Investments (ADIs).
- Support development of industrial parks and export processing zones in Nigeria through financing, technical assistance and other forms of investment promotion.
- Avail Global Facilities to Nigerian multinational corporations operating in multiple countries in Africa.
- Support emergence and expansion of Export Trading Companies (ETCs) in Nigeria focusing on Intra-African trade.
- Provide asset-based financing in order to create capacity to carry intra-regional trade in goods, such as ship and aviation financing.
- Provide access to insurance capacity for, but not limited to, goods in transit, marine, and property, through Afreximbank’s African Trade and Project-related Insurance Services (“ATPIS”).
- Support the expansion of the Nigerian Creative Industry including but not limited to film, music, theatre, fashion, arts and craft.
- Support trade between Nigeria and the Nigerian Diaspora by among other things supporting acquisition and/or setting up of eligible franchises in trade and trade related activities and services; as well as other trade in goods and services between Nigeria and the Diaspora.
- Support the growth of Nigerian SMEs by enabling them to expand their exports through Factoring and the 2-way Factor system.
- Provide advisory services to Nigerian investors to facilitate a higher volume of trade and investment between Nigeria and other African countries.
- Expand opportunities for Nigerian companies bidding for and executing large contracts in other African countries by offering a variety of financing and guarantee instruments.

- Refinance existing project-related debts of manufacturing enterprises that are focused on Nigeria-African trade.
- Provide a refinancing window for Nigerian Financial institutions with respect to Nigeria-African trade and investment transactions; and
- Provide access to Digital Services offered by Afreximbank in support of Intra-African trade, namely the Pan-African Payment and Settlement System (“PAPSS”).

3.0. FACILITIES UNDER NATIPP

A suite of products (but not limited to those in the sections below) are available under the Programme:

3.1. FACILITIES AVAILABLE TO LOCAL BANKS

Local Banks may access the following products under the Programme:

- i. **Lines of Credit for on-lending:** The programme allows Local Banks to access Lines of Credit for On- Lending to their customers. The credit lines may be used to provide new Term Loans as well as Export and Import Loans to finance eligible transactions in support of Nigeria- Africa trade.
- ii. **Refinancing Facility:** This facility provides funding for Local Banks to refinance eligible Nigeria-Africa trade-related exposures at more favourable terms. This must be linked to identifiable Performing Loans already existing in the books of the Local Bank and the improved terms (if approved) must be cascaded down to the sub-borrower(s).
- iii. **Rediscounting Advances:** Under the Programme local banks may approach Afreximbank to rediscount bills, promissory notes, accepted invoices or other negotiable payment instruments from acceptable counterparties that must have been duly assigned to the Local Bank along with acknowledged irrevocable instructions for domiciliation of payments.
- iv. **Re-Guarantee Facility:** This facility is available under NATIPP to provide a secondary layer of payment assurance for guarantees issued by Local Banks or approved Specialized Guarantee Providers on behalf of their customers to support Nigeria-African trade and investment transactions.

Requests for these facilities should be accompanied by the following supporting documentation including but not limited to:

- A schedule of pipeline transactions to be financed
- A schedule of sub-borrowers to be refinanced
- Information summaries on the existing and/or proposed credit facilities
- Copy of accepted offer letters for the facilities to be refinanced
- Evidence of disbursement
- Copy of the discounted instruments and assignment documentation
- Copy of the issued guarantee instruments.

3.2. FACILITIES AVAILABLE TO CORPORATES AND PARASTATALS

Corporates and Parastatals that meet the eligibility criteria may apply directly for any of these products available under the Programme:

- i. **Term Loans:** Corporates and Parastatals may apply for term loans through the programme, to finance a variety of purposes which may include but are not limited to operational expansion and equipment procurement. Corporates and Parastatals may also approach their bankers to refinance their existing facilities under NATIPP’s Refinancing Facility for Local Banks.
- ii. **Project Finance:** NATIPP provides access to non-recourse or limited recourse financing for projects with export generation potential as well as provision of export facilitating infrastructure that generate traded infrastructure services between Nigeria and the rest of Africa, such as power, telecoms, airports, seaports, roads and industrial parks.

Requests for project finance must be supported by bankable feasibility studies conducted by reputable consultants acceptable to the lender(s) as well as detailed business plans.

