

COUNTRY: Nigeria

PROJECT NAME: Zenith Bank

SECTOR: Financial Services

CONTRIBUTION OF ADB: US DOLLAR 100 MILLION

PROJECT DESCRIPTION: The proposal is to extend additional resources to Zenith Bank in the form of a second line of credit (LOC II) of USD 100 million. LOC II will be utilised to finance infrastructure projects, corporates and SMEs in the agribusiness, energy, telecommunications manufacturing and extractive industries.

With the Bank's line of credit, Zenith will be able to provide medium to long-term funding to sub-borrowers in Nigeria. Such medium to long term funding is not readily available to corporate companies in Nigeria and term funding is fundamental for the implementation of investment plans and the development of the economy. ..

PROJECT BENEFIT: On the macroeconomic level: LOC II is expected to increase medium and long term capital inflows to Nigeria, further strengthening local financial and capital markets and extending lending tenures. This will increase the levels of financial intermediation and improve the sophistication of the financial markets. Furthermore, the subprojects will generate government revenues in the form of income and corporate taxes and import duties that will be paid on importation of capital goods.

At Zenith Bank level: It is expected that LOC II will increase the bank's lending capacity and support the development of new products. A closer partnership with the ADB will further enhance Zenith's 'role model' status of corporate governance best practises, helping disseminate the Bank's Good Corporate Governance principles and practices amongst other private entities in Nigeria. In particular, Zenith will play an instrumental role to increase the awareness of entrepreneurs to sound environmental considerations, which lead to sustainable development;

At the Enterprise level: The extension of resources and support of export orientated enterprises will increase foreign exchange earnings. Exposure to international standards, as local corporates can now compete on a more level playing field and form partnerships with multinationals, will result in high levels of skills and technology transfer. Furthermore, although not all jobs created will benefit from social welfare and improved medical assistance, it is expected that a growing number of sub-contractors to multinationals will be encouraged to take up international standards of corporate social responsibility policies, including economic viability coupled with environment friendliness.