



EXPORT DEVELOPMENT FACILITY (EDF) OPERATING GUIDELINES

1.0. INTRODUCTION

The Export Development Facility (EDF) is an intervention scheme, managed in collaboration with the Central Bank of Nigeria (CBN) to stimulate and increase deliberate funding, especially to Small and Medium Enterprises (SMEs) towards facilitating regional industrialization for value added exports and broadening Nigeria's export basket and market destinations.

The Facility is available to support export oriented enterprises in the non-oil exports value-chain.

2.0. PURPOSE / GOALS AND OBJECTIVES

The objectives of the Facility are to:

- Improve access of exporters to concessionary finance to expand and diversify the non-oil export baskets.
- Attract new investments and encourage re-investments in value-added non-oil exports production and also promote non-traditional exports.
- Revamping / Resuscitating export-oriented industries to create / sustain more jobs within the non-oil exports sector in Nigeria.
- Support the Bank's beneficiary clients to upscale operational capacities and upgrade production systems to enhance competitiveness as well as expand their export operations and capabilities.
- Diversify and increase the level of contribution of non-oil export revenue and value-added exports for sustainable economic development.
- Broaden the scope of export financing instruments and to complement other non-oil export financing schemes.

3.0. ELIGIBILITY CRITERIA

3.1. ELIGIBLE BORROWERS/BENEFICIARIES

Only export-oriented enterprises shall be eligible under the EDF. Such enterprises shall also:

- Be duly registered/incorporated in Nigeria.
- Commercially viable and have relationship with established counterparties and contracts with verifiable export off-takers.
- Possess satisfactory credit reports obtained from at least two (2) Credit Bureau (in line with the provisions of the CBN Circular BSD/DIR/GEN/CIR/04/014 dated April 30, 2010).
- Be projects in sectors that impact women and youth employment / projects with deliberate focus on women / youth empowerment programmes in the export value chain.
- Be projects with regional export promotion/ export development objectives and/or promoted by States as a private sector export enterprise.

3.2. ELIGIBLE TRANSACTIONS

Eligible transactions to qualify for funding under the EDF shall include:

- Transactions connected with export of goods wholly or partly processed / manufactured in Nigeria.
- Transactions relating to export of commodities and services, which are exportable under the laws of Nigeria.
- Transactions of specific projects, established for the production/supply of inputs towards the purpose of manufacturing / packaging for exports.
- Transactions of value added production supported by States/Regions and promoted by Private Sector Companies.



3.3. ELIGIBLE BUSINESS ACTIVITIES UNDER THE FUND

The following shall be eligible for support under the EDF:

- a. resuscitation, modernization and technology upgrade / acquisition of non-oil exports industries.
- b. Anchor Borrower - Type arrangement for exports in collaboration with Co-operative societies and other community-based support arrangements.

4.0. FEATURES OF THE TRADE FINANCE FACILITY

4.1. OBLIGOR LIMIT

The Facility shall not be more than 60 percent of the total cost of the project or transaction, subject to a maximum of the Bank's single obligor limit

4.2. TENOR

- The EDF shall have a maximum tenor of up to 9 years.
- Working capital input supply financing under an Anchor Borrowers' arrangement shall be for a maximum tenor of one year with the option of roll- over not exceeding twice on transactions, with transaction to be supported with a medium term contract arrangements with credible counter parties acceptable to the Bank.

4.3. MORATORIUM

- The EDF allows for moratorium on principal repayment. This shall however be project specific and not exceed two (2) years during the implementation or construction phase of the project.
- Additional moratorium period of twelve [12] months **may** be added to the initial moratorium period in the event of completion delays at a negotiable restructuring fee, subject to a maximum of 0.25% flat rate.

4.4. INTEREST RATE/MARGIN

The Facility shall be availed at a maximum all-in interest rate of 9% per annum inclusive of all charges. However, legal charges are to the account of beneficiary projects.

4.5. INTEREST CHARGES DURING PROJECT IMPLEMENTATION / CONSTRUCTION

Interest charges during implementation - construction / resuscitation phase of projects shall be dependent on the status and structure of the project. They shall be categorized as follows:

- **Capitalization of Interest:** interest accruable for capitalization during the moratorium period.
- **Pre-funding of Interest:** interest payable during implementation/construction from a pre-funded Project Implementation/Debt Service Account. The amount or interest payable shall be added to the total project cost.

5.0. APPLICATION PROCEDURES

5.1. DOCUMENTATION

Each request for a facility must be accompanied by the following documents:

- Application Form
- Request from the project promoter seeking funding under the EDF
- Certificate of Business Incorporation
- Audited Statement of Accounts for the last three (3) years.



- Management Account for existing Companies and Statement of Affairs for Start-ups (where applicable).
- Feasibility Study/Business Plan of the project.
- Relevant Permits/Licenses/Approvals (where applicable).
- Verifiable Export Orders/Contracts or other Export Agreement & Arrangements/Commitments.
- Environmental Impact Assessment (EIA) Report (where applicable).
- Copies of executed warehouse arrangements with acceptable collateral managers for structured trade transaction
- Any other document(s) that may be required by NEXIM

5.2. COLLATERAL REQUIREMENTS

Approved applications shall be required to provide adequate collateral to cover the exposure in the fixed asset coverage ratio of not less than 150% of loan value.

However, where collateral inadequacy could hinder loan sanctioning to approved applicant that would result in loss of non-oil exports opportunity, failure to honor the sanctity of executed export contracts and/or execution of new confirmed export orders by export-oriented enterprises, additional risk bearing instruments to minimize risks of lending could be mutually explored with the approved applicant. In this regard, the following may be considered:

- Nigeria Incentive Based Risk Sharing System for Agricultural Lending (NIRSL) Credit Risk Guarantee Instrument for agricultural value chain tied to export contracts.
- Administration of a structured trade finance framework against acceptable guarantees or performance bonds issued by / or on behalf of highly rated collateral managers and warehouse operators approved by the Bank.
- An acceptable Credit Guarantee Instrument

6.0. MONITORING

All funded projects shall be subject to both on- and off-site monitoring by NEXIM from time to time during the duration of loan. Loans availed under NIRSL Guarantee shall also be subject to monitoring by NIRSL Plc.

A Monitoring and Evaluation (M&E) Framework to monitor the utilization of the availed facility and operations of the beneficiary clients would be put in place. The following shall apply:

- a. Reports of the monitoring exercise shall be shared and reviewed by the CBN, NEXIM and NIRSL Plc (where applicable with regards to agriculture value-chain)
- b. M&E reports shall highlight the following:
 - Amount of Forex Generated/Repatriated.
 - Volume Processed or Sourced/Exported.
 - Employment Generated/Sustained.
 - Capacity Utilization/Trade Volumes: Before/After Funding Support under EDF.
- c. Problems/Challenges and Possible Mitigants.

7.0. REPAYMENT

Repayments of principal components of the loan under this facility shall be in semi- annual installments after the moratorium period, not exceeding 2 years.

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.



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