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GUIDELINES FOR IMPLEMENTATION OF 100 for 100 POLICY ON PRODUCTION AND PRODUCTIVITY (100 FOR 100 PPP)

In an effort to stimulate the flow of credit to the real sector of the economy in order to reverse the nation's over-reliance on import, the Central Bank of Nigeria hereby issues the Guidelines for the implementation of the 100 for 100 Policy for Production and Productivity (100 for 100 PPP) for eligible private companies with potential to immediately transform and catalyse the productive base of the economy.

Enquiries on the Guidelines may be referred to the Director, Development Finance Department, Central Bank of Nigeria, Abuja,

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CENTRAL BANK OF NIGERIA

**GUIDELINES FOR THE IMPLEMENTATION OF THE
100 FOR 100 PPP (POLICY ON PRODUCTION AND PRODUCTIVITY)**

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CENTRAL BANK OF NIGERIA

GUIDELINES FOR THE IMPLEMENTATION OF 100 FOR 100 POLICY ON PRODUCTION AND PRODUCTIVITY (PPP)

1. Introduction

In furtherance of its core mandates of delivering price and financial system stability, and promoting sustainable economic development, the 100 for 100 Policy on Production and Productivity (PPP) is introduced by the Central Bank of Nigeria (CBN) to stimulate investments in Nigeria's manufacturing sector with the core objective of boosting production and productivity, necessary to transform and catalyse the productive base of the economy. The overarching goal of the initiative is to reverse the nation's over reliance on import.

The initiative, 100 for 100 PPP, is a financial instrument designed to create the flow of finance and investments to enterprises with potential to catalyse sustainable economic growth trajectory, accelerate structural transformation, promote diversification, and improve productivity.

Quarterly, starting from 1st November 2021, the initiative shall select 100 private sector companies with projects that have potential to significantly increase domestic production and productivity, reduce imports, increase non-oil exports, and overall improvements in the foreign exchange generating capacity of the Nigerian economy. The initiative, which shall be bank-led, will be rolled over every 100 days (that is, quarterly) with new set of companies selected for financing under the initiative. The initiative shall be implemented in collaboration with relevant stakeholders with focus on micro and macroeconomic impacts, in terms of contribution to GDP and

exports, sustainable jobs created, local content development, production output, and capacity utilisation and integration into the global value chain.

This Guidelines outlines the operational modalities for the instrument.

2. Objectives of the initiative

The broad objective of the initiative is to reverse the nation's over-reliance on imports, by creating an ecosystem that targets and supports the right projects with potential to transform and catalyse the productive base of the economy. The specific objectives of the initiative include:

- i. catalyse import substitution of targeted commodities;
- ii. increase local production and productivity;
- iii. increase non-oil exports; and
- iv. improve foreign exchange earning capacity of the economy.

3. Key Performance Indicators (KPIs)

A comprehensive, regular monitoring of specific benchmarks and key performance indicators (KPIs) under the initiative shall be undertaken regularly. The KPIs (specific and relevant) shall include:

- i. Percentage increase in production output of financed companies;
- ii. Percentage increase in capacity utilisation;
- iii. Percentage increase in export volume;
- iv. Percentage increase in export value;
- v. Percentage decrease in import volume of industrial raw materials;
- vi. Percentage decrease in import value of industrial raw materials;
- vii. Increase in number of jobs created.

4. Activities Covered

Focal activities covered under the initiative shall be existing businesses and projects (brownfield) with potential to immediately transform and catalyse the productive base of the economy. New projects (greenfield) with equal

potential may be considered under the initiative, subject to CBN Management's approval.

The activities can be in any of the following:

- i. Manufacturing;
- ii. Agriculture and agro-processing;
- iii. Extractive industries;
- iv. Petro-chemicals and renewable energy;
- v. Healthcare and pharmaceuticals
- vi. Logistics services and trade-related infrastructure e.g. cold chain solution, quality assurance infrastructure; and
- vii. Any other activities as may be prescribed by the CBN.

5. Funding

The 100 for 100 Policy on Production and Productivity (PPP) initiative shall be funded from the CBN's Real Sector Support Facility – Differentiated Cash Reserve Requirement (RSSF-DCRR) window or any other funding window as may be determined by the CBN.