- iii. Afreximbank Guarantee Programme: Corporates or Parastatals may also benefit from Afreximbank's medium- and long-term guarantee products to support exports and imports of essential goods and services as well as other unique guarantees specifically to support project completion, market availability for Nigerian commodity processors and light manufacturers to attract medium to long term financing, and a transit guarantee to ease difficulties involved in movement of goods across borders between Nigeria and other African countries.
- iv. Intra-African Investment Finance facility: The programme provides support to enhance foreign direct investment into African economies by Nigerian Corporate entities as well as Nigerians in the diaspora. The facility may be used to finance investment required to set up or expand a business, to acquire an existing business or to enter a joint venture in other African countries. It may also be used to finance investment required to operate under a concession agreement in another African country or to support non-equity modes of investment activities e.g., franchising, licensing, contract manufacturing, contract farming.
- v. Intra-African Trade Services Support: This offers an array of financial services and solutions tailored to facilitate their Nigeria-Africa trade flows. The programme provides services which include but not limited to Export & Import Letters of Credit, Irrevocable Reimbursement Undertakings, Documentary Collections, Trade and Investment related remittance services.
- vi. Factoring: NATIPP also provides access to Afreximbank's Factoring solutions by facilitating opportunities for eligible Nigerian businesses to access financing from Afreximbank or alternative financial market players such as Factors who can purchase their accounts receivables at a discount for immediate cash to finance continued Nigeria-Africa trade operations.
- vii. Forfaiting: Afreximbank is able discount negotiable payment instruments issued by African counterparties in favour of Nigerian equipment manufacturers and vendors on a non-recourse basis. The ability of Afreximbank to provide forfaiting facilities creates an opportunity for Nigerian capital goods manufacturers and vendors to offer longer and more competitive payment terms to African off-takers. It also provides an avenue for payment risk relief to Nigerian equipment suppliers who want access to immediate liquidity rather than wait out lengthy payment timelines
- viii. Packing Credit: Through this NATIPP product, Afreximbank provides pre-shipment finance for exports to other African countries, up to an agreed percentage of the value of underlying contracts which will allow businesses engaged in production to finance procurement of inputs, packaging and transportation before shipment occurs. This facility will particularly support Nigerian Corporates by bridging funding gaps before payments are received. The liquidity provided will enable continued production with minimal breaks between trading cycles.
- ix. Advisory and Trade Information: NATIPP will also give access to Afreximbank's Trade Information Services which can provide strategic intelligence and decision support to Nigerian exporters, multinationals and emerging ETCs, seeking to enter or expand existing capabilities in Africa through a range of integrated trade intelligence solutions which include Country briefs, Sector briefs, Commodity outlooks, Trade Policy updates and African Currency outlooks. Corporates are also able to take advantage to additional Information resources provided through the Nigerian Export Promotion Council ("NEPC").

4.0. ELIGIBILITY CRITERIA

4.1. ELIGIBLE EXPORTERS

The following entities are eligible to access NATIPP:

- Nigerian Financial Institutions
- Nigerian Corporates
- Nigerian Parastatals
- African Subsidiaries of Nigerian Corporates
- Non-African Corporates owned by Nigerians in the Diaspora

4.2. ELIGIBLE TRANSACTIONS

- Transactions supporting the exchange of goods and services between Nigeria and other African countries as well as with Africans in Diaspora.
- Projects/ Investments being sponsored by Nigerian companies in other African countries.
- Projects/ Investments being made by other Africans, including Africans in the Diaspora in Nigeria.
- Franchises set up by Nigerians including those in Diaspora actively trading with Nigerian businesses in various sectors including but not limited to ethnic foods, entertainment, fashion and design.
- Indigenous Nigerian franchises seeking brand expansion into African countries and/or to other foreign markets through Africans in the Diaspora.
- Export oriented projects promoted by Nigerian entities.
- Transactions supporting capital and investment flows between Nigeria and other African countries as well Nigeria and the Diaspora.

4.3. ELIGIBLE ITEMS

All goods and services will be eligible for support except:

- 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

5.0. FEATURES OF THE TRADE FINANCE FACILITY

5.1. OBLIGOR LIMIT

The Facility shall have a single obligor limit of N100.0Million and above.

5.2. TENOR

The maximum maturity of any facility under the programme shall not exceed 7 years and shall be subject to supporting cash-flow profile.

5.3. INTEREST RATES

The pricing of any facility under the programme shall be determined by Afreximbank and NEXIM at the prevailing cost of funds and on a case by case basis.

