



CENTRAL BANK OF NIGERIA

GUIDELINES FOR THE IMPLEMENTATION OF TERTIARY INSTITUTIONS ENTREPRENEURSHIP SCHEME (TIES)

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1. Introduction

The Central Bank of Nigeria, pursuant to the CBN Act, 2007 and as part of its policy measures to address rising youth unemployment and underemployment, developed the Tertiary Institutions Entrepreneurship Scheme (TIES), in partnership with Nigerian polytechnics and universities to harness the potential of graduate entrepreneurs (gradpreneurs) in Nigeria. The Scheme is designed to create a paradigm shift among undergraduates and graduates from the pursuit of white-collar jobs to a culture of entrepreneurship development for economic development and job creation. The Scheme thus aims to provide an innovative financing model that will create jobs, enhance the entrepreneurial ecosystem and support economic growth and development.

The Guidelines outlines the operational modalities for the Scheme.

2. Objectives of the Scheme

The broad objective of the Scheme is to enhance access to finance by undergraduates and graduates of polytechnics and universities in Nigeria with innovative entrepreneurial and technological ideas. Other specific objectives of the Scheme include:

- i. Provide an enabling environment for co-creation, mentorship and development of entrepreneurial and technological innovations;

- ii. Fast track ideation, creation and acceleration of a culture of innovation-driven entrepreneurship skills among graduates of polytechnics and universities in Nigeria;
- iii. Promote gender balance in entrepreneurship development through capacity development and improved access to finance;
- iv. Leapfrog entrepreneurial capacity of undergraduates and graduates for entrepreneurship and economic development in partnership with academia and industry practitioners; and
- v. Boost contribution of non-oil sector to the nation's GDP.

3. Focal Targets

In order to ensure that the Scheme achieves its desired objective and targetss, the focal targets under the Scheme shall include the number of:

- i. Gradpreneur-led innovative start-ups and businesses with access to finance under the Scheme – 25,000 annually;
- ii. Sustainable jobs created by gradpreneur-led businesses financed under the Scheme – 75,000 annually;
- iii. Female-gradpreneurs financed as a percentage of total projects financed under the Scheme – 50 per cent per annum;
- iv. Agropreneurs financed as a percentage of total projects financed under the Scheme – 40 per cent per annum;
- v. Creative entrepreneurs financed as a percentage of total projects financed under the Scheme – 20 per cent per annum;
- vi. Techpreneurs financed as a percentage of total projects financed under the Scheme – 20 per cent per annum; and
- vii. Other gradpreneurs financed as a percentage of total projects financed under the Scheme – 20 per cent per annum.

4. Eligible Activities

Activities to be covered under the Scheme shall include innovative start-ups and existing businesses owned by graduates of Nigerian polytechnics and universities in the following areas:

- i. Agribusiness – production, processing, storage and logistics;
- ii. Information technology – application/software development, business process outsourcing, robotics, data management;
- iii. Creative industry – entertainment, artwork, publishing, culinary/event management, fashion, photography, beauty/cosmetics;
- iv. Science and technology – medical innovation, robotics, ticketing systems, traffic systems, renewable energy, waste management; and
- v. Any other activity as may be determined by the CBN from time to time.

Note: Priority will be given to innovative entrepreneurial activities with high potentials for export, job creation and transformational impact.

Trading activities shall not be eligible for financing under the Scheme.

5. Funding

The take-off capital will be sourced from both the Agribusiness / Small and Medium Enterprise Investment Scheme (AgSMEIS).

