



CENTRAL BANK OF NIGERIA

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CIRCULAR TO DEPOSIT MONEY BANKS AND THE GENERAL PUBLIC

GUIDELINES FOR THE OPERATIONS OF THE ₦100 BILLION CREDIT SUPPORT FOR THE HEALTHCARE SECTOR

Pursuant to the ongoing efforts at ameliorating the effects of COVID-19 pandemic in Nigeria, the Central Bank of Nigeria hereby issues the attached operational Guidelines for Credit Support to the Healthcare Sector for indigenous pharmaceutical companies and healthcare practitioners intending to build or expand their capacity.

Further enquiries in respect thereof may be referred to the Director, Development Finance Department, Central Bank of Nigeria, Abuja.

A handwritten signature in blue ink, appearing to read 'Kevin N. Amugo', written over a horizontal line.

KEVIN N. AMUGO
DIRECTOR, FINANCIAL POLICY AND REGULATION DEPARTMENT



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1. Introduction

The Central Bank of Nigeria, as part of proactive measures to cushion the impact of the coronavirus (COVID-19) pandemic on the economy, introduced a ₦100 billion credit support intervention for the healthcare industry. This is with a view to strengthening the sector's capacity to meet potential increase in demand for healthcare products and services. Specifically, the scheme is to provide credit to indigenous pharmaceutical companies and other healthcare value chain players intending to build or expand capacity. The Scheme is expected to increase private and public investment in the healthcare sector, facilitate improvements in healthcare delivery and reduce medical tourism to enhance foreign exchange conservation.

This Guidelines outlines the operational modalities for the Scheme.

2. Objectives of the Scheme

The broad objectives of Scheme include:

- 2.1 Reduce health tourism to conserve foreign exchange;
- 2.2 Provide long-term, low cost finance for healthcare infrastructure development that would lead to the evolvment of world-class healthcare facilities in the country;
- 2.3 Improve access to affordable credit by indigenous pharmaceutical companies to expand their operations and comply with the World Health Organization's Good Manufacturing Practices (WHO GMP); and
- 2.4 Support the provision of shared services through one-stop healthcare solution to enhance competition and reduce the cost of healthcare delivery in the country.

3. Eligible Participants

Eligible participants under the Scheme shall include:

- i. Healthcare product manufacturers – pharmaceutical drugs and medical equipment;
- ii. Healthcare service providers/medical facilities – hospitals/clinics, diagnostic centres/laboratories, fitness and wellness centres, rehabilitation centres, dialysis centres, blood banks, etc.;
- iii. Pharmaceutical/medical products distribution and logistics services; and
- iv. Other human healthcare service providers as may be determined by the CBN from time to time.

4. Activities Covered

Eligible activities under the Scheme shall include:

- i. Manufacturing of pharmaceutical drugs and medical equipment;
- ii. Establishment/expansion/upgrade of basic and specialized healthcare facilities (as in 3 (ii and iii) above);
- iii. Medical/pharmaceutical supplies;
- iv. Medical/pharmaceutical Research and Development (R&D);
- v. Distribution of medical/pharmaceutical drugs and supplies;
- vi. Manufacturing of medical/pharmaceutical drugs distribution technology; and
- vii. Any other healthcare value chain activity as may be prescribed by the CBN from time to time.

5. Funding

The Scheme shall be funded from the Real Sector Support Facility – Differentiated Cash Reserves Requirement (RSSF-DCRR).

6. Participating Financial Institutions (PFIs)

The eligible financial institutions shall be:

- i. Deposit Money Banks (DMBs); and
- ii. Development Finance Institutions (DFIs).

7. Loan Limit

- i. Working Capital: 20% of the average of 3 years of the company's turnover subject to a maximum of ~~N~~500 million per obligor (where the enterprise is not up to 3 years in operation, 20% of the previous year's turnover will suffice).
- ii. Term Loan: Maximum of ~~N~~2 billion per obligor.

8. Interest Rate

Interest rate under the intervention shall be at not more than 5.0% p.a. (all inclusive) up to 28th February 2021 and thereafter, interest on the facility shall revert back to 9% p.a. (all inclusive) as from 1st March 2021.

9. Loan Tenor

- i. Working capital shall be for a maximum period of one (1) year, with provision for rollover not more than three (3) years.
- ii. Term loan shall have a maximum tenor of not more than 10 years with a maximum of one year moratorium on repayment. However, in case of construction, the tenor shall be determined by the completion date.

10. Collateral Requirement

The collateral to be pledged by borrowers under the programme shall be as may be required under the RSSF-DCRR.

11. Interest and Principal Repayment

Interest and principal repayment shall be made on installment basis by the borrowers to the PFIs according to the approved repayment schedule.

The PFI shall remit interests and principal repayments received to the Scheme on quarterly basis.

12. Modalities

- i. A corporate entity shall submit its application to a PFI of its choice with a bankable business plan.

- ii. PFI shall appraise and conduct due diligence on the application.
- iii. Upon approval by the PFI's Credit Committee, the application shall be submitted to CBN with relevant documents attached.
- iv. CBN will process and disburse funds to the PFI for onward release to the project.

13. Monitoring and Reporting

Periodic joint monitoring of activities financed under the Scheme will be conducted by the PFI and the CBN.

14. Responsibilities of Stakeholders

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

14.1 CBN shall:

- i. Provide the seed fund for the Scheme;
- ii. Release funds to PFIs for disbursement to successful applicants;
- iii. Review the Guidelines of the Facility as may be necessary;
- iv. Receive and process periodic returns from PFIs; and
- v. Monitor and evaluate implementation of the Scheme.

14.2 The PFI shall:

- i. Receive and review applications submitted by its customers;
- ii. Undertake due diligence based on normal business considerations;
- iii. Bear the credit risk;
- iv. Issue offer letters and forward qualified applications to CBN;
- v. Disburse the released funds to successful applicants;
- vi. Monitor the project and recover the loans from the beneficiaries;
- vii. Maintain adequate records of all beneficiaries and facilities;
- viii. Register all movable assets with the National Collateral Registry;
- ix. Forward periodic returns in the prescribed format on the Scheme to CBN;
- x. Comply with the Guidelines; and
- xi. Carry out any other duties as the CBN may prescribe from time to time.

14.3 The borrower shall:

- i. Utilise the funds granted under the Scheme for the purpose for which it was granted;
- ii. Insure the project being financed;
- iii. Adhere strictly to the terms and conditions of the credit facility;
- iv. Make the project and records available for inspection/verification by the CBN and PFI; and
- v. Comply with the Guidelines of the Scheme.

15. Infractions

Delay and non-release of funds to beneficiaries within the timelines agreed on the offer letter shall attract penalty at the PFI's maximum lending rate.

16. Exit Date

The exit date of this Intervention is 31st December 2030.

17. Amendments

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

18. Enquiries and Returns

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