



GUIDELINE FOR THE OPERATION OF THE CENTRAL BANK OF NIGERIA ₦100 BILLION NAIRA CREDIT SUPPORT FOR THE HEALTHCARE SECTOR; WHAT YOU NEED TO KNOW

Introduction

The Nigerian government and its agencies have been making frantic efforts at ameliorating the effects of the COVID-19 pandemic on the entire Nigerian populace and the economy at large. As part of the measures put in place to achieve this, the Central Bank of Nigeria (**CBN**) established the ₦100 Billion credit support intervention for the healthcare industry. This is done with the aim to strengthen the sector's capacity considering the potential increase in the demand for healthcare products and services.

Particularly, the Scheme is to provide credit to indigenous pharmaceutical companies and other healthcare value chain players intending to build or expand capacity. It is also 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.

To this extent, CBN has released Guidelines which prescribes the following to regulate the Scheme

Objectives of the Scheme

The Guidelines stated the objectives of the Scheme to include the following:

- (a). Reduce health tourism to conserve foreign exchange;
- (b). Provide long-term low-cost finance for healthcare infrastructure development that would lead to the evolvment of world-class healthcare facilities in the country;
- (c). 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
- (d). Support the provision of shared services through one-stop healthcare solution to enhance competition and reduce the cost of healthcare delivery in the country.

Eligibility

Eligibility for the Credit Support (CS) according to the Guidelines is premised on both participants and activities.

The eligible participants are:

- (a). Manufacturers of pharmaceutical drugs and medical equipment;
- (b). Healthcare service providers/medical facilities - hospitals/clinics, diagnostic centers/laboratories, fitness and wellness centers, rehabilitation centers, dialysis centers, blood banks;
- (c). Pharmaceutical/medical products distribution and logistics services; and
- (d). Other human healthcare service providers as may be determined by the CBN from time to time.

Eligible activities include:

- (a). Manufacturing of pharmaceutical drugs and medical equipment
- (b). Establishment/expansion/upgrade of basic and specialized healthcare facilities medical/pharmaceutical supplies;
- (c). Medical/pharmaceutical Research and Development (R&D);
- (d). Distribution of medical/pharmaceutical drugs and supplies;
- (e). Manufacturing of medical/pharmaceutical drugs distribution technology; and
- (f). Any other healthcare value chain activity as may be prescribed by the CBN from time to time.

Funding

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

*The RSSF is the Real Sector Support Facility established by the CBN in 2016 to support start-ups and expansion financing needs of enterprises.

Participating Financial Institutions

The eligible financial institutions shall be:

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

Loan Limit

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

Loan tenor

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

Interest rate

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.

Collateral Requirement

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

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.

Application Process

A Corporate entity shall submit its application to a PFI of its choice with bankable business plan. The PFI shall appraise and conduct due diligence on the application. Upon approval by the PFI's Credit Committee, the application shall be submitted to CBN with relevant documents attached. CBN will process and disburse funds to the PFI for onward release to the project.

Borrower's Obligation under the Scheme

- (a). The borrower shall utilize the funds granted under the Scheme for the purpose for which it was granted;
- (b). Insure the project being financed;
- (c). Adhere strictly to the terms and conditions of the credit facility;
- (d). Make the project and records available for inspection/verification by the CBN and PFI; and
- (e). Comply with the Guidelines of the Scheme.

Exit Date

The exit date of this Intervention is 31st December 2030

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Address: 20B Kingsley Emu Street, off Admiralty Road, Lekki Phase 1, Lagos.