6. Focal Components of the Scheme

The Scheme shall be implemented through three (3) components:

- i. Term Loan Component;
- ii. Equity Investment Component; and
- iii. Developmental Component

6.1 Term Loan Component

Graduates of Nigerian polytechnics and universities shall be eligible to

participate under the Term Loan Component, which shall be implemented as detailed below:

S/No.	Classification	Dynamics	Documentation Requirements	Collateral Requirements
1.	Tier 1 – Individual projects	<p>Loan Limit: ₦5.0 million</p> <p>Tenor: 5 years</p> <p>Interest Rate: 5% per annum (9% effective from March 1, 2022 or as may be prescribed by the CBN)</p> <p>Moratorium: Maximum of 12 months on principal and interest</p>	<ul style="list-style-type: none"> ▪ The applicant shall apply as a business entity registered with the Corporate Affairs Commission (CAC) and certified true copies (CTC) of relevant forms submitted; ▪ Bank Verification Number (BVN); ▪ First degree certificate (BSc/HND or its equivalent); ▪ National Youth Service Certificate (NYSC) discharge or exemption certificate; and ▪ Certificate of Participation issued by polytechnics and universities evidencing entrepreneurship training. 	<ul style="list-style-type: none"> ▪ Duly signed Global Standing Instruction (GSI); and ▪ Third party guarantee from a senior federal/state civil or public servant (not below level 10 and not having less than 5 years to retire from service), clergy of note and reputation or recognized traditional ruler.

2.	<p>Tier 2 – Partnership / Company projects</p>	<p>Loan Limit: ₦25.0 million</p> <p>Tenor: 5 years</p> <p>Interest Rate: 5% per annum (9% effective from March 1, 2022 or as may be prescribed by the CBN)</p> <p>Moratorium: Maximum of 12 months on principal and interest</p>	<p>The partnership or company shall apply as a registered business with the Corporate Affairs Commission (CAC) and certified true copies (CTC) of relevant forms submitted.</p> <p>Each member of the partnership or company shall also submit:</p> <ul style="list-style-type: none"> ▪ Bank Verification Number (BVN); ▪ First degree certificate (BSc/HND or its equivalent); ▪ National Youth Service Certificate (NYSC) discharge or exemption certificate; and ▪ Certificate of Participation issued by polytechnics and universities evidencing entrepreneurship training. 	<ul style="list-style-type: none"> ▪ Duly signed Global Standing Instruction (GSI) by member of the partnership or company; and ▪ Third party guarantee from a senior federal/state civil or public servant (not below level 10 and not having less than 5 years to retire from service), clergy of note and reputation or recognized traditional ruler.
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6.1.1 Eligibility Criteria for Participation

Applicants under the Scheme shall be graduates of Nigerian polytechnics and universities with:

- i. First degree certificate (BSc/HND/ or its equivalent);
- ii. National Youth Service Certificate (NYSC) discharge or exemption certificate;
- iii. Certificate of Participation issued by polytechnics and universities evidencing entrepreneurship training; and
- iv. Not more than 7 years post-NYSC.

6.1.2 Other Features

- i. Focus shall be on both greenfield (new) and brownfield (existing) projects in ratio 40:60, respectively.
- ii. To promote gender equality, 50 per cent of the Term Loan Component of the Scheme shall be earmarked for female-led or -owned projects.
- iii. Facilities accessed under the Term Loan Component shall be revolving, as upon full repayment, beneficiaries shall be eligible to apply for additional and or increased funding to ensure sustainability of financing support to projects.
- iv. The facility shall be disbursed in tranches and subject to approved terms and milestones.
- v. The tenor of projects financed under the Scheme shall be determined in relation to its cash flow and life of the underlying collateral.
- vi. The applicants
- vii. All movable assets financed under the Scheme or used as collateral to secure the loan shall be registered with the National Collateral Registry (NCR).
- viii. Risk sharing (including recoveries) shall be in ratio 80:20 between the Central Bank of Nigeria and the PFI for the amount in default after all recoveries have been made.

- ix. In the event of three (3) consecutive monthly repayment defaults by any beneficiary, the CBN and PFI shall review the repayment schedule with the beneficiary with recovery notification issued to that effect.
- x. Beneficiaries of other CBN's interventions shall be eligible to participate under the Scheme upon full repayment of amount outstanding under the other earlier accessed intervention facility.
- xi. This facility could be used for the refinancing of existing projects subject to Management's special approval.

