



INFRASTRUCTURE  
**CAPACITY  
BUILDING**  
PROGRAMME

Catalysing Sustainable  
Development Impact

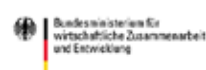


2019  
REPORT

# 2019 REPORT

## Catalysing Sustainable Development Impact

Funding Partners:



Strategic Partner:



# Content

## 06

---

### OVERVIEW

---

About InfraCredit

Overview

Blended Finance for Infrastructure Development

CEO's Remark

Message from our Development and Strategic Partners

Summary of 2019 Activities

## 44

---

### DEVELOPMENT IMPACT

---

Key Development Result Indicators

Case Studies

Testimonials

## 22

---

### ACTIVITIES AND EVENTS

---

Institutionalising the Programme

Strengthening Technical Assistance Support

Building Strategic Partnerships with Key Stakeholders

Capacity Building of Boards, Regulators and Public Officials

Strengthen Stakeholder Roundtables

Integration of ESG and SDGs



Dr. Umar Farouk Aminu,  
Head, Investment Regulation, PENCOT



CHAPTER

# 01

---

## Overview

ABOUT INFRACREDIT

OVERVIEW

BLENDED FINANCE FOR  
INFRASTRUCTURE DEVELOPMENT

CEO'S REMARKS

MESSAGE FROM OUR DEVELOPMENT  
AND STRATEGIC PARTNERS

SUMMARY OF 2019 ACTIVITIES



INFRASTRUCTURE  
**CAPACITY  
BUILDING**  
PROGRAMME

2019  
REPORT



## About InfraCredit

Infrastructure Credit Guarantee Company Limited (InfraCredit) is a specialised infrastructure credit guarantee institution backed by the Nigeria Sovereign Investment Authority (NSIA), GuarantCo, KFW and AFC to provide local currency guarantees to enhance the credit quality of local currency debt instruments issued to finance eligible infrastructure assets in Nigeria.

InfraCredit has been accorded a 'AAA' rating by both GCR and Agosto, a first for a local currency guarantor in Sub-Saharan Africa. InfraCredit closed its first transaction in December 2017.

As at December 2019, InfraCredit, through its guarantees, facilitated first-time access to local currency finance for up to 15-year tenor from the domestic bond market for three infrastructure companies totalling N31.5 billion. The issues were oversubscribed by up to 60%.

InfraCredit acts as a catalyst to attract the investment interest from pension funds, insurance firms and other long-term investors, thereby deepening the Nigerian debt capital markets. InfraCredit operates on a commercial basis and benefits from private sector governance. This is in conformance with the overall objective of its sponsors to facilitate private investment in infrastructure to support sustained economic growth in Nigeria.

### Capital Providers



### Development Partners



## QUICK FACTS

### RATINGS

**Agusto&Co.**  
Research, Credit Ratings, Credit Risk Management

**AAA** (NG)  
July 2020

**GCR** / **AAA** (NG)  
July 2020

### CAPITAL

**200<sup>m</sup>** USD **INITIAL  
TARGET**

**136<sup>m</sup>** USD **CURRENT  
BASE**

### CAPITAL MOBILIZED

**2019 VALUE OF FIRST TIME  
ACCESS TO LOCAL CURRENCY  
FINANCE FOR INFRASTRUCTURE  
COMPANIES**

**31.5** billion  
NAIRA

### CAPACITY TRAININGS

**INVESTED  
ON CAPACITY  
BUILDING  
TRAININGS**

**87.5<sup>m</sup>** NAIRA

**TRAINING  
PARTICIPANTS**

**460** 

### INFRACREDIT PROMOTES

#### FINANCIAL INCLUSION

By bringing first-time  
issuers to the domestic  
bond market

#### FINANCIAL DEEPENING

By extending bond tenors for  
corporates, and by broadening  
pension fund investor bases

#### FINANCIAL INNOVATION

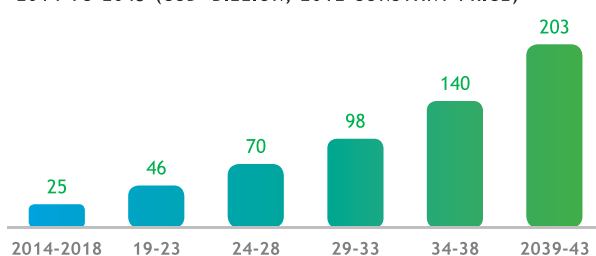
By introducing new fixed income  
instruments such as green  
corporate infrastructure bonds and  
the ISPO contracted offtake payment

## Overview

According to the Nigeria's National Integrated Infrastructure Master Plan (NIIMP), Nigeria's core infrastructure stock is estimated at c. US\$100 billion, representing only 20%-25% of the nation's GDP - significantly lower than the international benchmark of 70%. The gap has continued to widen on account of economic growth and sustained low (current and historical) public and private sector investment in Infrastructure in Nigeria.

To bridge the infrastructure gap, Nigeria needs to invest around US\$3trn over 30 years – i.e. to deliver quality infrastructure – roads, power, utilities, transportation, amongst others. This translates to an annual funding demand of US\$100 billion. However, according to the Ministry of Budget and National Planning, the Federal Government released about N6.4 trillion to various Ministries, Departments and Agencies for capital projects over the last 2016-2019 fiscal periods. This translates to an annual spend of around N1.6 trillion (US\$4.6bn). For 2019, budget shows that N2trn (US\$5.6 billion), which represents 23% of the budget, was earmarked for capital expenditure. These annual capital expenditure figures are a far cry from the US\$100 billion annual funding requirement for infrastructure.

