

EXPORT CREDIT GUARANTEE FACILITY

One of the major problems of exporters is the non-availability of funds. Banks are usually reluctant to finance export transactions particularly at the pre-shipment stage because of the high risk of default involved. NEXIM's export credit guarantee facility is designed to protect banks in Nigeria against the risks of non-payment for loans or advances granted to exporters to meet short-term export contracts.

Eligible Exports

Goods wholly or partly manufactured in Nigeria for export, commodities, which are exportable under the laws of Nigeria, and services, are eligible for guarantee cover under this facility.

Eligible Exporters

Eligible exporters are companies duly registered in Nigeria and co-operative societies (whether as manufacturing, merchant or service exporters)

Ineligible Credit/Advances

The following credit/advances are not eligible for cover:

- Loans financed or refinanced by NEXIM.
- Loans which are not for export oriented transactions.
- Loans granted for exportation or importation of banned goods.

Types of Guarantees

Guarantees available under the facility are: -

- Pre-shipment guarantee
- Post-shipment guarantee

Pre-shipment guarantee

This is a guarantee of credits/advances granted by a bank for a term not exceeding 180 days for the purpose of manufacture, purchase, processing and/or packaging of goods to be exported under a confirmed export order.

Post-shipment guarantee

This is a guarantee of credits/advances granted by a bank in Nigeria for a term not exceeding 180 days against an export bill or any other receivables.

Pre- shipment & Post-shipment Risks Covered

The risks covered which shall be the causes of loss under both pre-shipment and post-shipment policies are stated below:

- Insolvency of the buyer immediately before shipment is undertaken or other events.
- Cancellation of export license.
- Imposition of restriction on the export of goods.
- Protracted default by the exporter.
- Insolvency of the buyer.
- Protracted default by the buyer

Exclusions

The following risks are excluded under the guarantee:

- Non-payment resulting from any fraudulent act of the exporter or his agents.
- Non-payment resulting from the failure of the exporter to fulfill the terms of the export contract.
- Default of the exporter's agent or collecting bank.
- Non-payment resulting from physical damage, which should normally be insured with commercial insurance companies.

Percentage of cover

The proportion of the cover, to be provided, is as follows:

- Pre-shipment guarantee: 75% of loans and advances
- Post-shipment guarantee: 85% of loans and advances.

Guarantee Agreement

A guarantee agreement shall be issued to an insured exporter within 7 days of commencement of the guarantee and may be reviewed or renewed by endorsements.

Termination of guarantee agreement

A written notice from NEXIM may terminate the guarantee agreement anytime, in the event of the exporter's failure to pay premiums or committing of fraudulent act.

For further information please contact:

Marketing Division

Nigerian Export – Import Bank

NEXIM HOUSE
Plot 975 Cadastral Zone A0,
Central Business District,
PMB 276, Garki,
Abuja, Nigeria.

Phone: (+234) 9 628 1630 -9

Fax: (+234) 9 628 1640

E-mail: neximabj@neximbank.com.ng