

REDISCOUNTING AND REFINANCING FACILITY

This facility is available to assist commercial and merchant banks to provide short-term finance in support of exports, directly or indirectly influence the cost of credit to the export sector; enhance its competitiveness and to encourage banks to finance the procurement of non oil export goods, raw materials, and processing. This facility is made available in local currency to exporters through their bankers and is available for a maximum tenor of one year, at a concessionary rate determined periodically by NEXIM.

Exporter

The exporter must be a creditworthy limited liability company, cooperative society; existing/new production units with a minimum of 50% export orientation or an existing provider of export services. The exporter must establish that the loan will develop or expand his export business.

Participating Bank

Banks wishing to participate under the facility must be in good financial health as evidenced by three years Audited Accounts, and meet additional criteria set by NEXIM from time to time.

Tenor

The tenor in respect of pre- and post-shipment rediscounting shall not exceed 120 days and 60 days respectively. For combined pre-and post-shipment finance, the maximum tenor shall not exceed 180 days.

The Refinancing Facility shall not exceed 12 months and covers installments of long-term financing i.e. export debentures, term loans, falling due within a year of the date of application.

Collateral Requirements

Since the participating bank is assuming the credit risk, it is expected to secure its lending. Therefore the security arrangements will be agreed with the exporter.

Documentation

Application

An application for rediscounting covering either pre-shipment, post shipment or combined pre-and post-shipment periods shall be made to NEXIM by means of a letter signed by at least two authorised signatories of the bank supported by the documents itemised below:

- (i) Evidence of an export order, e.g. Letter of Credit, sales contract, confirmed order.
- (ii) Evidence of export credit, this should be a bill of exchange drawn by the bank on, and accepted by the exporter. A copy of which should be marked "**ORIGINAL HELD AT THE DISPOSAL OF NEXIM, NOT FOR SALE**". The bill shall be for an appropriate tenor with the discount rate clearly stated on the bill.

- (iii) Completed Return on Export Finance Portfolio.
- (iv) Written confirmation by the exporter to the bank indicating whether the sales contract or export order is being part financed.
- (v) Evidence of capacity to perform in respect of export credit of ₦3 million and above.

For export credit rediscounting covering specifically the post-shipment period, the following documentation is required:

- (vi) Evidence of an export order, e.g. Letter of Credit; sales contract, confirmed order by a reputable local agent of an established buyer.
- (vii) Evidence of shipment, e.g. clean on-board bill of lading.
- (viii) Evidence of shipment on credit terms e.g. copy of the foreign usance (term) bill.

Disbursement

Upon approval, the facility is disbursed to the participating bank on submission of the following documents:

- Promissory Note
- Irrevocable Transfer Order addressed to the Director of Banking Operations, Central Bank of Nigeria, Lagos
- A copy of the approval letter

Other Aspects

- (a) If an exporter benefits from either the Rediscounting or Refinancing Facility but fails to perform the export order, both the company and its directors shall be blacklisted for one year.
- (b) If a bank commits an abuse under any of the facilities, it shall be blacklisted for one year and the facility shall be recalled immediately.
- (c) In addition to the above, a penal charge of 4% over the rediscount rate shall be charged to the account of the defaulting bank.

In the context of the above, an abuse is defined to include, but not limited to:

1. False declaration
 2. Falsification of documents
 3. Deliberate breach of the provisions of this guidelines
 4. Unauthorized product switch etc.
 5. And the issuance of bills that are irregular and therefore delay repayments to NEXIM.
- Notwithstanding the penalties prescribed above, NEXIM reserves the right to recall any of these facilities if it finds out that:
- (a) the bank did not disburse the funds to the exporter
 - (b) the fund has been diverted
 - (c) repatriation status has been falsified



For further information, please contact:

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