6.1.3 Transaction Dynamics

- i. Prospective applicants shall attend mandatory entrepreneurship trainings with their respective Nigerian polytechnics and universities and certificates of completion issued to trainees;
- ii. Applications shall be submitted on a dedicated online portal (<https://cbnties.com.ng>), with copies of relevant documents attached for review, which shall include:
 - a. First degree certificate (BSc/HND/or its equivalent);
 - b. National Youth Service Certificate (NYSC) discharge or exemption certificate;
 - c. Certificate of Participation issued by polytechnics and universities evidencing entrepreneurship training;
 - d. Letter confirming the applicants' deposit of required certificates from PFI;
 - e. Projected Statement of Income, Statement of Affairs, and cash flow projections for start-ups and businesses with less than 3 years of operations;
 - f. Business plan outlining details, financials and economic benefits of the projects.
- iii. Submitted applications and certificates shall be transmitted directly to the PFI for evaluation and documentation;

- iv. The portal shall be designed to allow the applicants select its PFI of choice, which shall receive copies of the submitted applications for due diligence checks and subsequent disbursement and monitoring of financed projects;
- v. The PFI shall provide to the applicants and forward to the CBN, the following documents:
 - a. Copies of duly executed offer documents between the bank and the loan applicants;
 - b. At least one (1) Credit Report of the promoter/entrepreneur;
 - c. Duly signed Global Standing Instruction (GSI); and
 - d. Proposed schedule of fund disbursement and repayment;
- vi. The PFI shall register the submitted certificates with the National Collateral Registry (NCR);
- vii. Upon approval of application by the CBN, the approved sum shall be released to applicants' PFIs of choice in accordance with the approved disbursement schedule;
- viii. The PFI shall disburse the released funds into the applicants' accounts within five (5) working days with no restriction on access, upon compliance with the terms for withdrawal;
- ix. The PFI shall register all financed equipment under the Scheme with the National Collateral Registry (NCR); and
- x. The location of the business shall be mapped or tagged for monitoring and evaluation purpose.

6.1.4 Repayment

Interest payment and principal repayment shall be made on monthly or quarterly basis by the obligor depending on the established cash flow cycle and in line with the approved repayment schedule.

6.1.5 Participating Financial Institutions

The PFIs under this Scheme shall be deposit money banks (DMBs) and other financial institutions as may be approved by the CBN.

6.2 Equity Investment Component

The Equity Investment Component shall be in the form of injection of fresh capital for start-ups, expansion of established businesses or reviving of ailing entrepreneurial businesses. The Component shall be implemented under the AgSMEIS Equity window, with application for participation submitted on <https://cbnties.com.ng>.

- i. The Bankers' Committee Trust shall hold the equity on behalf of the AgSMEIS Fund.
- ii. The equity investments shall be in enterprises operating within the eligible focal areas.

6.2.1 Investment Limit

The investment limit shall be subject to the limit prescribed in the AgSMEIS Guidelines.

6.2.2 Investment Period

This shall be as follows:

- i. Investment made shall be for a maximum period of ten (10) years (not exceeding December 31, 2031).
- ii. There shall be a 3-year lock-in period before exit in order to encourage value creation and boost managerial capacity of businesses.

6.3 Developmental Component

The Developmental Component shall be disbursed in the form of grants to Nigerian polytechnics and universities in a national biennial entrepreneurship competition. The competition is aimed at raising awareness and visibility of high-impact entrepreneurial/technological ideas among undergraduates,

promote entrepreneurial talent hunts in Nigerian polytechnics and universities, as well as encourage innovations that are commercially viable and with transformational impact.

The Developmental Component shall also be utilized for the general development of the MSME segment in the following areas:

- i. Finance the development of the award-winning innovative entrepreneurial/technological ideas;
- ii. Research and development of high-impact technological innovations and projects; and
- iii. Support the development of financial infrastructure to facilitate the entrepreneurship in Nigerian polytechnics and universities.