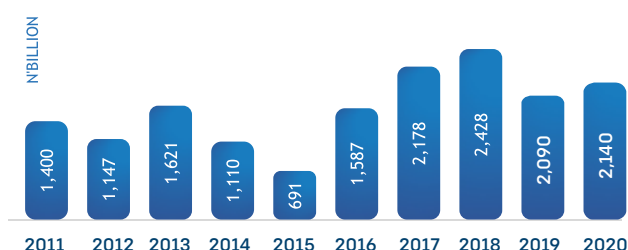
AVE. ANNUAL INFRASTRUCTURE SPEND,  
2014 TO 2043 (USD' BILLION, 2012 CONSTANT PRICE)



Between 2019 and 2023, the estimated average annual infrastructure requirement is put at US\$46 billion per annum. It is also estimated that c.US\$3trillion is required to bridge the infrastructure deficit over the next 30 years whilst infrastructure stock is to increase from 25% to 70% of GDP

Source: NIIMP & Budget Office

NIGERIA'S CAPITAL EXPENDITURE BUDGET



Nigeria's capital expenditure budget has remained flat in recent years whilst the infrastructure requirement continues to remain unaddressed. Capex budget for 2019 stood at N2.1 trillion representing 23% of the estimated annual spend. Historically, the average budget implementation rate is 37.6% within the last 3 years.

Source: NIIMP & Budget Office, 2020





**“ Nigerian pension fund assets allocated to Infrastructure was reported at N17.7bn as at December 2019, representing a meagre 0.2% of the allocable pension assets to this sector, based on the PENCOM Investment guideline. ”**

Nigeria’s economic growth is constrained by the lack of adequate infrastructure, keeping Nigeria underdeveloped compared to that of other fast-growing emerging countries. The overall GDP in 2019 indicated a real growth of 2.27%, compared to 1.91% in 2018 while the real GDP grew by 5.59% quarter on quarter. Nigeria’s Gross Domestic Product (GDP) grew by 2.55%(year-on-year) in real terms in the fourth quarter of 2019 compared to the fourth quarter of 2018 which recorded a growth rate of 2.38%<sup>1</sup>.

Despite the growth seen in the last few quarters, improvement still comes with challenges. One of the impediments to growth of the economy at large is inadequate infrastructural support, including access to power, water and poor means of transportation of goods and services.

To provide more colour, on the back of limited access to the electricity grid, businesses suffer an average monthly power outage of around 239 hours and spend an estimated US\$14 billion annually on inefficient generation via fossil fuels. It is worth noting that power accounts for 50% to 60% of production / operating costs for manufacturers and service providers. The effect of weak infrastructure is most striking in the energy sector – Nigeria’s per capita power consumption of 136 kWh p.a. is less than 3% of South Africa’s 4,803 kWh. Road density in Nigeria is only about a fifth of that of India.

Although the federal government has increased capital spending to plug the infrastructure gap, it cannot depend only on its own spending and borrowing. In the same vein, most State governments are constrained by increasing debt on their balance sheet. The tenor for bank loans averages between 5 and 7 years. As such, government would require access to the capital market to raise long-term funding to finance infrastructure projects.

<sup>1</sup> National Bureau of Statistics, 2019 report



**“ With low correlation to the macro environment and traditional asset classes (equity and fixed income), infrastructure investments would insulate and diversify investor portfolios. ”**


Given the government's lack of budgetary capacity due to low tax revenues combined with unpredictable oil royalties over the long term, its large infrastructure financing needs and the inability of the banks to adequately provide long-term solutions to meet these needs, Nigeria presently needs to attract significant capital from both private domestic and foreign sources. The government must rely on private sector participation to transform the country to a producing economy.

In a bid to close the infrastructure gap, the federal government and key sector stakeholders have taken steps to catalyse private sector investment into the sector. Key stakeholders including regulatory bodies such as the National Pension

Commission have instituted initiatives to catalyse pension funds' participation in infrastructure financing.

It is in response to the need to catalyse private sector participation that the Infrastructure Credit Guarantee Company Limited (InfraCredit) was set up by the Nigerian Sovereign Investment Authority (NSIA), GuarantCo and other development partners. InfraCredit has the mandate to support long term local currency financing for infrastructure projects driven by both the public and private sectors by mobilizing private institutional capital from pension funds and insurance companies using its guarantees.





Since inception in 2016, InfraCredit has facilitated first-time access to local currency finance of up to 15- year tenor from the domestic bond market for three power generation companies totalling N31.5 billion which were oversubscribed by up to 60% from 15 of a total 28 pension fund administrators. Whilst this represents about 50% investor coverage, these 15 investor pension funds manage up to 75% of the assets under management of the pension industry, estimated at NGN 10.2 trillion as at December 2019, signifying strong investor appetite for longer-dated instruments to better match the duration of their liabilities.

Despite these concerted effort by the federal government and the various stakeholders as well as the strong appetite from the pension funds, international DFIs and other long-term investors, the sector has not recorded much private sector participation. For instance, Nigerian pension fund assets allocated to Infrastructure (Corporate Infrastructure Bonds and Funds) was reported at N17.7bn as at December 2019, representing a meagre 0.2% of the allocable pension assets to this sector, based on the PENCOT Investment guideline.

One critical challenge to investing in this asset class is dearth of information or body of knowledge on the sector including sector-specific information. Sector-specific data are either unavailable or uncoordinated. Information highlighting specific subsector landscape and opportunities for investment are either non-existent or stale, depriving interested and natural investors the required information for investment decision making. Lack of adequate information on the viability of projects in infrastructure asset class makes it difficult for private sector investors, especially the pension funds, to make informed decisions about investing in these assets.

