



The coronavirus pandemic, has led to unprecedented disruptions to global supply chains, sharp drop in global crude oil prices, turmoil in global stock and financial markets, lockdown of large swaths movements of persons in many countries, among others. As a result of this and many other disruptions, the Central Bank of Nigeria (CBN) unveiled the N50billion Targeted Credit Facility as a stimulus package to support households and Micro, Small and Medium Enterprises affected by the COVID-19 pandemic. Below are likely questions and the answers on the application process for this facility.

1. Which financial institution do I apply to, to enable me access the targeted loan facility provided by the Central Bank of Nigeria?

Applications for the Targeted Loan Facility are to be made only to NISRAL Microfinance Bank an entity owned by the Central Bank of Nigeria, Bankers Committee and the Nigerian Postal Service. The bank has been nominated as the only financial institution through which applications for Targeted Credit Facility (COVID 19) Stimulus package are to be taken by the Central Bank of Nigeria.

2. Who is eligible to apply for this targeted credit facility?

- a. Households with a verifiable evidence of livelihood which has been adversely affected by COVID 19;
- b. Existing enterprises with verifiable evidence of business activities adversely affected by COVID 19;
- c. Enterprises with bankable plans to take advantage of opportunities arising from the COVID 19 pandemic.

3. Which commercial activities will be regarded as being eligible for the loan:

The following activities will be regarded as eligible opportunities in taking advantage of the crises;

- a. Agricultural value chain activities;
- b. Hospitality (accommodation and food supply services)
- c. Health (pharmaceuticals and medical supplies)
- d. Airline service providers;
- e. Manufacturing/ Value Addition Services;
- f. Trading.

4. How much of this N50 billion can I access?

The CBN through guidelines, particularly the CBN's Guidelines for the Implementation of the N50billion Targeted Credit Facility has stipulated the following threshold as the maximum loan amount to be accessed by an individual borrower:

- a. Households can access a maximum of ₦ 3 million.
- b. SME's can access a maximum of ₦ 25 million. This will however be dependent on the proposed activity, cashflow and industry size of the borrower.

5. If my application is successful, what interest rate/rates are applicable to the loan amount?

An initial all-inclusive interest rate of 5% per annum will be applicable from the time the loan is disbursed up until 28th February 2021. Subsequently from 1st March 2021, the interest rate will be 9%.

6. Can you provide information on the tenor of these loans?

The loan tenor is dependent on the application. Loans disbursed as working capital are for a maximum period of one year with no option for roll over. On the other hand, term loans are for a maximum period of three years with at least one-year moratorium.

7. What is the nature of repayment on these loans?

Repayment on disbursed loans will be by installments. The beneficiary and participating financial institution, during the application process must have worked out the modalities for the repayment schedule.

8. What does the application process involve?

The application process is straightforward and simple to enable quick resolution of applications in these difficult times:

- a. Applications are submitted online, directly to NISRAL Microfinance Bank.
- b. Applications are accompanied by the following:
 - borrowing entity's BVN;
 - business registration number (if applicable);
 - business plan with clear evidence of the opportunity or adverse impact caused by the pandemic. (optional)
- c. After documents are submitted, NISRAL shall appraise and conduct due diligence.
- d. If the applicant's documents are found satisfactory, NISRAL shall forward to the CBN for final approval.

e. CBN will review and revert to NISRAL with final approval for disbursement.

9. Is my business required to pay any fees in applying for this loan?

No. Neither the CBN nor NISRAL charge any fees as processing fees in applying for this loan. In furtherance of this, the CBN issued a disclaimer on the 13th of April, 2020 asking members of the public to disregard requests for payment of any amount as processing fees for this loan.

10. When should applicants expect NISRAL to begin disbursements?

NISRAL released a statement on 15/04/2020 to the effect that disbursements to successful applicants for the TCF loan will begin in the week of 20/04/2020.

11. How long is the application process expected to take?

The CBN and NISRAL have communicated that applications are to be swiftly dealt with and applicants are to expect a decision on their applications in a timely manner. We will assume that timelines will vary based on several factors including completeness of documentation and others.

12. How soon will I receive the approved funds?

NISRAL indicated an intention to begin disbursements in the week of 20/04/2020. Successful applicants should begin to receive approved funds then.

13. Is the requirement to provide a business plan in the application process compulsory?

No. The requirement for a business plan is no longer compulsory and the requirement for payment of between N5,000 and N10,000 for a bank approved business plan has been dispensed with. Applicants may now submit loan applications without a business plan. NISRAL however noted

that the inclusion of a business plan in an application will make the application process faster for beneficiaries.

14. Will I be required to provide a collateral for the loan?

Yes. The collateral to be pledged by the beneficiaries under the program may include the following:

- a. moveable assets duly registered on the National Collateral Registry; The National Collateral Registry of Nigeria is an initiative of the Central Bank of Nigeria to improve access to finance particularly for Micro, Small and Medium Enterprises (MSMEs). The Collateral Registry is pursuant to Part III of the Central Bank of Nigeria's Regulations on Registration of Security Interests in Movable Property by Banks and other Financial Institutions (Regulations No, 1, 2015). It is currently operational and being used by borrowers and lenders alike. Simply put, the Collateral Registry is a web-based system that allows lenders to determine any prior security interests, as well as to register their security interests over movable assets provided as collateral. It facilitates the use of movable / personal assets as collateral that remain in possession or control of the borrowers and thereby improves access to secured finance. The registry can be accessed via www.ncr.gov.ng
- b. simple deposit of title documents, in perfectible state;
- c. deed of debenture (for stocks), in perfectible state.
- d. an irrevocable domiciliation of proceeds;
- e. two acceptable guarantors;
- f. personal guarantee of the promoter of the business;
- g. life insurance of the key-man, with NMFB noted as the first loss payee;
- h. and comprehensive insurance over the asset

For further information, please contact:



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