

AFD GROUP IN NIGERIA

A Partnership for Sustainable
Economic Growth and for Social
and Environmental Responsibility



THE AMBASSADOR'S MESSAGE

Nigeria is currently France's first trade partner in sub-Saharan Africa. Nigeria is also the first destination of France investments in this region. Nigeria is finally a strategically targeted-country as regards Overseas Development Aid (ODA) allocated by France.

This favourable context paved the way to the June 2008 official visit in France of President Umaru Musa Yar'Adua to President Nicolas Sarkozy. The two Heads of State agreed on the establishment of a strategic partnership between France and Nigeria.

This partnership was further strengthened in May 2009 on the occasion of the official visit to Nigeria of the French Prime Minister, François Fillon, which firmed up the existing political and economic bilateral relations. The two countries consigned their joint bilateral priorities in a five-year (2010-2014) Country Partnership Framework.

In this vein, the French Development Agency (AFD) resumed its activities in Nigeria in December 2008. AFD is the responsible entity assigned by the French Government to play a paramount role in the implementation of its development cooperation related activities.

In Nigeria, AFD's interventions shall focus on infrastructure development and non-oil productive sector.

It is therefore my pleasure to encourage AFD to pursue its activities in Nigeria, so as to make a sustainable impact through emblematic and pragmatic development projects.

Jean-Michel Dumond

Ambassador of France in Nigeria

NIGERIA

Nigeria is a major regional economic power. In the light of broad reforms embarked upon by the Federal Government over the last ten years, Nigeria is viewed as an emerging country, fast becoming a vivid democracy on the African continent.



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Important changes took place within the public administration system, more especially with the introduction of due process in public procurements in 2003, the passage of the Public Procurement act in 2007, the inauguration of the fiscal discipline commission as well as the inauguration of the Investments concessions regulatory commission in 2008, the strengthening of several projects implementation units in various ministries and Government agencies, etc. These efforts resulted into a notable improvement in public projects funding and management.

The Nigerian Communications Act 2003 and the Electric Power Sector Reform Act 2005 provided for the reinforcement of the Nigerian communications commission (NCC) and for the creation of the Nigerian Electricity Regulatory Commission (NERC) as the respective regulatory bodies for the telecommunications and power sectors, with the responsibility to license operators and rationalize the deployment of sectoral infrastructures in Nigeria.

TRAINING

AFD has a training center in Marseille: the Center for Economic and Banking Studies (CEFEB). The center is open to partners from developing and developed countries and provides two professional certificate degree programs in partnership with the University of Auvergne: Public and private project ownership and Sustainable development. The CEFEB also organizes specialized seminars in Marseille and abroad, as well as videoconference cycles on current development topics.

In 2005, the banking industry received a boost through the consolidation exercise undertaken by the Central Bank of Nigeria (CBN), alongside various efforts to strengthen the national pension policy framework, and to establish an efficient and vibrant microfinance institutional framework in the country. Innovative and bold steps were taken towards the establishment of a Small and Medium Enterprises Equity Investment Scheme (SMEEIS) which was subsequently transformed into a micro-credit development fund, in order to facilitate SMEs' access to finance.

AFD'S STRATEGY

In the framework of the bilateral cooperation between France and Nigeria, the Agence Française de Développement (AFD) will focus on infrastructural development and non-oil productive sectors; through the provision of concessionary loans, either sovereign or non-sovereign. AFD's interventions into these two areas of concentration will be carried out in close synergy with other development partners.

1. Infrastructure financing for:

- Power sector
- Water and sanitation sector
- Transport sector
- Public social housing schemes

2. Non-oil productive sectors:

- Agriculture
- Micro small and medium-size enterprises (MSME)
- Microfinance

IN NIGERIA, AFD'S PRIORITIES ARE:

- To support the delivery of public services in urban areas (water, electricity, urban mass transit, etc)
- To promote energy efficiency and renewable energies
- To support agricultural production and distribution systems
- To develop high leverage infrastructures (energy, etc)
- To directly and indirectly support MSMEs

ENERGY AND ENVIRONMENT

Human activities are responsible for the increase in Greenhouse Gas emissions, as a result of the indiscriminate combustion of fossil energy sources, mainly carbon based ones.

The reduction of global warming and the quest for sustainable development are now part of a global agenda which is targeted at achieving energy efficiency, as well as providing clean and affordable energy to people around the world.





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URBAN TRANSPORT

The efficiency of an urban public transport system, in any city of the world, is characterised and determined not only by its daily mobility pattern and travel practices, but also by its demography, urban structure, road networks, traffic management system, rolling equipment as well as its environmental impact. The sustainability of such a system imposes on governments and development partners to deal with issues of affordability, safety, comfort and CO₂ emissions. It is in this perspective that AFD is supporting the Lagos urban transport system with the hope that current successes and those to come in this area shall be replicated in other Nigerian cities.



© AFD – Nigeria

URBAN WATER

Estimates from the World Health Organization indicates that 22,000 people die every day of various diseases born of water mismanagement. For this reason, AFD has made water and sanitation one of its major areas of specialisation. In Nigeria, access to water has decreased over the last 20 years. This constitutes a huge challenge to all tiers Government. In view to complement their efforts, AFD is currently supporting at least five States' efforts to strengthen their water management networks.