InfraCredit believes that arming investors with comprehensive data and information with in-depth understanding of the investment dynamics of the sub-sectors within the infrastructure space – highlighting the behavioral traits of this risks, returns, regulatory environment, and infrastructure investment opportunities – would ultimately enhance investor confidence and drive private sector participation in these sectors.

## Blended Finance for Infrastructure Development

**Blended Finance is a critical tool that will be needed to sustainably bridge the infrastructure deficit in Nigeria.**



OECD defines blended finance as an approach to development finance that employs the “strategic use of development finance and philanthropic funds to mobilise private capital flows to emerging and frontier markets” and is characterized by three characteristics:

- a) **Leverage:** use of development finance and philanthropic funds to attract catalytic private capital
- b) **Impact:** investments that drive social, environmental and economic progress.
- c) **Returns:** returns for private investors in line with market expectations based on perceived risk.

Blended finance presents a critical avenue through which DFIs & donor institutions can

improve the risk-return profile of investments by de-risking instruments to catalyse private capital.

Efficient use of blended finance approach will address the twin challenges of

- (i) **affordability:** enabling access to relatively cheaper funds to finance critical infrastructure projects; and
- (ii) **accessibility:** making critical SDG-related infrastructure projects accessible to pension funds and leveraging local currency domestic pension funds, and promoting domestic resource mobilisation for infrastructure finance.

To improve affordability, there are three parameters that can be tackled: (i) currency of debt, (ii) interest rate of financing, and (iii) cost of infrastructure.



//

The bulk of blended finance will mainly be needed to make sustainable economic infrastructure (cleaner, more climate resilient energy, roads, water, buildings etc.), sustainable land use and social infrastructure (health, education) in developing countries like Nigeria more “investable”.

//

Currency, maturities and the cost of capital drive the cost of service for consumers of basic infrastructure more than any other area of the economy. This is because the lifecycle cost of operating infrastructure services is predominantly capital cost. The transaction related expenses and all-in costs of building and operating roads and rail, power generation, transmission and distribution, water and sanitation are mostly attributed to the hard infrastructure. Amortizing those costs over long periods of time and doing so with as low interest rates as possible and in local currency has a direct impact on the affordability of service, and hence on poverty alleviation.

To improve accessibility, InfraCredit will continue to pool resources from Development Partners under this Capacity Building Programme by

ensuring requisite technical assistance support that will improve the capacity of investors and regulators and other stakeholders thereby accelerating an enabling environment for bankable infrastructure projects to come to market and enhance investor appetite thereby facilitating an efficient market for good quality infrastructure projects in Nigeria.

The bulk of blended finance will mainly be needed to make sustainable economic infrastructure (cleaner, more climate resilient energy, roads, water, buildings etc.), sustainable land use and social infrastructure (health, education) in developing countries like Nigeria more “investable”.



## CEO's Remarks

**Our Capacity Building Programme is evolving and institutional investors in our guaranteed bonds are no longer just investors, they're co-creators of the underlying infrastructure assets we finance.**

Through the impact of the Capacity Building Programme, they are shifting from a passive role of an audience to the active members of the infrastructure finance community.

Infrastructure as an asset class holds great potential to deliver the three pillars of the SDGs: economic, environmental and social sustainability. Infrastructure underpins many of the UN Sustainable Development Goals (SDGs) and the domestic bond market as the largest source of long-term local currency investment capital is emerging as an important source of sustainable financing to meet the UN SDGs.



As at December 2019, under the programme, thirteen (13) training programmes have been implemented including two (2) investor roundtable workshops, eight (8) investors' trainings and three (3) due diligence exercises targeted at participants at different levels of executive management, investment and risk teams of the target institutional investors as well as regulators of the infrastructure finance industry. These programs attracted a total of four hundred and sixty (460) participants from forty (40) institutions including twenty-one (21) Pension Fund Administrators, five (5) Closed Pension Fund Administrators, five (5) Life Insurance Companies and five (5) Regulatory bodies and four (4) other institutions with co-funding from KfW, GuarantCo and PIDG TAF.

As a result, InfraCredit has increased first-time access to local currency finance from the domestic bond market to an aggregate of N31.5 billion (US\$ 88 Million) and up to 15-year tenor for three infrastructure projects which were oversubscribed by up to 60% from local pension fund investors, with investment by 15 pension fund investors that participated in the capacity building programme, signifying strong potential and investor appetite in infrastructure.

InfraCredit's Theory of Change has a focus on development impact, which will allow us to take a holistic approach to infrastructure development in Nigeria, of which this programme composes an important element.

As we expand the programme, in order to scale capacity and impact, we aim to use this programme to align and increase donor coordination and funding support into more effective, efficient, integrated and scalable intervention in capacity building for sustainable infrastructure finance, because finding a path towards sustainable development will require the pooling of diverse perspectives, knowledge and resources.

Addressing the complex challenges of infrastructure deficit and sustainable finance requires building strong multi-stakeholder partnerships that can create systemic change, with decision makers and policy makers.

To this end we have strengthened our collaboration with the National Pension Commission (PenCom), the Pension Fund Operators of Nigeria (PenOp), and implemented training programme for Board Members of Pension Funds, Regulators and Investor Stakeholder Roundtable. These stakeholders have an especially important role to play in influencing the effectiveness of the expected development outcomes of this programme.

InfraCredit's strategic goal is to continue to work with aligned development partners and donor organizations, by unlocking more blended finance support through technical assistance and capacity building, as we work to address a range of challenges in order to attract the investment capital that will close Nigeria's infrastructure gap across the financing spectrum, whilst ultimately contributing towards reaching the SDGs.

