



## **NCDMB WORKING CAPITAL & CAPACITY BUILDING SCHEME**

### **OPERATING GUIDELINES**

#### **1.0 Introduction**

The Nigerian Content Development and Monitoring Board (NCDMB) and the Petroleum Technology Association of Nigeria (PETAN) recently executed an Agreement on a US\$30m Working Capital Scheme that will support the operations of Nigerian Oil Service Providers against the adverse effects of both COVID-19 pandemic and loss of contracts due to low oil price.

The NCDMB Working Capital and Capacity Building Fund will be managed by the Nigerian Export-Import Bank (NEXIM), which would facilitate on-lending to qualified Nigerian Oil Service Providers.

The loans under the Scheme will provide liquidity to beneficiaries and enable them have adequate working capital to manage other operating expenses related to their portfolio of oil and gas operations and restocking of inventory. The Funds will also be applied to acquisition and maintenance of assets, expansion or renovation related to ongoing oil-servicing contracts / projects for which funding is being sought.

The partnership between NCDMB and NEXIM under the scheme is in accordance with the mandates of both organisations toward the promotion and development of services-related companies to effectively compete domestically and internationally, especially against the backdrop of the African Continental Free Trade Agreement (AfCFTA). The synergy is also in the realisation of the growing influence and dominance of Nigeria's services sector with an annual contribution of over 50% to the GDP.

#### **2.0 Objectives of the Scheme**

The NCDMB working capital and capacity building scheme is designed to achieve the following strategic objectives:

- a. Boost indigenous participation in the oil and gas industry, build local capacity and competencies.
- b. Promote the growth and development of Nigerian Content in the provision of services to the Nigerian Oil and Gas Industry.
- c. Address persistent funding challenges that have constrained capacity and growth of local service providers in oil and gas related activities.

- d. Facilitate growth of community based companies in the provision of service to the upstream oil and gas sector.
- e. Enhance productivity and job creation in the Oil and Gas Industry.
- f. Attract investment capital into the sector and boost contribution of the sector to Nigeria's economic growth.
- g. Enhance skill acquisition and competence as well as rating to undertake exports of services in oil and gas related activities

### **3.0 Product Description - Invoice Discounting / Invoice Finance**

The product is targeted at registered oil industry service companies / contractors who have existing contracts with approved IOCs on the supply of goods/services or executed contracts for which invoices have been duly accepted for payment by the IOCs.

Invoice Finance and Invoice Discounting would enable applicants have access to concessional funding to execute an oil and gas related contract and /or have access to working capital while awaiting payment from IOCs. Upon transaction execution applicants would receive a percentage of the total contract invoice.

**3.1 Fund Size-** US\$30.0 Million and counterpart fund from NEXIM

**3.2 Single Obligor Limit-** US\$1.0 Million (One Million US Dollars)

#### **3.3 Pricing**

This shall be an all-in Interest rate per annum of 5% for USD Loans and 8% for Naira Loans. However, all legal fees are to the account of the applicants.

#### **3.4 Tenor / Moratorium**

The facility under the Scheme has a tenor of up to three (3), inclusive of a maximum moratorium of one (1) year

#### **3.5 Features of the Scheme**

This Scheme comprised of two components viz;

##### **a) Working Capital Facility**

To provide funding to support contract execution and availability of working capital including OPEX payments. The duration of the working capital facility shall be a maximum of one (1) year.

##### **b) Equipment Financing**

In the case of equipment financing, including low-end asset acquisition and short-medium tenored contract financing, the duration of the facility shall be as follows;

### **4.0 Eligibility Criteria**

#### **4.1 Eligible Applicant**

Only duly registered oil-industry service company / contractor shall be eligible under this Scheme. Such shall also be:

4.1.1 Duly registered/incorporated in Nigeria.

4.1.2 Commercially viable and have contract relationship with IOCs.

#### **4.2 Eligible transaction**

Eligible transactions to qualify for funding support under this Scheme shall include:

- (i) Transactions connected with oil service contracts;
- (ii) Contracts to boost the operations and viability of a qualifying NOSP
- (iii) Transactions for the supply of low-end assets and /or other equipment relating to the execution of an oil services contracts from IOCs

### **5.0 Application Procedure**

All applications under this Scheme shall be online through a dedicated portal created by NEXIM for the scheme. Applications under this Scheme with full documentary requirements shall be processed within 21 working days.

#### **5.1 Documentation Requirement**

All applications shall be accompanied with the under listed certified true copies of the following documents

- ❖ Incorporation documents
- ❖ Contract / Payment Invoice
- ❖ Permit to operate as an oil industry service company
- ❖ Proforma Invoice, where applicable
- ❖ Copy of latest audited account
- ❖ Financial Summary Sheet (as per template)
- ❖ Completed questionnaire / checklist

#### **5.2 Collateral Documentation:**

- Registration of Invoices / Movable Assets with National Collateral Registry
- Assignment of contract
- Domiciliation of Proceeds / Assignment of receivables
- ISPO from Receiving Bank(s)
- Assignment of receivables
- Personal Guarantee of the Directors
- Association Guarantees
- Insurance with NCDMB/ NEXIM noted as loss payees