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## FRAMEWORK FOR THE IMPLEMENTATION OF INTERVENTION FACILITY FOR THE NATIONAL GAS EXPANSION PROGRAMME

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### INTRODUCTION

On 1 September 2020, the Central Bank of Nigeria released the framework for the implementation of intervention facility for the National Gas Expansion Programme (NCEG) as part of its efforts to stimulate finance to critical sectors of the economy. The N250bn intervention facility is to help stimulate investment in the gas value chain and implemented in collaboration with the Ministry of Petroleum Resources (MPR).

### Objectives of the Facility

The objectives of the facility are to improve access to finance for private sector investments in the domestic gas value chain; stimulate investments in the development of infrastructure to optimize the domestic gas resources for economic development; provide leverage for additional private sector investments in the domestic gas market; and boost employment across the country.

The facility is also supposed to fast-track the adoption of Compressed Natural Gas (CNG) as the fuel of choice for transportation and power generation, Liquefied Petroleum Gas (LPG) as the fuel of choice for domestic cooking, transportation and captive power; and the development of gas-based industries particularly petrochemical (fertilizer, methanol, etc) to support large industries, such as agriculture, textile, and related industries.



## Eligibility

The entities eligible for the facility are those whose activities involve establishment of gas processing plants and small-scale petrochemical plants; establishment of gas cylinder manufacturing plants; establishment of L-CNG regasification modular systems; establishment of auto gas conversion kits or components manufacturing plants; establishment of CNG primary and secondary compression stations; establishment and manufacturing of LPG retail skid tanks and refilling equipment; and any other mid to downstream gas value chain related activity recommended by the Ministry of Petroleum Resources (MPR).

## Loan Type and Limit

The loans available under the Facility are term loans and working capitals. These loans are granted to two categories of entities namely manufacturers, processors, wholesale distributors; and small & medium enterprises (SMEs) and retail distributors. The term loan and working capital allowable per obligor for the former category of entities shall not exceed N10bn and N500 million respectively while for the latter category, the term loan and working capital per obligor shall not exceed N50 million and N5 million, respectively. In addition, the maximum tenor for the first category shall be 10 years for the term loan and 1 year for the working capital which can be rolled over twice, while the second category shall be entitled only to a maximum of 5 years for the term loan and a 1 year working capital which can be rolled over twice.

It is expected that the interest rate shall not be more than 5.0% per annum until 28 February 2021, and thereafter 9% per annum from 1st March 2021.

## Conclusion

The introduction of the facility is timely. It will change the low level of investment in the industry which is the basis for the minimal production and utilization of Compressed Natural Gas (CNG) and Liquefied Petroleum Gas (LPG) as clean alternative sources of domestic energy in Nigeria.

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