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ARIZ GUARANTEE

ARIZ is a risk sharing mechanism designed to facilitate and to boost the financing of Micro Small and Medium Enterprises (MSME) – by commercial banks. Up to 50% of banks' loans to local SMEs and microfinance institution (MFIs) can henceforth be guaranteed under this scheme. This partial risk guarantee relies on the beneficiary bank's credit assessment of its clients. Commercial banks interested in ARIZ, shall be requested to fulfil a set of due diligence obligations. In Nigeria, ARIZ is currently being deployed in order to firm up the SME loan portfolio of two leading commercial banks.

ENVIRONMENTAL CREDIT LINE

AFD's environmental credit line is a facility which is intended to support projects with a mitigating impact on specific environmental challenges. To qualify for the environmental credit line, projects are expected to be targeted at pollution abatement, cleaner production and/or energy efficiency. This credit line can be established through direct or intermediate loan agreements between AFD and projects promoters. Eligible projects are expected to be incrementally stretched to address specific environmental challenges.

PROPARCO HELIOS TOWERS PROJECT

PROPARCO's Board has approved in August 2009 a USD 25M senior debt facility over 7 years to Helios Towers Nigeria. The project consists of the nationwide expansion of a shared telecommunication infrastructure network. As part of its expansion, the Company plans to construct 837 additional tower sites to bring its total sites to 1,220 by December 2010.

PROPARCO: LONG TERM LINES OF CREDIT TO NIGERIAN FINANCIAL INSTITUTIONS

PROPARCO signed in June 2009 a line of credit with Zenith Bank, worth USD 30M for 5 years maturity. The facility is to support its corporate clients and **SME's**.

ECOWAS

The Economic Community of West Africa States (ECOWAS) is a key partner in the process of fostering regional integration. It is the ideal framework to positively impact on regional economic growth, poverty alleviation, governance and democracy. As such, AFD is supporting ECOWAS activities mainly in the agricultural sector (food security, rainfed food crops farming) and in the energy sector (West Africa Power Pool).

PROPARCO IN NIGERIA AND ITS NEIGHBOURING COUNTRIES

PROPARCO is a subsidiary of AFD dedicated to financing the private sector. It provides a large range of financial products to private entities as loans (debt, sub-debt, and mezzanine), and equity participations (with minority stake).

PROPARCO Nigeria office is located in Lagos and stands equally as a Regional Office with its intervention zone including Benin Republic and the CEMAC Countries (mainly Cameroun, Gabon, and Tchad).

In Nigeria, PROPARCO targets infrastructure projects such as Power and Telecommunications but also the Manufacturing projects. The other key focus is to support the local Banks by enhancing their balance sheets through mid to long term lines of credit to enable them meet the needs of their corporate clients and SME's.





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AFD stands for the *Agence Française de Développement*. AFD is a public development-finance institution that has worked to fight poverty and support economic growth in developing countries and the French Overseas Communities for more than 60 years. AFD executes the French government's development aid policies.

With offices in more than 50 countries, AFD finances and supports projects that improve people's living conditions, promote economic growth and protect the planet. AFD-funded projects provide schooling for children, support farmers and small businesses, supply drinking water, preserve tropical forests and fight climate change, among other things.

AFD committed nearly €4.5 billion to financing aid activities in developing countries and the French Overseas Communities in 2008. The funds should help 7 million children go to school, give 4.4 million people access to drinking water and create or save jobs for 370,000 workers engaged in private enterprise; funding for energy efficiency projects will save 3.3 million tons of carbon dioxide emissions per year.

AGENCE FRANÇAISE DE DÉVELOPPEMENT (AFD)

5 rue Roland Barthes
75598 Paris Cedex 12
France
Tel: +33 1 53 44 31 31
Fax: +33 1 44 87 99 39
www.afd.fr

AFD ABUJA

Total House II
Plot 247, Herbert Macaulay Way
Central Business District Area
PMB 5319, Wuse
Abuja
Tel: +234 9 460 1911
Fax: +234 9 460 1913
E-mail: afdabuja@afd.fr

PROPARCO

PROPARCO, AFD's subsidiary dedicated to private investment, promotes private investment in emerging and developing countries in order to boost growth, promote sustainable development and reach the Millennium Development Goals. Its financing is tailored to the specific needs of investors in the productive sector, financial systems, infrastructure and private equity investment.
www.proparco.fr

French Global Environment Facility (FFEM)

Fonds Français pour
l'Environnement Mondial

FFEM is a bilateral public facility set up by the French Government in 1994 following the Rio Summit. It aims at promoting global environmental protection via sustainable development projects in developing or transition countries. The French Global Environment Facility supports physical projects in recipient countries. Its operations are learning-based and support experimental, innovative or exemplary approaches.
www.ffem.fr

PROPARCO REGIONAL OFFICE LAGOS

Phoenix Insurance Building
26 E, Abdul Rhaman Okene Close, Off Ligali Ayorinde,
Victoria Island, Lagos.
Tel: +234 1 271 7151/270 5740
Mob: +234 703 405 0999
E-mail: lagos@afd.fr; lepapec@afd.fr



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