



NIGERIAN BAR ASSOCIATION

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Date: 19th December 2021

To: All Lawyers in Nigeria

Subject: Establishment of NBA Stabilisation Fund and Commencement of Access to Finance Scheme for Lawyers

Dear Colleagues,

As I mentioned to you during the NBA electioneering campaigns in 2020, the need for a stabilisation or “rainy-day” fund for an association like ours cannot be overemphasized. Leading Bar Associations around the world have, over the years, set aside significant amounts that they can resort to for their major expenses, especially when there is a considerable fluctuation in their revenues. I therefore campaigned on the importance of a savings culture and proper investment of our funds at the NBA as a way to not only growing our assets base, but also minimizing interference from external bodies that may have a stronghold on the Association on account of funding, donations, and grants.

I also mentioned that access to, and availability of, finance for lawyers is a major issue that requires institutional attention from the NBA. I believe that unlocking access to capital for our deserving members is key to improving our law practices, increasing revenue generation for lawyers, and overall bettering our professional lives.

On that basis, in a recent correspondence to you, I informed you that we, together with the members of the NBA Finance Committee (under the joint leadership of **Seni Adio, SAN** and **Mazi Okechukwu Unegbu**), were working on a framework to deal with each of these issues. I am pleased to report that the targets that we set for ourselves on those points are now being realized as follows:

NBA Stabilisation Fund

We have set up the NBA Stabilisation Fund which we have already saved up and set aside the sum of **N1billion** for, and now commit to having up to **N1.5billion** (in the aggregate), at the minimum, deposited in the fund, over the next few months. The fund will invest in a portfolio of assets that will generate steady returns for the Association over time. A team of subject matter experts have developed investment guidelines on how the Fund will be managed, invested, and utilised. The National Executive Council of the NBA approved the establishment of the Fund at its meeting held on 16th December 2021.

Access to Finance for Lawyers

We have set up an access to finance scheme for lawyers who may require loans, at single digit, or less than market, interest rates, for their working capital and operational needs. The scheme involves enabling borrowing by eligible lawyers from two designated commercial banks (**First Bank of Nigeria** and **Access Bank PLC**) under an arrangement that is backstopped or cash-backed by the NBA. Among other terms that will be detailed in the

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documents that a lawyer is expected to sign with a participating bank, it is important to highlight the following:

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| Maximum amount available to each lawyer | This depends on a needs assessment and creditworthiness of the lawyer and will be agreed between the lawyer and the participating bank, but for proper risk management, will not exceed the sum of N2million per borrower. |
| Cash collateral provided by NBA | Up to N1.5billion linked to the NBA Stabilisation Fund |
| Tenor | Up to 3 years |
| Interest rate | 9.5% per annum |
| Some loan conditions | <p>Among other things, to be eligible, the lawyer will need to provide the following to the participating banks:</p> <ul style="list-style-type: none"> • Evidence of payment of practising fees and NBA branch dues for three years (the year of application and the two years preceding that) • Signed but undated cheques from the lawyer's bankers for the value of the amount borrowed • A letter from the lawyer irrevocably domiciling his/her salaries, or law firm receivables with the participating bank • A letter of good standing from the NBA • A copy of call to Bar certificate of the borrower (in the case of an individual), or of the partners (in the case of a partnership) • A Global Standing Instruction to the participating banks to set off any amount owed on the balance of the lawyer both within the bank and in any other bank • A credit insurance cover |
| How to access the loan | <ul style="list-style-type: none"> • Disbursements under the scheme will commence in January 2022. Relevant contact details of the Access Bank and First Bank team members will be circulated in January 2022. • Before approaching either participating bank, be sure of the amount that you wish to borrow under the arrangement and of your ability to repay as and when due. |

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| | <ul style="list-style-type: none">• Read the offer letter and loan documents carefully. Members of the NBA Finance Committee have agreed the general terms of the template offer letter with each participating bank, but lawyers should read through the terms themselves before making any commitments. |
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The NBA and the participating banks have agreed a tiered mechanism for enforcement in the event of default on the loan, which includes the possibility of deeming a default as professional misconduct. As such, we encourage our members to borrow prudently and only for purposes that will help expand their operations, improve their practices, grow their revenues, and ultimately better their professional lives.

The NBA Finance Committee will circulate further correspondence regarding the Access to Finance Scheme, in due course.

We know that you have enormous expectations of us, and my team and I will continue to do all that we can to meet those expectations and to deliver on your mandate.

I wish you a Merry Christmas and a Happy New Year in advance.

Best regards,



OLUMIDE AKPATA

President

Nigerian Bar Association

