



CENTRAL BANK OF NIGERIA

YOUTH ENTREPRENEURSHIP DEVELOPMENT PROGRAMME (YEDP)

GUIDELINES

1. Introduction

The Central Bank of Nigeria, as part of its efforts to deepen credit delivery to address the challenges of unemployment, promote entrepreneurial spirits among Nigerian youths and enhance the spread of small and medium enterprises established the Youth Entrepreneurship Development Programme (YEDP). The programme is aimed at harnessing the latent entrepreneurial spirit of the teeming youths by providing timely and affordable finance to implement their business ideas. This will provide a sustainable mechanism to stimulate employment, contribute to non-oil Gross Domestic Product (GDP) and address the challenge of youth restiveness.

2. Objectives of the Facility

The objectives of the Programme are to:

- i. Harness the entrepreneurial skills and innovative capacities of youths;
- ii. Improve access to finance for youth entrepreneurs using a well-structured business model;
- iii. Stimulate flow of finance to startup enterprises;
- iv. Encourage job creation;
- v. Increase the contribution of the non-oil sector to the GDP; and
- vi. Promote diversification of the economy.

3. Eligible Activities

Activities to be covered are startup and expansion projects for young graduates and non-graduates in the following sub-sectors:

- i. Agricultural Value Chain (fish farming, poultry, snail farming, etc.).
- ii. Cottage Industry.
- iii. Mining and Solid minerals.
- iv. Creative Industry (Tourism, Arts and Crafts).
- v. Information and Communications Technology (ICT).
- vi. Any other activity that may be determined by the CBN from time to time.

Note: Trading activities are not permitted under this programme. Priority will, however, be given to entrepreneurial activities with high potentials for job creation.

4. Type of Facilities

- i. Term loan
- ii. Working capital

Note: This facility shall not be used for the refinancing of projects.

5. Loan Tenor

- i. Loans shall have a maximum tenor of 36 months depending on the complexity of the project. Tenor of each project shall be determined in relation to its cash flow.
- ii. Working capital facility of 12 months with a maximum roll over of 12 months subject to approval.
- iii. The programme allows for moratorium of 3 months in the loan repayment schedule and qualified projects for moratorium shall be determined on case by case basis.

6. Modalities of the Programme

- i. Loan Amount shall be ₦3 million maximum for a single obligor and ₦10 million for group projects jointly owned by 3-5 qualified beneficiaries.
- ii. Interest Rate - lending banks shall access the fund at 2% from the CBN and on-lend at a maximum rate of 9% per annum, all charges inclusive.
- iii. Funding shall come from the Micro Small and Medium Enterprises Development Fund (MSMEDF).
- iv. NYSC Discharge Certificate shall be the collateral from beneficiaries.
- v. Verified certificates of tertiary institutions shall be taken as additional collateral for graduate beneficiaries.
- vi. Artisans will use their School Leaving Certificate or Technical Certificate or approved Proficiency Certificate from National Board for Technical Education (NBTE).
- vii. Third party guarantors will also be provided as additional collateral.
- viii. Lending bank shall obtain at least one credit report on promoter(s) for all projects.
- ix. Cost of training for beneficiaries will be shared between the CBN and the lending bank in a ratio of 50:50 or any other agreed ratio.
- x. Risk sharing on startups will be at 50:50 between the CBN and the lending bank as an incentive to banks to support startups and youth entrepreneurs.
- xi. Disbursement shall be in tranches and attached to project/ equipment financing to minimize fund diversion by beneficiaries.
- xii. All movable collaterals used to secure the loan shall be registered on the National Collateral Registry (NCR) by the lending bank.
- xiii. Within two weeks of repayment of loan, the lending bank shall discharge all registered movable collaterals on the National Collateral Registry and notify the customer accordingly.

7. Repayment

Repayments shall be amortized and monthly principal and interest repayments shall be remitted by the lending bank to the CBN.

8. Eligibility Criteria for Participation in the Programme

8.1 Intended Beneficiaries

- i. A 50:50 share between members of the National Youth Service Corps (NYSC) and Non-NYSC members (not more than 5 years post-NYSC).
- ii. Artisans

8.2 Borrower

A borrower shall meet the following criteria to be eligible:

- i. Be between 18 and 34 years of age.
- ii. Be a NYSC member or non-NYSC member (but not more than 5 years post-NYSC).
- iii. Possess a verifiable tertiary institution certificate.
- iv. Artisans shall possess School Leaving Certificate or Technical Certificate or approved Proficiency Certificate from NBTE (whichever is applicable).

9. Mechanism for the Programme

- i. Programme is an equal opportunity intervention in all respects - geo-political zone, gender, (dis)ability, etc.
- ii. Applicants will be pre-qualified by the lending bank using an on-line portal.
- iii. Pre-qualified applicants will undergo training before they can access the facility. Training will be handled by the CBN Entrepreneurship Development Centers (EDCs).
- iv. Pre-qualified applicants will submit their business proposal(s) to the lending bank for appraisal.
- v. Successful applicants will submit their loan applications in prescribed format to the lending bank.
- vi. Lending banks shall receive, process, approve and forward requests for the facility from successful applicants to the CBN.
- vii. The pre-qualification and appraisal process by the lending bank shall not exceed 15 days from the day of on-line submission of intent by prospective beneficiaries.
- viii. Each request must be accompanied with the following documents:
 - (a) Business plan which should state expressly, the financing plan, economic benefits, etc.
 - (b) Statement of Affairs for startups and companies with less than 3 years of existence (If applicable).