6.0. PROCESSING GUIDELINES AND OPERATIONAL MODALITIES

6.1. APPLICATION PROCEDURES

- Prospective borrower registers with Nigeria Export Promotion Council [“NEPC”] (if not already registered).
- Prospective borrower submits application to Nigerian Export-Import Bank (“NEXIM”) along with required documentation.
- NEXIM determines its level of risk participation in the transaction (and if it desires to take up risk participation, provides an indicative term sheet to the Corporate).
- After concluding its preliminary review against the checklist NEXIM forwards the credit request to Afreximbank for further processing and confirms its risk participation in the transaction.
- Afreximbank reviews the request and either approves or seeks additional risk support from NEXIM or any acceptable Bank acceptable which is willing to risk participate.

6.2. COLLATERAL REQUIREMENTS

Security to be Offered for the Facilities include but are not limited to:

- Funded and/or Unfunded participation from NEXIM or any Bank acceptable to Afreximbank.
- First ranking charge on the borrower’s assets
- Assignment of receivables
- Charge over Accounts
- Any other security which may be determined as appropriate for the facility type and structure.

6.3. DOCUMENTATION

The following information will be required at application stage:

- Request from the client seeking financing under the NATIPP programme
- Copy of Nigeria Export Promotion Council (“NEPC”) Exporter’s Registration
- Certificate or Manufacturers Association of Nigeria (“MAN”) Membership Certificate
- Reference Letter from MAN (required for MAN-AfCFTA Adjustment facility applicants only)
- Satisfactory Anti Money Laundering (AML) and Know Your Customer (KYC) and due diligence documentation on the borrower and all transaction counterparties
- Afreximbank Anti-Bribery and Anti-Corruption Declaration
- Afreximbank Bank Declaration form
- Afreximbank Confidentiality Agreement
- Afreximbank Basic Information Report
- Completed Afreximbank Account Opening documentation
- Brief information about the transaction or project supported with export arrangements or foreign investments approval / permit
- Company Profile and copies of incorporation documents
- Board and Management Profiles
- 3 years most recent financial statements and cash flow projections, as may be applicable
- Business plan / Feasibility Report
- Environmental Impact Assessment Report, where applicable
- License / Regulatory Permit, where applicable
- Project Information Memorandum (where applicable)
- Any other information as may be required under NATIPP

7.0. DISBURSEMENT

- Following approvals by Afreximbank and NEXIM and satisfaction of all relevant conditions precedent, the borrower sends a utilization request through NEXIM for onward submission to Afreximbank.
- Afreximbank disburses funds or issues instrument per specific terms of the approval and sends a notification to NEXIM.

7.1. REPAYMENT

- Afreximbank send notices of maturing obligations and NEXIM follows up to ensure that the repayment is made on due date.
- All repayments are made directly to Afreximbank on due date(s) in accordance with the specific terms and instructions in the facility agreement.

8.0. MONITORING

Afreximbank, NEXIM and /or risk-participating bank will conduct joint monitoring calls to borrowers' operational locations once before disbursement and at least twice a year throughout the life of any facility as prescribed below:

- The pre-disbursement inspection will be conducted after preliminary approvals to verify the existence and the operations of the potential borrower A satisfactory report addressed to the Director, Banking Operations Afreximbank will be a condition precedent to any drawdown
- An initial post-disbursement inspection must be carried out no later than 6 months after disbursement to assess the utilization of the facility
- Subsequent post-disbursement inspections would be carried out at half-yearly intervals till the facility is fully repaid
- A post disbursement monitoring report is to be submitted to the Director, Banking Operations Afreximbank; within 10 business days of the end of each visit;
- Where necessary, visits will be made to relevant transaction counterparties to validate use and application of funds
- In case of project finance, an independent technical consultant ("ITC") may be appointed to monitor the progress of such projects on behalf of the lender(s) and will be required to provide reports at a frequency to be prescribed in its terms of engagement.
- The borrower will be required to submit periodic financial statements and/or any other compliance certificates to the Director, Banking Operations, Afreximbank, at a frequency prescribed in the facility agreement for financial and non-financial covenants monitoring.
- NEXIM and or/ risk participating bank will be required to draw up a monthly calling program and send copies of call memos to the Managing Director, Intra-African Trade Initiative (IATI) Afreximbank.

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:

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