

TRADE FINANCE FACILITY

1.0. INTRODUCTION

The Trade Finance Facility is a short-term Credit Facility available in local currency to cover working capital for the purchase of commodity stocks/consumables preparatory to executing export order for raw materials/semi processed goods.

2.0. ELIGIBILITY CRITERIA

2.1. ELIGIBLE EXPORTERS

Eligible exporters are companies duly registered in Nigeria and co-operative societies (whether as manufacturing, merchant or service exporters)

2.2. 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

3.0. FEATURES OF THE TRADE FINANCE FACILITY

3.1. OBLIGOR LIMIT

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

3.2. TENOR

The Trade Finance Facility (TFF) shall have a maximum tenor of one (1) year.

3.3. 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 administrative charges are to the account of beneficiary Projects.

3.4. MORATORIUM

The Trade Finance Facility (TFF) allows for maximum moratorium of three (3) months on Principal repayment

3.5. REPAYMENT

For short-term facilities, repayment terms shall be a maximum of 365 days, while repayments for letters of credit confirmation/refinancing shall be a maximum of 360 days.

4.0. COLLATERAL REQUIREMENTS

The security may be one or more of 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; and
- Floating charge on moveable property of the borrower or directors of the company.
- Other assets as necessary

5.0. 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; and
- Any other document that may be required.

6.0. DISBURSEMENT

- NEXIM shall disburse approved funds upon fulfillment of all conditions precedent to draw down.
- For locally sourced items, disbursement shall be made directly to the supplier of the item.

7.0. OTHER ASPECTS

- 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

8.0. 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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