



CORONAVIRUS: CBN announces N50b credit to cushion effects

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NIGERIA: -

The Central Bank of Nigeria (CBN) on Monday announced N50 billion credit facility for Micro, Small and Medium Enterprises (MSMEs) hard hit by Coronavirus (COVID-19).

The apex bank said the facility will be given out through the Nigeria Incentive-Based Risk Sharing system for Agricultural Lending (NIRSAL) Microfinance Bank for the targeted beneficiaries, including but not limited to hoteliers, airline service providers and health care merchants, among others.

CBN Governor Godwin Emefiele dropped the hint at a news conference in Abuja where he rolled out the apex bank's interventions to cushion the effects of COVID-19 on the economy.

The health industry was listed among those to benefit from the palliatives as Emefiele said that in order to meet potential increase in demand for healthcare services and products, the CBN has opened "its intervention facilities, loans to pharmaceutical companies intending to expand/open their drug manufacturing plants in Nigeria, as well as to hospital and healthcare practitioners who intend to expand/build the Health facilities to first class centres.

This he said is in addition to growing the size of existing interventions to the agricultural and manufacturing sectors.

Another palliative is the interest rate reduction on all applicable CBN intervention facilities from nine to five per cent per annum for a year effective March 1.

All CBN intervention facilities, he added, are now granted a further moratorium of one year on all principal repayments, effective March 1, 2020.

“This means that any intervention loans currently under moratorium are hereby granted additional period of one year,” he said.

Accordingly, participating financial institutions have been directed to provide new amortisation schedules for all beneficiaries.

The CBN has also granted all Deposit Money Banks (DMBs) permission “to consider temporary and time-limited restructuring of the tenor and loan terms for businesses and households most affected by the outbreak of COVID-19, particularly oil & gas, agriculture, and manufacturing.”

The CBN, Emeziele assured, “will work closely with DMBs to ensure that the use of this forbearance is targeted, transparent and temporary, whilst maintaining individual DMB’s financial strength and overall financial stability of the system.”

Another measure adopted by the CBN to mitigate the effect of the Coronavirus pandemic is the support by the apex bank for industry funding levels “to maintain DMBs capacity to direct credit to individuals, households, and businesses.”

Emezele added: “The CBN will also consider additional incentives to encourage extension of longer tenured credit facilities. DMBs are encouraged to continue to build capital buffers in order to improve resilience of the sector.”

Emefiele restated the apex bank's commitment to providing support for affected households, businesses, institutions and other stakeholders in order to cushion the adverse economic impact of this pandemic.