6.3.1. Award of Grants

Five (5) top Nigerian polytechnics and universities with the best entrepreneurial pitches/ideas shall be awarded as follows:

- First place – ₦150.0 million;
- Second place – ₦120.0 million;
- Third place – ₦100.0 million;
- Fourth place – ₦80.0 million; and
- Fifth place – ₦50.0 million.

The grants shall be in the following areas:

- i. Agribusiness;
- ii. Information technology;
- iii. Creative industry; and
- iv. Science and technology.

The Bank shall constitute a Body of Experts (BoE) from the private and public sector for the biennial regional and national entrepreneurship competitions to evaluate entrepreneurial and technological innovations submitted by Nigerian

polytechnics and universities. The Body of Experts (BoE) shall recommend projects with high potential and transformational impact for the grant award.

The composition of the BoE shall be as detailed below:

- i. Four (4) representatives from the Bankers' Committee;
- ii. One (1) representative from consulting industry;
- iii. One (1) nominee from SMEDAN;
- iv. One (1) nominee from the NUC;
- v. One (1) nominee from the NBTE; and
- vi. One (1) nominee from the CBN (Secretary).

The Chair of the BoE shall be appointed by the CBN from the Banker's Committee.

Participation under the Developmental Component shall be restricted to undergraduates of Nigerian polytechnics and universities.

6.3.2 Modalities

- i. Interested Nigerian polytechnics and universities shall apply to participate in the national biennial entrepreneurship competition on a dedicated online portal (<https://cbnties.com.ng>), outlining brief details of the project, potential impact and evidence of originality of project;
- ii. The submitted applications shall be evaluated by the BoE through engagements that showcase undergraduates competing by pitching entrepreneurial and technological innovations at regional levels, with finalists proceeding to the national event for final consideration and ranking by the BoE;
- iii. The showcasing programmes shall be broadcasted for four (4) weeks on platforms such as social media and national television stations (at least

- two) to help highlight the value of entrepreneurship and change attitudes, as well as social perceptions about entrepreneurship;
- iv. Final top five (5) entrepreneurial and technological innovations at the national level shall be awarded the grant on recommendation of the BoE; and
 - v. The Grant shall be disbursed in tranches of 55:45 ratio directly to a dedicated account opened for the purpose of the grant by the Nigerian polytechnics and universities, subject to approved milestones.

7. Stakeholders and Responsibilities

The responsibilities of the stakeholders shall include:

7.1 Central Bank of Nigeria (CBN)

The Central Bank of Nigeria shall:

- i. Articulate clear Guidelines for the implementation of the Scheme;
- ii. Partner with the private sector and Nigerian polytechnics and universities in the development of the online application portal, constituting the BoE and organising the national entrepreneurship contest;
- iii. Approve and disburse loan request to successful beneficiaries through their PFIs;
- iv. Engage independent monitors to carry out periodic verification and monitoring projects financed;
- v. Conduct project impact assessment in conjunction with the Monitoring Team and other relevant stakeholders;
- vi. Sensitize stakeholders and the general public on the activities of the Scheme;
- vii. Facilitate meetings of the BoE; and
- viii. Review the Guidelines from time to time

7.2 Participating Polytechnics and Universities

Participating polytechnics and universities shall:

- i. Develop a curriculum or programme for the training or retraining of graduates in entrepreneurship development;
- ii. Issue certificates of completion to its graduates evidencing participation in the entrepreneurship development training programmes;
- iii. Authenticate applicants' first-degree certificates;
- iv. Develop a recourse platform for registering, digitization and offboarding of submitted certificates under the Scheme;
- v. Create a central platform for digitizing submitted certificates and provide a feedback loop with PFIs on collateralised certificates;
- vi. Provide ideation, creation and acceleration hubs for undergraduates to actualise their entrepreneurial ideas;
- vii. Present entrepreneurial projects for participation in the regional and national contests under the Grant Component;
- viii. Carry out all relevant due diligence and plagiarism checks on all entrepreneurship projects presented for the regional and national contests;
- ix. Forward list of all trained and certified graduates on entrepreneurship to the CBN;
- x. Facilitate the actualisation/implementation of the winning projects within the community it was projected to be implemented;
- xi. Render periodic status reports on the winning projects as may be specified by the CBN from time to time; and
- xii. Provide awareness and training sessions for undergraduates on entrepreneurship development.