We are pleased with the success of our market building activities through this programme because it strongly aligns with our vision to be a catalyst and the most trusted partner, in the attraction of long-term capital into infrastructure finance in Nigeria.



A stylized, handwritten signature in blue ink, consisting of a large 'C' and 'A' followed by a dot.

**Chinua Azubike,**  
Chief Executive Officer,  
InfraCredit

## Message from Our Development and Strategic Partners



### MESSAGE FROM GUARANTCO

**GuarantCo, the guarantee arm of the Private Infrastructure Development Group (PIDG), is one of the founding sponsors for InfraCredit, alongside the Nigerian Sovereign Investment Authority, providing capacity, experience and Technical Assistance grant funding bringing InfraCredit from concept to reality.**

Our involvement presented InfraCredit with the opportunity to start operations allowing for further growth by improving technical and financial capacity to analyse and invest in bankable infrastructure projects and achieve its objective to unlock long-term funds for infrastructure. GuarantCo, through the Technical Assistance Facility (TAF), another PIDG company, provided grant funding to InfraCredit to co-finance an infrastructure capacity building programme for institutional investors to help crowd-in private capital for infrastructure development in Nigeria.

InfraCredit is a ground-breaking initiative that we believe will unlock domestic investment in Nigeria's infrastructure on a scale not seen before. The local pension fund market is expanding significantly each year and there is an increasing demand for low risk alternatives to government securities. InfraCredit facilitates a step change in the balanced development of Nigeria's capital markets and the wider economy. We are therefore proud to support InfraCredit in its pioneering role of connecting Nigeria's debt capital markets to infrastructure financing.

The company has developed a good track record with the various transactions that the company has closed since its inception in 2016 whilst having a robust pipeline. We are confident about the opportunities that the market presents for InfraCredit and are looking forward to continuing our constructive partnership as the company builds its own experience and track record.



**Lasitha Perera,**  
Chief Executive Officer  
GuarantCo

Lasitha Perera has been Chief Executive Officer at GuarantCo since 2017 and has been with the company from 2009 as Chief Investment Officer and Executive Director responsible for GuarantCo's investment activities globally.

Prior to joining GuarantCo, Lasitha was an Investment Director of Total Capital, a private equity fund, where he was responsible for new investments and represented the fund on the Boards of portfolio companies in the UK and the Nordic region. He started his career at Barclays Capital where he worked in a variety of debt capital market roles in London and New York for nearly ten years.

Lasitha holds an LLB (Hons) in Law from the University of Bristol.

GuarantCo mobilises private sector local currency investment for infrastructure projects and supports the development of financial markets in lower income countries across Africa and Asia. GuarantCo is part of the Private Infrastructure Development Group (PIDG) and is funded by the governments of the United Kingdom, Switzerland, Australia and Sweden, through PIDG, and the Netherlands, through FMO and PIDG. GuarantCo is rated AA- by Fitch and A1 by Moody's. GuarantCo's activities are managed by GuarantCo Management Company which is part of Cardano Development. [www.guarantco.com](http://www.guarantco.com)

## MESSAGE FROM KfW

**On behalf of the German Federal Government and its Federal Ministry of Economic Cooperation and Development (BMZ), KfW for more than 50 years finances and supports programmes and projects that mainly involve public sector players in developing countries and emerging economies.**

However, with InfraCredit, we have found a strong private sector partner in Nigeria that is able to create the level of impact intended by the German Federal Government. Encouraged by its innovative business concept and demonstrated capacity to execute and deliver expected outcomes, we signed a Financing Agreement with InfraCredit in June 2019 further demonstrating our confidence in InfraCredit.

The provision of EUR 860,000 grant to InfraCredit in 2019 was a first-time direct assistance from the German Government towards private sector led institutions in Nigeria like InfraCredit. The grant was provided to support the Infrastructure Capacity Building Programme, Development Impact and People Strategy amongst others.

We believe that InfraCredit is well-positioned to stimulate sustainable development in Nigeria especially through the catalytic Infrastructure Capacity Building Programme and we are pleased to partner with them to achieve our mutual developmental goals.

KfW is committed to the implementation of the Sustainable Development Goals (SDGs). Against this background we appreciate InfraCredit's equal commitment to integrating Environmental, Social & Governance (ESG) metrics and SDGs into its business activities.



**Livia Hackemann,**  
Project Manager  
KfW

Livia Hackemann has been Project Manager responsible for the Financial Sector Development Portfolio in Nigeria at KfW Development Bank since 2019. Prior to joining KfW Development Bank in 2018, Livia worked in different roles for KfW Group in Frankfurt, Berlin and Brussels. She holds a Master in Management (M.Sc.) from Frankfurt School of Finance and Management.

On behalf of the Federal Government, KfW Development Bank administers Germany's official Financial Cooperation in more than 100

developing and transition countries in Africa, Asia, South and Central America, the Middle East and the Caucasus. Its priority areas of activity include poverty reduction and economic development, good governance, education and health care, and protection of the climate and the environment. In this way the bank helps the Federal Government achieve its developmental goals.



## MESSAGE FROM PENCOM

**The National Pension Commission (PenCom) recognizes impact as increased allocation of Pension Fund Administrators funds to infrastructure investments, improvement in skills and competency levels of Pension Fund Administrators - from project development through to Origination & Structuring and then execution, and increased social benefits that improve quality of life.**

Considering the huge infrastructure deficit in Nigeria, PenCom is committed to ensuring the contribution and active injection of pension funds into the development of infrastructure in Nigeria. It is in the light of this that policies such as the Multi-fund investment regulation was put in place to achieve a minimum level of significant, yet incremental diversification of Pension funds investments in infrastructure in Nigeria.

