

PROJECT SHEET 39

NIGER

Title: Project for the extension of the electricity network (PREDAC) of Nigélec in urban, peri-urban and rural areas

Amount: 24,1k€

Category: See4All On-grid TA

Request from: Nigélec

Context

Niger's national electricity access rate (13%, NIGELEC 2019) is one of the lowest in the region. This masks significant disparities between urban areas (between 40% and 70%) and rural areas (1%).

This request is part of the examination of a new project to extend the electrical network (PREDAC) of Nigélec in urban, peri-urban and rural areas. The technical (APD) and Environmental and Social (ESIA) studies were delivered in S3 2021 for the first phase and February 2022 for the second phase of the AFD financing. The PREDAC project aims to:

- The development of access to electricity and service in urban, peri-urban and rural areas;
- Improving the quality of service through the reduction of voltage drops and losses on the networks;
- The development of economic activities (craft and commercial activities, income-generating domestic activities, new jobs);
- The improvement of social indicators (health and hygiene, school performance, security, living conditions of populations); and
- The increase in electricity sales resulting in an improvement in the financial situation of NIGELEC.

As part of the appraisal of the project described above, elements concerning the financial situation of the counterpart (Nigélec) and the economic viability of the project (cost benefit analysis) must be established.

Technical assistance

The objectives of this consultancy are the following:

- Update and analysis of Nigélec's financial model
- Economic analysis of the project
- Conduct a carbon footprint analysis of the project

The results produced are part of the diligences to be conducted by the project team in order to appraise the project to the board of both AFD and EU.

Status & impacts

The last results of the study provided the following evidences

- The current and future financial situation of the Nigélec will not be jeopardized by the PREDAC project and especially the AFD credit. The Debt Service Coverage Ratio (DSCR) should remain above 1.3 at all time which is deemed as comfortable.
- The cost-benefits analysis demonstrated an IRR of about 16% and 10 years of payback which is good for such kind of project.
- The Carbon footprint of the project is estimated at an average around 54000tCO2/year

The financial envelope of the project was secured through a sovereign loan from AFD (50MEUR), a grant delegation from the European Union (10,5MEUR) and equity from Nigélec (16 MEUR).

Final report available on request.



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A facility to develop innovative projects in renewable energy and boost electrification on the African continent.

The AFD Group, with the support of the European Union, has set up the "African Renewable Energy Scale-Up facility" (ARE Scale Up facility) to boost private sector investment in on-grid and off-grid renewable energy production in Africa.

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