6. Financial Instrument Features

The initiative shall be implemented in line with the provisions of the guidelines for the implementation of the underlying intervention (RSSF-DCRR), which include:

6.1 Loan Type

- i. Long-term loan for acquisition of plant and machinery
- ii. Working capital

6.2 Loan Limit

Loan amount shall be a maximum of ₦5 billion per obligor. Any amount above ₦5 billion shall require the special approval of CBN's Management.

6.3 Interest Rate

Interest rate under the intervention shall be at not more than 5.0% p.a. (all inclusive) up to 28th February 2022, thereafter, interest on the facility shall revert to 9% p.a. (all inclusive) effective from 1st March 2022.

6.4 Loan Tenor and Moratorium

- i. Term loans shall have a maximum tenor of ten (10) years depending on the complexity of the project, not exceeding 31st December 2031. Each project tenor shall be determined in relation to its cash flow and life span of the underlying collateral.
- ii. Moratorium: Term loans shall have two (2) years moratorium.
- iii. Working capital facility shall have a tenor of one (1) year with provision for roll over for a maximum of three (3) years.
- iv. The participating financial institution (PFI) shall bear the credit risk.
- v. Refinancing of existing facilities allowed under the initiative, subject to Management's approval.

6.5 Collateral Requirements

The collateral acceptable under the intervention facility shall be as may be acceptable by the PFI under the RSSF-DCRR.

6.6 Repayment

Monthly interests on the facility shall be amortised and transferred quarterly with principal repayments to the CBN.

6.7 Participating Financial Institutions (PFIs)

Only CRR contributing Deposit Money Banks (DMBs) shall be eligible to participate under the initiative.

7. Modalities

- i. Interested private sector companies shall submit their applications to their PFIs with requisite documentation which shall include, amongst others:
 - a. Certified true copies of company registration documents evidencing the incorporation of the Company with the Corporate Affairs Commission (CAC);
 - b. Three (3) years audited financials including the latest management account of company;
 - c. Evidence creditworthiness of the company, its promoters and directors;
 - d. At least two (2) credit reports of the company and the directors;
 - e. Business plan of the underlying project for which the facility is to be applied;
 - f. Detailed status report on project's capacity utilisation, production output, productivity/efficiency level, employment level, export capacity and value creation; and
 - g. Projected post-financing economic benefit of project – increase in capacity utilisation, production output, productivity/efficiency level, employment level, export capacity and value creation after financing.
- ii. Applicants shall notify CBN of submitted applications via a dedicated online portal (<https://100for100ppp.ng>) for tracking and monitoring status of applications;
- iii. The lending bank shall receive applications and carry out due diligence on applications based on business and credit considerations;
- iv. Upon approval by the appropriate PFI's Credit Committee, lending bank shall forward applications of their eligible private sector companies to the CBN;

- v. The CBN shall screen and finance eligible private sector companies in 100 days, and rolling over every 100 days;
- vi. Central Bank of Nigeria shall conduct internal review of the applications received to ensure compliance with the stipulated requirements for participation under the initiative
- vii. The CBN shall release the approved sum to the PFI for onward disbursement to the selected private sector companies;
- viii. The successful beneficiaries would be published in National Dailies for Nigerians to verify and confirm with details of facility granted, operating sector, manufacturing activities financed, and PFI.

8. Selection Criteria

The selection criteria shall comprise the following key areas, parameters (with weights assigned) and indicators:

Key Areas	Parameters	Indicators
Production Efficiency and Scalability	Capacity Utilization and Scalability (20)	<ul style="list-style-type: none"> ▪ Historical Financial performance (3 years audited report of the company) (5) ▪ Viability of the Business (5) ▪ Project Innovation (5) ▪ Creditworthiness of Directors (5)
Local Content Capacity	Scale of locally sourced raw materials (20)	<ul style="list-style-type: none"> ▪ >50% of raw material input sourced locally (10) ▪ >80% of jobs created should be for Nigerians (10)

