



CBN Signs MoU with DMBs to Boost Power Supply

Barely a month after the Central Bank of Nigeria (CBN) signed agreement with players in the power sector in collaboration with the Ministries of Power and Petroleum Resources as well as the National Electricity Regulatory Commission (NERC) on the Nigerian Electricity Market Stabilisation Facility (NEMSF), the Bank has signed another agreement with the Deposit Money Banks (DMBs) in the country to boost power supply in the country.

Leading the signing of the agreement on Monday, December 22, 2014 in Abuja, CBN Governor, Mr. Godwin Emefiele, said the agreement was necessary because the banks were the channels through which the facility would be disbursed.

He noted that the occasion was a bold step in the banking sector in supporting government's commitments towards bringing stability to the critical sector.

Emefiele, who recognized the support of the deposit money banks to the power generation companies (GENCOs) and distribution companies (DISCOs), said the support provided by the DMBs could not be quantified as they were the major creditors of the project.

Speaking further, the Governor said that the stakeholders had agreed that tariff increase for gas suppliers was imminent in order to make the sector more attractive to other investors. He, however, said that there would be no increase that would affect Nigerians unduly.

According to Emefiele, the facility became necessary in view of the need for investors to clear legacy debt as well as make the sector economically viable.

In his remarks, Chairman of the NERC, Dr. Sam Amadi, commended the CBN Governor for providing leadership in support of power sector reforms. While disclosing that the commission would announce the new tariff on Tuesday, December 23, 2014, he further disclosed that residential consumers of electricity in the country have been exempted from the new tariff for the first six months of its introduction.

Mr. Ladi Balogun, Managing Director of the First City Monument Bank (FCMB), who spoke on behalf of his colleagues, said the efforts of the bankers was an attempt to de-risk all issues that bedeviled the power sector and to support the growth and diversification of the financial sector.

Fourteen of the DMBs attended the MoU signing ceremony of the NEMSF, which disbursement would commence in the first week of January, 2015.