7.3 Participating Finance Institutions

The PFIs shall:

- i. Participate in the development of the online application portal to facilitate submission of applications by prospective beneficiaries for the term loan;
- ii. Carry out all relevant due diligence on applicants and submitted certificates under the term loan component of the Scheme;
- iii. Provide at least one credit report on promoter(s) for all projects;
- iv. Register all movable assets accepted or financed, including submitted certificates, as collaterals for the loan with the National Collateral Registry (NCR);
- v. Issue a letter evidencing the registration of the applicant's certificates with the NCR;
- vi. Forward verified and approved applications to the CBN for further processing and approval;
- vii. Disburse released funds to beneficiaries' accounts within 5 working days of receipt;
- viii. In line with 8.3(vii), return undisbursed funds to the CBN after a period of 14 working days of receipt of the funds;
- ix. Remit monthly or quarterly interest and principal repayments to the CBN within 5 working days of the subsequent month depending on the approved repayment schedule;
- x. Collaborate with the CBN in engaging independent monitors to carry out periodic verification and monitoring projects financed;
- xi. The PFI shall remit interests and principal repayments received to the Scheme on monthly or quarterly basis depending on the established cash flow cycle and in line with the approved repayment schedule;
- xii. Render periodic returns as may be specified by the CBN from time to time;

- xiii. Discharge all movable collaterals used to securitize the loan on the National Collateral Registry within one month of repayment, and notify the customer accordingly; and
- xiv. Comply with the Guidelines of the Programme.

7.4 Beneficiary

The beneficiary shall:

- i. Apply on the dedicated online portal and provide all requisite documentation to support the application;
- ii. Present for verification original copies of submitted certificates and documents;
- iii. Submit business proposal and other documentation requirements
- iv. Adhere strictly to the terms and conditions of the Scheme and avoid any forms of plagiarism in the project idea;
- v. Utilize the funds for the purpose for which it was granted;
- vi. Present the business and its location for mapping/tagging, as well as monitoring and evaluation;
- vii. Maintain accurate and up-to-date records available for inspection/verification by the CBN and Monitoring Team; and
- viii. Adhere strictly to the terms and conditions of the Scheme.

8. Verification/Monitoring of Projects

Projects financed under the Scheme shall be monitored by independent monitors jointly engaged by the CBN and PFI.

9. Discontinuation of Credit Facility

- i. Whenever a loan is repaid or the Scheme is otherwise discontinued, the PFI shall return the fund to the CBN.

- ii. The PFI shall discharge the movable collaterals from the National Collateral Registry (NCR).

10 Dispute Resolution

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

11. Exit Date

The Scheme shall be operated for a period of 10 years in the first instance (*not exceeding 31st December 2031*) depending on the complexity of the project.

12. Infractions and Penalties

The following, among others, shall constitute infractions under the Guidelines:

S/No.	Infraction	Penalty
1.	Delay in disbursement of funds to beneficiaries' accounts	Monetary Policy Rate (MPR) plus 2 per cent of the amount undisbursed to beneficiaries
2.	Delay in remittance of monthly interest and principal repayments to the CBN by PFIs	Monetary Policy Rate (MPR) plus 2 per cent on cumulative interest and principal unremitted to CBN as and when due

13. Management of the Scheme

The Scheme 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.

14. Enquiries and Returns

All enquiries and returns should be addressed to:

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

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