Key Areas	Parameters	Indicators
Job Creation & Human Capital Development	Job Creation and Capacity Building (20)	<ul style="list-style-type: none"> ▪ Job creation (10) ▪ Detailed plan for training the workforce with requisite skills to enhance productivity (10)
Operating Sector Relevance	Operating sector potential (20)	<ul style="list-style-type: none"> ▪ Alignment with focal business activities (10) ▪ Integration into the Global Export Value Chain (10)
Contribution to Economic Growth	Impact on key macroeconomic indicators (20)	<ul style="list-style-type: none"> ▪ Contribution to GDP potential (5) ▪ Share of domestic market (5) ▪ Foreign exchange earning potential (5) ▪ Export value potential (5)

9. Responsibilities of Stakeholders

For the effective implementation of the initiative, the responsibilities of the stakeholders shall include:

9.1 Central Bank of Nigeria

The Central Bank of Nigeria shall:

- i. The CBN shall screen and finance eligible private sector companies in 100 days, and rolling over every 100 days;

- ii. conduct internal review of the applications received from the PFIs to ensure compliance with the stipulated requirements for participation under the initiative;
- iii. rank and select for financing, 100 private sector companies per quarter with potential to immediately transform and catalyse the productive base of the economy;
- iv. release the approved sum to the PFI for onward disbursement to the selected private sector companies within two (2) week of receipt of applications from PFI;
- v. publish in at least three (3) national dailies the list of selected private sector companies with details of facility granted, operating sector, manufacturing activities financed, and PFI;
- vi. carry out periodic verification and monitoring of projects financed with the lending PFI;
- vii. maintain and provide periodic reports to the CBN Management on the performance of the intervention;
- viii. ensure compliance with the provisions of the Guidelines; and
- ix. review the Guidelines as may be necessary from time to time.

9.2 Participating Financial Institution (PFI)

The PFI shall:

- i. receive applications submitted for selection and financing under the initiative from private sector companies;
- ii. carry out due diligence on application and ensure that all conditions precedent are met;
- iii. ensure compliance with PFI's credit policy;
- iv. forward approved applications to CBN for verification and final approval within two (2) weeks of receipt of applications;

- v. disburse the approved sum to the enterprise, within five (5) working days, in accordance with the approved disbursement schedule;
- vi. failure to disburse the approved funds in accordance with item (iv) above shall attract a penalty of MPR+2
- vii. register movable collaterals with the National Collateral Registry (NCR);
- viii. obtain at least two (2) credit reports on the company and its directors;
- ix. monitor financed projects and render periodic returns as may be specified by the CBN from time to time;
- x. ensure repayments of facilities by obligors; and
- xi. comply with the Guidelines of the Facility.

9.3 Obligors

The Obligor shall:

- i. submit application to its PFIs, within the advertised deadline for submission of applications with complete documentation, as may be stipulated for participation under the initiative
- ii. notify CBN of submitted applications via a dedicated online portal (<https://100for100ppp.ng>) for tracking and monitoring of application status;
- iii. ensure prudent utilisation of facility for the purpose for which it was granted;
- iv. insure projects financed under the initiative;
- v. keep up-to-date records of the enterprise's activities under the intervention;
- vi. undertake to allow unrestricted access to the project and records by the CBN and PFI;

- vii. repay the facility in accordance with the approved repayment schedule; and
- viii. comply with the provisions of the Guidelines.

10. Verification and Monitoring

Projects financed under the initiative shall be subject to verification and monitoring during the loan period by the CBN and PFI.

11. Discontinuation of Credit Facility

In the event that the initiative is discontinued, the PFI shall return the undisbursed fund to the CBN, within 5 (five) days of the discontinuation.

12. Dispute Resolution

All disputes shall be resolved in line with the Consumer Protection Regulations of the Central Bank of Nigeria.

13. Infractions

The infractions and sanctions, stipulated in the RSSF guidelines, shall be applicable under this intervention facility.

14. Exit Date

The initiative shall be operated in the first instance for a period not exceeding 31st December 2031 depending on the complexity of the project.

15. Management of the initiative

The initiative shall be managed by the Development Finance Department of the Central Bank of Nigeria.

- a. The CBN reserves the right to reject an application from any applicants that does not meet the requirements of the Guidelines.
- b. The CBN may amend this Guidelines from time to time and may waive any part of this Guidelines upon the approval of the Governor.

16. Enquiries and Returns

All enquiries and returns should be addressed to:

The Director,
Development Finance Department,
Central Bank of Nigeria,
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Central Business District, Abuja.

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