



**Regulatory & Client Update:
NIMASA Announces Guidelines for
the Disbursement and Implementation
of the Cabotage Vessel Financing
Fund (CVFF).**



Introduction

In a marine notice (03/25/SN01) released by the Nigerian Maritime Administration and Safety Agency (NIMASA) on 17th April 2025 (“**the Notice**”), NIMASA has announced the guidelines for disbursement and implementation of the Cabotage Vessel Financing Fund (“CVFF or “the Fund”). The Notice serves as a guide to ship owners, shipping companies, and Nigerian operators, on the requirements to fulfil to benefit from the Fund. The CVFF was established by the Coastal and Inland Shipping (Cabotage) Act 2003¹ and is administered according to the CVFF

Guidelines 2006. The guideline seeks to prescribe the procedure for the administration and implementation of the CVFF.² The Fund was created to promote the development of indigenous ship acquisition capacity by providing financial assistance to Nigerian operators in domestic coastal shipping. However, to further promote Nigerian content in the maritime sector, only Nigerian Citizens or shipping companies wholly owned by Nigerian Citizens are eligible to apply for and benefit from the Fund.

1. Section 42 and 44 of the Coastal and Inland Shipping (Cabotage) Act 2003.
2. Cabotage Vessel Financing Fund (CVFF) Guidelines 2006, <https://nimasa.gov.ng/wp-content/uploads/2019/08/CABOTAGE-VESSEL-FINANCING-FUND.pdf>, Accessed on 22nd April 2025.

Eligibility Requirements for Benefiting from the Fund

According to the Notice, Nigerian citizens or shipping companies wholly owned by Nigerian citizens who wish to benefit from the Fund must satisfy the following requirements:

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- Prepare a bankable feasibility report subject to independent verification by an approved Primary Lending Institution (PLI) and NIMASA;
 - Provide the minimum equity contribution of fifteen percent (15%) of the requested credit facility;
 - Pay all prescribed fees;
 - Satisfy the Fund of their managerial and operational ability;
 - Agree with a PLI on its involvement in the credit facility request;
 - Provide acceptable security/collateral;
 - Provide evidence of contribution to the Fund;
 - Meet any other requirements as the Fund may demand;

In addition to the above requirements, potential beneficiaries must also take note of the following conditions:

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- Each qualifying individual applicant or several applicants to the CVFF (whether related by management or ownership) can only be availed a credit facility not exceeding Twenty-Five Million United States Dollars (US\$25,000,000.00) or its equivalent in an acceptable currency.
 - Applicants may be subject to further requirements as prescribed by a PLI and approved by NIMASA.
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Benefits of the Fund to the Nigerian Maritime Industry

The implementation of the Fund is a welcome development within the Nigerian maritime sector as it poses the following importance within the sector:

1. Strategic Investment Opportunity

The CVFF presents a significant opportunity for operators within the Nigerian maritime sector. With the CVFF, indigenous shipping companies which have historically dealt with funding issues can now compete with international operators.

2. Positioning for Industry Growth

Companies that secure CVFF financing are strategically positioned to capitalize on growth opportunities in domestic coastal shipping, potentially increasing their market share and long-term value for investors.

3. Competitive Advantage for Contractual Bids

Access to CVFF financing can provide Nigerian shipping companies with a competitive edge when bidding for contracts in the public and private sectors. The ability to demonstrate financial backing through the CVFF may strengthen a company's position during tender processes

4. Enhanced Indigenous Vessel Ownership

The CVFF provides Nigerian shipowners with access to much-needed capital for acquiring and maintaining vessels. This will reduce reliance on foreign-owned vessels, promote local ownership, and directly contribute to the realisation of the objectives of the Cabotage Act, which aims to reserve Nigeria's coastal shipping trade for Nigerians.

5. Promotion of Local Content

By restricting eligibility to Nigerian citizens and companies wholly owned by Nigerians, the Fund fosters the growth of local content in the maritime industry. This supports the federal government's policy on Nigerian content, ensuring greater participation and value retention within the country.

6. Improved Access to Financing

Maritime operators often struggle to access credit from conventional financial institutions due to the capital-intensive nature of the industry. The CVFF bridges this financing gap by providing more favourable terms and structured support for vessel acquisition and development.

7. Strengthening Nigeria's Coastal Trade

The increased participation of local operators will strengthen coastal and inland shipping routes, reduce shipping costs, and support the efficient movement of goods and resources. This also positions Nigeria to better harness the economic potential of its inland waterways and coastal assets.

8. Fleet Expansion and Modernisation

With funding support, indigenous operators can expand their fleets and invest in modern and efficient vessels. This improves service delivery, increases operational safety, and aligns the local fleet with international standards, enhancing Nigeria's global maritime profile.

Conclusion

The implementation of the CVFF disbursement process represents a significant step forward in developing Nigeria's indigenous maritime capacity. Timely compliance with the application requirements is crucial for companies seeking to access this funding opportunity. Potential applicants are encouraged to thoroughly review the eligibility criteria and prepare comprehensive documentation to support their applications. Additionally, engaging with approved Primary Lending Institutions early in the process is advisable. For both shipping operators and investors, the CVFF offers a valuable mechanism to strengthen Nigeria's maritime industry while potentially delivering substantial business growth and investment returns.

About Stren & Blan Partners

Stren & Blan Partners is an innovative and dynamic Law Firm with a compelling blend of experienced lawyers and energetic talents. We are focused on providing solutions to our client's business problems and adding value to their businesses and commercial endeavours. This underpins our ethos as everything we do flows from these underlying principles.

Stren & Blan Partners is a full-service commercial Law Firm that provides legal services to diverse local and multinational corporations. We have developed a clear vision for anticipating our client's business needs and surpassing their expectations, and we do this with an uncompromising commitment to Client service and legal excellence

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