Nigeria's total pension funds were valued at about NGN 10.2 trillion as at 31st December 2019. This was largely invested in FGN securities, State government securities, corporate debt instruments, money market, supranational bonds, and mutual funds. Currently, at least NGN 2 trillion of pension funds can be deployed into infrastructure, but only if guaranteed by the government or a Multilateral Development Finance Institution or a Credit Enhancement Institution. Current PFA total exposure to infrastructure is about NGN 67 billion (0.6% of total AUM). However, Pension Fund Administrators are interested in investing towards provision of social infrastructure projects such as affordable housing projects.

InfraCredit's efforts so far in identifying and catalyzing investment in bankable and investible projects is commendable. PenCom lauds the efforts of InfraCredit and recognizes the relevance and significance of its contribution to the pension industry in terms of capacity development. In particular, it is worthy to note InfraCredit's thought-leadership efforts, one of which birthed the Infrastructure Capacity Building Programme, from which the pension industry in Nigeria has largely benefitted. We look forward to more impactful programmes that can help us achieve a mutual goal of bridging the Infrastructure deficit in Nigeria.



**Dr Umar Farouk Aminu,**  
Head, Investments  
PENCOM

Dr. Umar Farouk Aminu joined the National Pension Commission, Nigeria, in August 2005 after spending 14 years in classroom, where he taught Mathematics, Computing and Operations Research. He was engaged on special National Assignment to establish the pension industry in Nigeria after serving, on advisory capacity, during the period of legislative process on the Pension Reform Bill by the National Assembly in 2004.

He served on the Committee that reviewed the National Strategy on Public Service Reforms and

is currently serving on the Technical Committee for the implementation of the National Financial Inclusion Strategy and as member of the Program Monitoring Office of the National Financial Sector Strategy 2020.

Dr. Aminu has a bachelor's degree in Mathematics, a postgraduate diploma in Computer Science, MSc in Management Science (Operational Research) and a PhD in Management Science (Operations Research).



## MESSAGE FROM PENOP

**Pension Fund Operators Association of Nigeria is an independent, non-governmental, non-political, and non-profit body which was set up to promote the activities of the pension industry. The association was also established to provide self-regulation and ensure that international best practices in relation with the industry are upheld by registered pension fund operators in Nigeria.**

One of the objectives of the association is to provide useful information and certified educational guidance that enhance informed decision making to its members. This provision is made in correlation with different aspects of investments and achieved through partnership with industry experts, subject matter experts and creating an avenue for knowledge exchange and information symmetry amongst members.

InfraCredit is well-positioned and well-recognized as an industry expert and thought-leader in catalyzing private sector-led local currency infrastructure investments in Nigeria. This thought-leadership initiative is reinforced through the implementation of the Infrastructure Capacity Building Programme - a programme from which our members have largely benefitted. The Infrastructure Capacity Building Programme, has since its inception in 2017, worked to bridge the infrastructure investment knowledge gap of private institutional investors and other relevant stakeholders in Nigeria. Therefore, PenOp's strategic partnership with InfraCredit to coordinate the programme is a natural inclination to achieving the association's goal of providing relevant, targeted and top-notch trainings to its members in line with international investment trends and standards.

We commend InfraCredit for this initiative and for its dedicated market development efforts. We look forward to continued partnership that would yield even greater success in infrastructure development and investment in Nigeria.



**Susan Oranye,**  
Executive Secretary  
PENOP

Ms. Susan Oranye is the Executive Secretary of the Pension Fund Operators Association of Nigeria. A First Class graduate with a Master's degree in International Management from the University of Sunderland (UK) and a Bachelor's degree in Insurance and Risk Management from Enugu State University of Science and Technology (ESUT). She is also a certified Prince 2 Project Manager with additional certifications in Business Analysis and is a member of the British Computer Society.

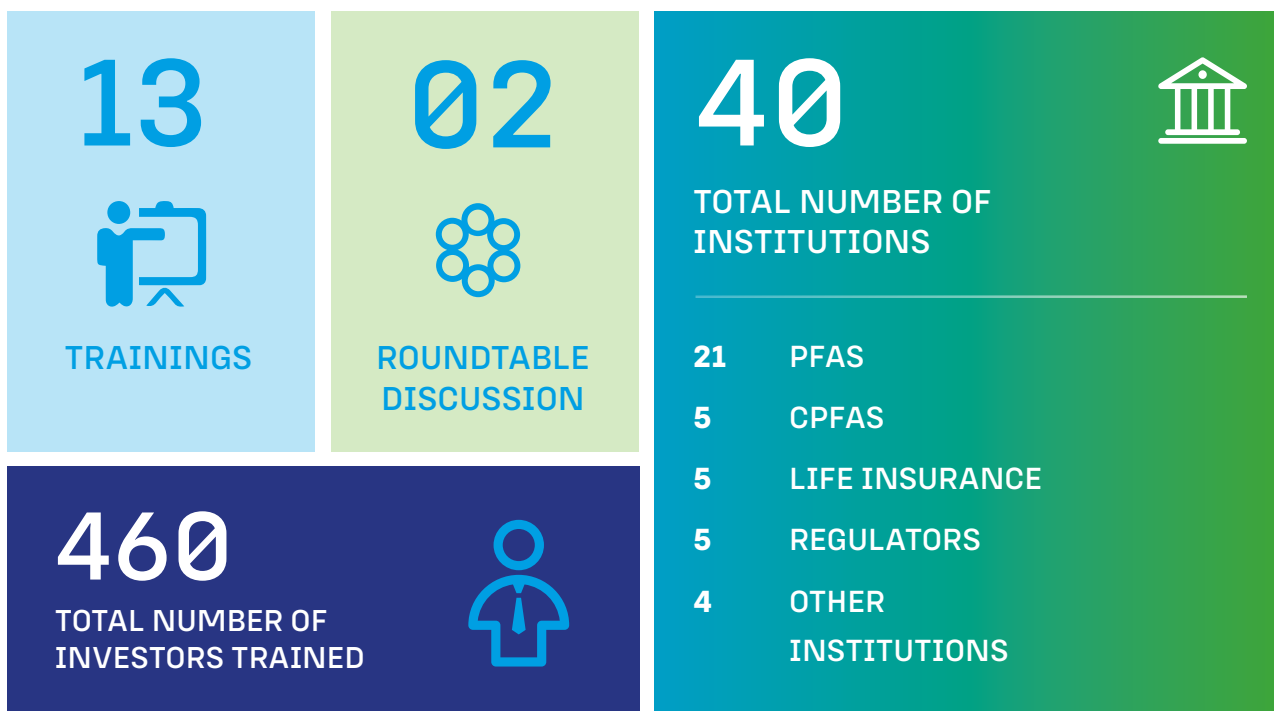
She has over 18 years demonstrable experience in Administration, Policy and Strategy formulation, Business Development, Project Management, Business Analysis and Stakeholder Management in the financial services sector.

