

NIGÉRIA

Upgrade the national electricity distribution network



In 2013, eleven electricity distribution companies were created in Nigeria, as part of a large privatization plan. AFD supports their investment programs, to rehabilitate and modernize the whole country's electricity distribution network.

CONTEXTE

The Nigerian power sector suffers from structural weaknesses including obsolete infrastructure. The privatization of power distribution and production, undertaken in 2013 as part of an ambitious sector reform, should solve these difficulties. It has already enabled the creation of eleven electricity distribution companies (DISCOs).

But shortly after privatization, DISCOs began facing challenges inherited from the previous administration. Besides, their financial needs are considerable at medium term: it is estimated that over USD 1.8 billion will be required to achieve the goals of the privatization.

The required funding is difficult to mobilize. Although Nigerian banks actively participated in the privatization process by lending to new investors, they show a real reluctance to fund the DISCOs further due to the risk in the sector. The necessary structural investments might thus be delayed.

DESRIPTIF

This program seeks to back private electricity distribution companies in accessing local financial markets to fund the realization of their investment plans, particularly for the rehabilitation and modernization of the Nigerian electricity distribution network. These plans will contribute to the reduction of losses and improvement of service quality.

The program will include a concessional credit facility of USD 150 million, will be available for local banks to finance the investment plans of DISCOs and a technical assistance program under the responsibility of the Association of Nigerian Electricity Distributors (ANED): it will ease the enforcement of the credit line, enhance DISCOs' access to local funding and promote the sharing of experience and good practices amongst DISCOs. This plan revolves around three types of players: DISCOs, participating Nigerian banks and participants in the ANED technical assistance program. Banks will be responsible for identifying and financing



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Date de début du projet



Lagos
Localisation



Energy
Secteur(s)



Loan
Outils de financement



2 300 000 USD
Montant du financement



12 ans
Durée du financement

ONGOING
État

ZENITH BANK
Bénéficiaires



investments as well as monitoring the use of funds and their impact

IMPACTS

- About USD 180 million of accompanied investments;
- enhancement of service quality and networks reliability: reduction of losses, limitation of power cut duration and frequency, enlargement of distribution capacity;
- 2.8 million customers to benefit from improved service;
- Building of a relationship of trust between banks and DISCOs.