- (c) Copies of duly executed offer documents between the bank and the loan applicants.
 - (d) Certificate of Incorporation or registration of Business Name.
 - (e) Brief on directors/ partners.
 - (f) At least one credit report of the promoter/ entrepreneur.
 - (g) Proposed schedule of fund disbursement and repayment.
 - (h) Evidence of third party guarantee acceptable to the lending bank.
- ix. Within 5 working days of the receipt of the banks' requests, the CBN shall inform the banks of the status of their request.
 - x. Upon disbursement of the Fund by CBN, the lending bank shall within 5 working days disburse the approved limit according to the proposed disbursement schedule.

10. Verification/ Monitoring of Projects

- i. The CBN reserves the right to reject an application from any lending bank that does not meet the requirements of the Guidelines.
- ii. Projects shall be monitored by the Monitoring Team comprising of the CBN, NYSC and the lending bank.

11. Management of the Programme

The Development Finance Department of the Central Bank of Nigeria shall be responsible for the management of the Programme.

12. Responsibilities of Stakeholders

For effective implementation of the programme, the responsibilities of the stakeholders shall include:

12.1 Central Bank of Nigeria (CBN)

The Central Bank of Nigeria shall:

- i. Articulate clear Guidelines for the implementation of the programme.
- ii. Determine the limits in accordance with the provisions of the MSMEDF Guidelines.
- iii. Provide logistic support for the training of pre-qualified applicants in collaboration with other stakeholders.
- iv. Approve and disburse loan requests from lending banks in favour of successful beneficiaries.
- v. Carry out verification and monitoring of projects financed.
- vi. Conduct impact evaluation in conjunction with the Monitoring Team and other relevant stakeholders.

- vii. Generate periodic reports on its performance.
- viii. Sensitize stakeholders and the public on the activities of the Scheme.
- ix. Facilitate review meeting of Stakeholders.
- x. Review the Guidelines as may be necessary from time to time.

12.2 Participating Financial Institutions (PFIs)

The PFIs shall:

- i. Develop a portal to facilitate on-line registration by prospective applicants for pre-qualification.
- ii. Facilitate a link between the portal and the website of the NYSC for authentication of the details of NYSC members.
- iii. Pre-qualify, appraise and screen business proposals of applicants as part of their due diligence.
- iv. Forward such approved requests to CBN for verification and approval.
- v. Carry out all relevant due diligence in the administration of the facility.
- vi. Obtain at least one credit report on promoter(s) for all projects.
- vii. Verify all certificates used as collateral for the facility.
- viii. Cost of training for pre-qualified applicants will be shared between the CBN and the lending bank at 50:50 or any other agreed ratio.
- ix. Grant credit **ONLY** to activities covered under these Guidelines at a maximum interest rate of 9% per annum all charges inclusive.
- x. Register all movable assets accepted or financed as collaterals for the loan with the National Collateral Registry (NCR).
- xi. Monitor the projects during the loan period.
- xii. Render periodic returns as may be specified by the CBN from time to time.
- xiii. Shall within 2 weeks of repayment, discharge all movable collaterals used to securitize the loan on the National Collateral Registry and notify the customer accordingly.
- xiv. Comply with the Guidelines of the Programme.

12.3 National Youth Service Corps (NYSC)

The NYSC shall:

- i. Authenticate the details of corps members using its on-line link with the lending bank.
- ii. Provide lien on the discharge certificates of corps members who will benefit from the programme.
- iii. Provide logistic support, that is, venue and accommodation for the training of applicants.

12.4 Borrower

The borrower shall:

- i. Register for pre-qualification with the lending bank using the on-line portal for the Programme
- ii. Submit business proposal and other documentation requirements.
- iii. Adhere strictly to the terms and conditions of the Facility.
- iv. Utilize the funds for the purpose for which it was granted.
- v. Make the project and records available for inspection/ verification and monitoring by the CBN and Monitoring Team.
- vi. Comply with the Guidelines.
- vii. Cover their transportation cost for the training programme.

13. Discontinuation of a Credit Facility

- i. Whenever a loan is repaid or the facility is otherwise discontinued, the lending bank shall return the fund to the CBN.
- ii. The lending bank shall discharge the movable collaterals from the National Collateral Registry.

14. Infractions

The following, among others, shall constitute infractions of these Guidelines:

- i. Delay in disbursement to beneficiaries
- ii. Delay in remittance of monthly repayments.

Note:

- (a) For items (i) and (ii) above, penalty shall be Monetary Policy Rate (MPR) plus 2 per cent of the amount outstanding.
- (b) In cases of three (3) monthly defaults by the beneficiary, the lending bank shall be liable to pay back 50% of the amount outstanding within two (2) weeks, failing which the CBN shall debit the lending bank.
- (c) Wherever a case of negligence is established against the lending bank, the CBN shall be at liberty to debit the bank with the remaining 50% of the outstanding amount.
- (d) Recoveries shall be shared in the ratio 50:50 by the CBN and the lending bank.

15. Amendments

These Guidelines shall be subject to review from time to time as may be deemed necessary by the CBN.

16. Enquiries and Returns

All enquiries and returns should be addressed to:

Director,
Development Finance Department,
Central Bank of Nigeria,
Corporate Headquarters,
Central Business District,
Abuja.
Telephone No: 234-09-46238600

**Development Finance Department
Central Bank of Nigeria,
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