Her drive for continuous improvement and

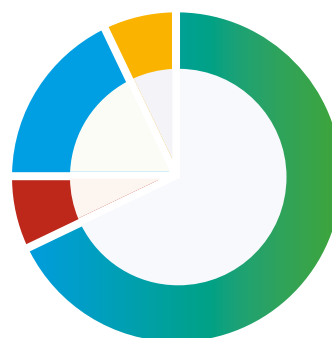
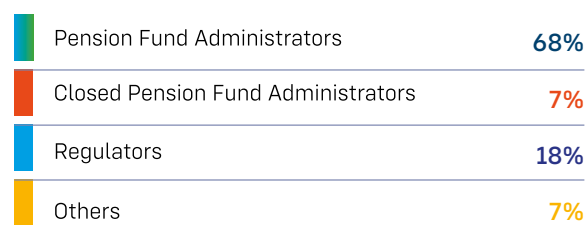
organizational development has aided her efforts at institutionalizing the Association as a vibrant and influential hub for interaction between key stakeholders in the pensions industry in Nigeria. She is also passionate about identifying partnership opportunities and organizing training interventions that ensure that global best practices are maintained with service delivery in pensions administration and investments.

An outgoing and effective communicator, Ms Oranye is PenOp's representative on the National Financial Inclusion Strategy Channels Working Group Committee with CBN among other Committees. She's a natural problem solver and has the ability to identify, analyze and proffer solutions that not only meet business needs but improve processes to ensure the highest levels of service delivery and productivity.

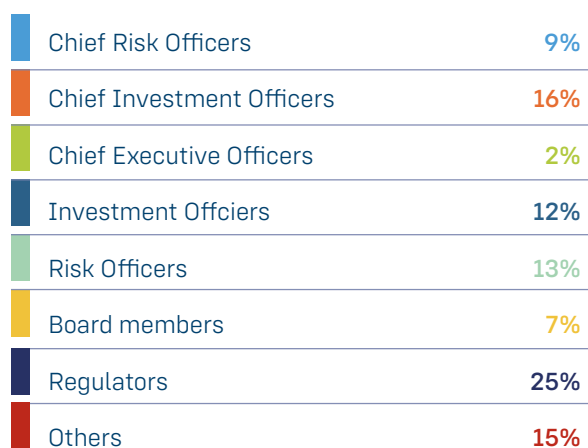
## Summary of 2019 Activities



Participation by institution



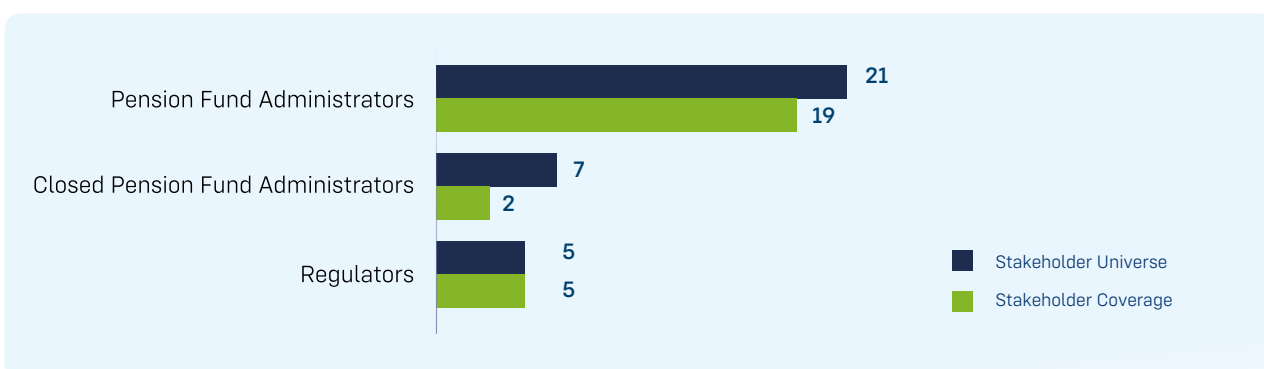
Participation by Participant Designation



### Ratio of male vs. female investors trained



### Industry Coverage



The Infrastructure Capacity Building programme trained a total number of 66 female investors between July 2019 and November 2019. This represents about 26% of total number of investors trained. It is recommended that more deliberate effort is made to increase the involvement of female investors in subsequent Capacity Building Programmes.

