



**CENTRAL BANK OF NIGERIA**  
**NON-INTEREST GUIDELINES FOR INTERVENTION IN THE TEXTILE**  
**SECTOR**

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## **1.0 Introduction**

The Central Bank of Nigeria in a bid to resuscitate the Textiles Industry has put in place a N50 billion special mechanism for restructuring of existing facilities and provision of further facilities for textile companies with genuine need for intervention. This was the result of the meetings between the Governor and owners of textile mills in Nigeria on August 7, and September 29, 2015. Among the resolutions reached were that the Textile Mills articulate the status of their BOI CTG Loans stating their outstanding loan balances, tenure, interest rate, interest payment and the assistance being sought from CBN.

## **2.0 Activities to be covered Under the Intervention**

The activities to be covered under the Intervention shall include operations in the CTG value chain as follows:

- Cotton ginning (lint production)
- Spinning (yarn production)
- Textile mills
- Integrated garment factories (for military, para-military and schools and other uniformed institutions)

## **3.0 Types of Facilities**

- Refinancing of existing projects
- Long term financing for acquisition of plant and machinery
- Working capital

## **4.0 Eligibility Criteria for Participation in the Scheme**

Textile Companies shall meet the following criteria to be eligible:

- Any textile company with an existing facility in the books of BOI under the CTG scheme (emphasis will be on facilities that are indicating weakness arising from tenor, structure as well as facing cash flow difficulties)
- Any textile company with existing facilities in DMBs/NIFIs
- Textile companies that are not participating under the SME/RRF
- Projects financed before June 2009 (inception of the BOI CTG Loan) shall not be eligible to participate.

## **5.0 Modalities of the Fund**

### **i. Seed Fund**

This is a one-off intervention with a seed fund of N50 billion and will terminate by December 31<sup>st</sup> 2025.

### **ii. Financing Amount**

Financing amount is a maximum of N2 billion for a single obligor in respect of new facilities and N1.0 billion for refinancing.

### **iii. Rate of Return**

- The Fund shall be administered at an all-in rate of return of 4.5 percent per annum payable on quarterly basis.
- The managing agent (BOI) shall receive 1.0% service charge from the return proceeds and remit 3.5% to CBN.

## **6.0 Financing Tenor**

- (i) Facilities shall have a maximum tenor of 10 years and or working capital facility of one year with provision for a maximum roll over of 3 years.
- (ii) The Intervention allows for a maximum moratorium of 2 years in the facility repayment schedule.

## **7.0 Mechanism for Participation under the Intervention**

## **7.1 Restructuring**

Existing benefiting companies would submit requests to BOI for consideration on case by case basis. The BOI's consideration of the applications shall be subject to approval by the CBN.

## **7.2 Refinancing**

- Each request must be accompanied with the following documents:
  - i. Request from DMBs seeking to transfer the facilities to BOI
  - ii. Three (3) years financials including the latest management account of the obligor
  - iii. Copies of duly executed offer documents between the bank and the obligor evidencing existence of a facility.
  - iv. 6 months loan account statements showing the current exposure
  - v. An abridged business plan of the underlying project for which the facility was initially approved. The plan must include the projects cash flow projections detailing the repayment schedule.
  - vi. Certificate of Incorporation evidencing the incorporation of the Company with the Corporate Affairs Commission
  - vii. Evidence of proposed employment generation by the benefiting company.
  
- Within 14 days of the receipt of the banks' requests, BOI shall inform the companies of the status of their application and also advise each company of the amount of its facility that shall be refinanced
- BOI shall forward the applications to CBN for approval and release of funds.

## **7.3 Requests for New Financings**

- Each request must be accompanied with the following documents:

- i. Application from prospective companies seeking to access new facilities from BOI
- ii. Three (3) years financials including the latest management account of the obligor
- iii. CRMS report
- iv. 12 months bank account statements
- v. A detailed feasibility study/business plan of the underlying project for which the financing is being sought
- vi. Certificate of Incorporation
- vii. Evidence of proposed employment generation by the company.

## **8.0 Verification/Monitoring of Projects**

- (i) The project shall be subject to inspection by the CBN and BOI before approval.
- (ii) Monitoring would also be conducted by the CBN and BOI in the course of the life cycle of the project.

## **9.0 Responsibilities of Stakeholders:**

For the effective implementation of the Intervention and for it to achieve the desired objectives, the responsibilities of the stake holders shall include:

### **a. The CBN**

The Central Bank of Nigeria shall:

- Articulate clear modalities for the implementation of the Intervention
- Provide Fund for the Intervention
- Determine the limits of the Fund.
- Specify the rate at which BOI will finance under the Scheme
- Carry out verification of projects with BOI under the Programme before approval.
- Monitor the implementation of the Fund with BOI and publish periodic reports on its performance.

- Request BOI to render quarterly returns as may be specified from time to time.
- Build capacity of stakeholders
- Review the modalities

**b. Bank of Industry (BOI)**

**The BOI shall:**

- Restructure/refinance existing facilities
- Finance under the intervention at 4.5% using any of the CBN-approved non-interest financing instruments. These include:
  - Murabahah (cost plus mark-up sale) for acquisition of plant and machinery;
  - Ijarah (lease-to-own);
  - Istisna' (manufacture/construction and sale)
  - Diminishing Musharakah (diminishing contractual partnership) for asset acquisition and working capital financing.
- Put in place appropriate institutional arrangements for appraising, disbursing, monitoring and recovering the amount obtained under the Intervention.
- Submit amortization schedules of projects to CBN
- Render quarterly returns on the participation of companies to the CBN
- Remit repayment by beneficiaries on a quarterly basis to CBN

**c. Beneficiaries**

The beneficiaries shall:

- Utilise the funds for the purpose for which it was granted.
- Ensure prompt repayment of facilities
- Ensure the project being financed adhere strictly to the terms and conditions of the Intervention

- Make the project and records available for inspection/verification by the CBN and BOI  
Comply with the guidelines of the Intervention

#### **10.0 Discontinuation of the intervention**

Whenever a financing is fully repaid or the facility is otherwise discontinued, BOI shall return the funds to CBN within 7 working days.

#### **11.0 Amendments**

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

#### **12.0 Enquiries and Returns**

All enquiries and returns should be addressed to:

The Director,  
Development Finance Department  
Central Bank of Nigeria, Corporate Headquarters  
Central Business District, Abuja.  
Telephone No: 234-09-46239211

**Central Bank of Nigeria,  
Abuja.**

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