



CENTRAL BANK OF NIGERIA

GUIDELINES

REAL SECTOR SUPPORT FACILITY (RSSF)

REVISED GUIDELINES (V3)

1. Introduction

The Central Bank of Nigeria, as part of efforts to stimulate output growth, enhance value addition and engender productivity in the economy established the Real Sector Support Facility (RSSF). The Facility will be channeled towards increasing credit to priority sectors of the economy with sufficient employment capabilities, high growth potentials, increase accretion to foreign reserves, expand the industrial base and consequently diversify the economy. The RSSF will be used to support start-ups and expansion financing needs of enterprises.

2. Objectives of the Fund

The objectives of the Facility include:

- i. Improve access to finance by the agricultural value chain, manufacturing, mining, solid minerals activities and other strategic sub-sectors of the Nigerian economy.
- ii. Increase output, create jobs, diversify the economy, increase accretion to foreign reserves and provide inputs for the industrial sector on a sustainable basis.

3. Activities Covered under the Facility

The activities to be covered under the Facility are:

- (a) Manufacturing SMEs
- (b) Agricultural Value Chain
- (c) Services
- (d) new and expansion projects in the real sector.
- (e) Priority will be given to projects with high local content, import substitution, foreign exchange earnings and huge potentials for job creation.
- (f) Trading activities shall not be accommodated under this Facility.

4. Type of Facilities

- i. Term loan
- ii. Working capital

5. Loan Tenor

- i. Loans shall have a maximum tenor of 10 years (*not exceeding 31st December, 2025*) depending on the complexity of the project. Each project tenor shall be determined in relation to its cash flow and life of the underlying collateral.

- ii. Working capital facility of 1 year with a maximum roll over of 1 year subject to approval.
- iii. The Facility allows for moratorium of 1 year in the loan repayment schedule.

6. Modalities of the Facility

- i. Interest Rate - The Facility shall be administered at an all-in interest rate/charge of 9 per cent per annum payable on quarterly basis.
- iii. The CBN shall release the fund to DMBs at *3% interest rate*.

7. Repayment

Repayments under this facility shall be amortized and quarterly principal repayments shall be to *RSSF repayment account in CBN*.

7.1 Default rate on repayment by Borrowers

The bank shall not charge more than MPR+2 interest on defaulted amount on quarterly payment by customers.

7.2 Default in Payment by Banks

7.2.1 The CBN shall charge MPR+2 interest on the bank for defaulted amount on quarterly repayment.

7.2.2 Defaulted quarterly repayment crystallizes after one week due.

8. Eligibility Criteria for Participation in the Facility

8.1 Participating Financial Institutions (PFIs)

All Deposit Money Banks will be eligible as PFIs under this Facility. Erroneously

8.2 Borrower

A borrower shall be an entity registered in Nigeria under the Companies and Allied Matters Act of 1990 to be eligible to borrow from the Facility.

9. Mechanism for the Facility

- i. Lending banks shall receive; process; approve; and forward requests for the facility from their customers to the CBN.
- ii. Each request must be accompanied with the following documents:
 - a. Business plan which should state expressly, the financing plan, economic benefits, environmental impact assessment report, etc.
 - b. Audited Accounts (3 years) for existing company.
 - c. Statement of Affairs for startups and companies with less than 3 years of existence.
 - d. Copies of duly executed offer documents between the bank and the loan applicants.
 - e. Certificate of Incorporation
 - f. Brief on directors

- g. At least two (2) Credit Report of the company and directors
- h. Proposed schedule of fund disbursement.
- iii. Within 5 working days of the receipt of the banks' requests, Central Bank of Nigeria shall inform the banks of the status of their request.
- iv. 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. Projects under the Facility shall be subject to verification by the CBN. Acceptance or rejection of an application for the facility shall be communicated to the PFIs and the borrower within 5 working days after verification.
- ii. Central Bank of Nigeria reserves the right to reject an application from any lending bank that does not meet the requirements of the Guidelines.
- iii. The Project shall be monitored and impact evaluation conducted by the CBN periodically.

11. Management of the Facility

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

12. Responsibilities of Stakeholders:

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

12.1 Central Bank of Nigeria

The Central Bank of Nigeria shall:

- i. Articulate clear Guidelines for the implementation of the Facility
- ii. Determine the limits.
- iii. Carry out verification and monitor projects financed.
- iv. Conduct impact evaluation.
- v. Generate periodic reports on its performance.
- vi. Sensitize stakeholders
- vii. Review the Guidelines as may be necessary from time to time

12.2 Deposit Money Banks (DMBs)

The DMBs shall:

- i. Appraise and approve requests under the Facility based on normal business consideration and due diligence.
- ii. Forward such approved requests to CBN for verification and final approval.
- iii. Consider the grant of credit ONLY to real sector projects at an interest rate of 9% per annum all inclusive.
- iv. Monitor the Projects during the loan period.

- v. Render periodic returns as may be specified by the CBN from time to time
- vi. Comply with the Guidelines of the Facility

12.3 Borrower

The borrower shall:

- i. Adhere strictly to the terms and conditions of the Facility.
- ii. Utilize the funds for the purpose for which it was granted.
- iii. Make the Project and records available for inspection/verification by the CBN.
- iv. Comply with the Guidelines.

13. Discontinuation of a Credit Facility

Whenever a loan is repaid or the Facility is otherwise discontinued, the lending bank shall return the fund to the RSSF repayment account in CBN within 3 working days, providing details of the credit facility.

14. Infractions

The following among others shall constitute infractions under the Guidelines:

- i. Loan diversion
- ii. Delay in disbursement to beneficiaries
- iii. Delay in remittance of quarterly repayments.
 - (a) For item (i) above, any established case of loan diversion, the bank must within 48 hours return the fund to CBN and the penalty shall be a minimum of Monetary Policy Rate (MPR) plus 2 per cent of the amount or as may be determined from time to time by the CBN.
 - (b) On item (ii) above, the penalty shall be Monetary Policy Rate (MPR) plus 2 percent of the amount.
 - (c) In the case of quarterly repayment default by the beneficiary, the lending bank shall be liable to pay back the amount due within two (2) weeks, failing which the CBN shall debit the lending bank.
- iv. Non-compliance with Section 7.1 and 7.2.1 of the Guidelines is tantamount to infraction and will attract a penalty of MPR+2.

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