Date Held	11 July	26-27 August	28 August	29-30 August	23-24 September	25-26 September	12 November
Event Type	Roundtable discussion	Training	Training	Training	Training	Training	Training
Course Title	Investing Under the IFRS Regime- Imperatives for Pension Fund Managers	Structuring PPP & Infrastructure Projects for Regulators	Infrastructure as an Asset Class	Advanced Infrastructure Project Finance	Financing Infrastructure Projects-Case Studies for CIOs	Financing Infrastructure Projects-Case Studies for CROs	ESG Investing
Target Participants	Investment Officers, Risk Officers, Regulators, Chief Investment Officers, Chief Risk Officers	Regulators	Board Members of FCMB Pensions Ltd	Investment Officers, Risk Officers, Chief Investment Officers, Chief Risk Officers	Chief Investment Officers	Chief Risk Officers	Investment Officers, Risk Officers, Regulators, Chief Investment Officers, Chief Risk Officers
Participants	95	21	6	30	24	18	22
Institutions	32	5	1	19	16	14	14



Hamimah Sanusi,  
Chief Infrastructure Officer,  
ICRC

CHAPTER

# 02

---

## Activities and Events

### Our Strategic Approach

INSTITUTIONALISING THE PROGRAMME

STRENGTHENING TECHNICAL ASSISTANCE  
SUPPORT

BUILDING STRATEGIC PARTNERSHIPS WITH KEY  
STAKEHOLDERS

CAPACITY BUILDING OF BOARDS, REGULATORS  
AND PUBLIC OFFICIALS

STRENGTHEN STAKEHOLDER ROUNDTABLES

INTEGRATION OF ESG AND SDGS



INFRASTRUCTURE  
**CAPACITY  
BUILDING**  
PROGRAMME

2019  
REPORT





Uyi Izeakor, Partner,  
Deloitte & Touche  
IFRS 9 Investors Roundtable 11th July 2019

The success of the Infrastructure Capacity Building Programme is strongly aligned with our vision to be a catalyst and the most trusted partner in the attraction of long-term capital into infrastructure finance in Nigeria.

By successfully leveraging capacity building to foster market development and catalyse local capital from private institutional investors into supporting new infrastructure development that will create jobs, protect the environment, reduce poverty and promote local economic growth, we aim to establish a shared purpose with our stakeholders in aligning our collective effort to solve some of the most pressing challenges of our time.

## INSTITUTIONALIZING THE PROGRAMME

As we aim to expand the programme, institutionalising the operating framework in order to scale capacity and impact is an imperative, this will be accompanied with a re-aligned “Theory of Change” to be implemented under InfraCredit's Development Impact Framework.



The high-level assessment revealed areas of strength- including impact, relevance and efficiency- and areas for improvement around effectiveness and sustainability.



A key outcome of this process will be defining measurable outcomes, evidence-based data and indicators geared towards informing the decision-making process with our stakeholders for effective monitoring, evaluation and reporting.

Dalberg Global Advisors, a leading International Development consulting firm, was contracted to assess the Capacity Building Programme in line with our revised Theory of Change. The high-level assessment revealed areas of strength- including impact, relevance and efficiency- and areas for improvement around effectiveness and sustainability.

The following aspects were qualitatively reviewed;

- I. The transformative effect of the Infrastructure Capacity Building Programme on the ecosystem
- II. Infrastructure Capacity Building Programme's relevance to the infrastructure finance ecosystem
- III. Its effectiveness in achieving its goals
- IV. Efficiency in its operations
- V. Sustainability of its model

These metrics serve as key strategic elements that inform the decision-making process with regards to expansion of the programme.

## STRENGTHENING TECHNICAL ASSISTANCE SUPPORT

// We aim to use this programme and its theory of change to align, incentivize and increase donor coordination and funding support into more effective, efficient, integrated and scalable intervention in sustainable infrastructure finance. //

There are a multitude of donor programmes addressing some part of the greater challenge of catalysing private investments into SDG related infrastructure that will reduce poverty, and we aim to use this programme and its theory of change to align, incentivize and increase donor coordination and funding support into more effective, efficient, integrated and scalable intervention in sustainable infrastructure finance.

Leveraging InfraCredit's contribution and market positioning to crowd-in development capital and technical assistance from other donors/DFIs to the programme.

GuarantCo, the guarantee arm of the Private Infrastructure Development Group (PIDG), is one of the founding sponsors for InfraCredit, alongside the Nigerian Sovereign Investment Authority, providing capacity, experience and Technical Assistance grant funding bringing InfraCredit from concept to reality. GuarantCo, through the Technical Assistance Facility (TAF), provided grant funding of up to USD 100,000 to InfraCredit to co-finance the infrastructure capacity building programme for institutional investors to help crowd-in private capital for infrastructure development in Nigeria.

Similarly, in June 2019, KfW- on behalf of the German Government- signed a funding financing agreement with InfraCredit becoming one of its major development partners. The institution provided a grant of EUR 860,000 to support InfraCredit's market development efforts including sponsorship of the activities of the Infrastructure Capacity Building Programme. This funding agreement marked a first-time direct assistance from the German Government towards private sector led institutions like InfraCredit, and the beginning of much more impactful support upon delivery of expected outcomes.

## BUILDING STRATEGIC PARTNERSHIPS WITH KEY STAKEHOLDERS

Addressing the complex challenges of infrastructure deficit and sustainable finance requires building strong multi-stakeholder partnerships that can create systemic change.

The Programme aims to evolve into a multi-stakeholder partnership, by collaborating with key stakeholders to create shared values and successes. We leverage the power of multi-stakeholder partnerships as a key mechanism to deliver on the goals by pooling knowledge, expertise, and resources.

### Memorandum of Understanding with the Nigeria Bureau Of Public Enterprises (BPE)

InfraCredit signed a memorandum of understanding with the BPE in July 2019 in formation of a strategic alliance to facilitate collaboration on eligible infrastructure financing projects, capacity building, and information and data sharing.

BPE is charged with driving the Federal Government of Nigeria's programme of privatising public enterprises, carrying out sector reforms and facilitating the liberalization of key sectors of the Nigerian economy; particularly the infrastructure sector which aligns with InfraCredit's mission to mobilize long term local currency private infrastructure financing in Nigeria.



Chinua Azubike, Chief Executive Officer InfraCredit and The Director General BPE, Mr. Alexander Okoh



In furtherance of the common objectives of both parties to promote the development and financing of infrastructure projects in Nigeria, both parties have formalised an interest in building a strategic partnership.

This is in line with InfraCredit's strategy to promote a more aligned approach and coordinated relationships with governments and its agencies towards supporting an enabling environment and building investor confidence that can unlock up to N3 trillion of domestic credit to the private sector from local pensions funds, an estimate of investable funds that can be allocated to corporate debt securities to finance infrastructural development that will create jobs, protect the environment, reduce poverty and promote local economic growth.

We believe we can achieve significantly more in building investor confidence and mobilising capital with a more coordinated approach and relationships with aligned government agencies.





Since its inception in 2017, the Infrastructure Capacity Building Programme has collaborated occasionally with Association of Pension Fund Operators in Nigeria (PenOP) to provide targeted Infrastructure and project finance trainings to Pension Fund Administrators.

## Advanced Infrastructure Project Finance – Training for Investment Officers and Risk Officers

This two-day training was held in Lagos on 29th & 30th August 2019. It was designed for Investment Officers and Risk Officers of Pension Fund Administrators with the objective to provide better understanding of the essentials of Infrastructure and Project Finance.



Advanced Infrastructure Project finance training for investment and risk officers, 29th & 30th August 2019

The training provided insight on critical aspects of qualitative risk analysis including risk identification, allocation, mitigation and the relevance in evaluating an infrastructure project.

By the end of the training, participants had developed a good understanding of the peculiarities of analysing Infrastructure and project finance. The course also helped participants develop framework for recognizing and analysing qualitative and quantitative risks of infrastructure projects and facility upgrades. Investors reviewed recent examples of structures attractive to Banks, Institutional Investors, and Equity providers, besides examples of deals that went wrong, all with an overall objective of understanding what can be done better. In this context, credit enhancement through Export Credit Agencies, Development Banks, Private Sector Insurers and guarantees was also described.

## PARTICIPATION

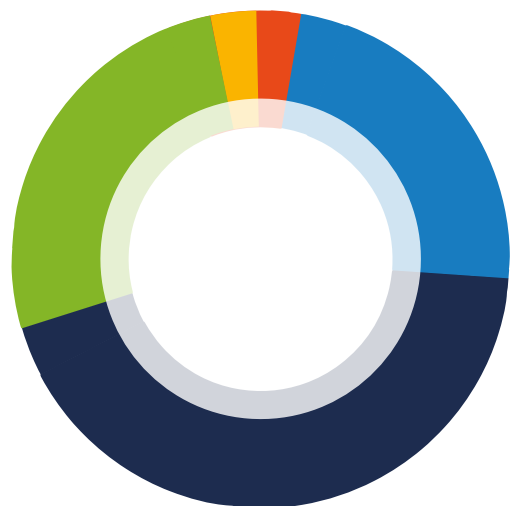
### Participation by institution

<div></div>	Pension Fund Administrators	95%
<div></div>	Others	5%

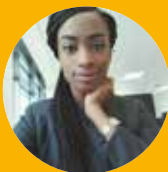


### Distribution of participation by designation

<div></div>	Chief Risk Officers	4%
<div></div>	Chief Investment Officers	24%
<div></div>	Investment Officers	44%
<div></div>	Risk Officers	24%
<div></div>	Executive Director	4%



## TESTIMONIALS



**//** It was very thorough. The practice exercises were also very helpful and the trainer was able to explain well enough. **//**

**Hazel Haidome**  
Investment Research  
Analyst, Sigma Pensions  
Ltd



**//** Practical and hands-on experience. Fantastic trainer. **//**

**Benedict Ohiovbeunu**  
Chief Risk Officer,  
FCMB Pensions Ltd.



**//** Very educative and more insight on project finance. **//**

**Kayode Akinola**  
Investment Analyst,  
Trustfund Pensions Ltd



Advanced Infrastructure Project Finance  
29th-30th August 2019





## Financing Infrastructure Projects- Case Studies for CIOs and CROs

This intensive four-day course, designed exclusively for Chief Investment Officers (CIOs) and Chief Risk Officers (CROs) of PFAs, was held in Lagos from 23rd to 26th September 2019. It covered credit and other risk issues using a Nigerian renewable resource project, an infrastructure project and a power project along with theoretical discussion and focused financial models.

The detailed cases studies addressed credit risks and compensation for credit risk for current project finance projects in Nigeria along with questions of whether typical financial structures used in developed countries optimal for African projects. The case-driven sessions were highly interactive with three separate case studies explore different aspects of project finance by sector including:

### CASE 1

Off-taker and Credit Risk  
for a Gas-fired Power  
Project with a Capacity  
Charge

### CASE 2

Resource risk and  
contract risks for 8MW  
Solar PV Facility with  
Output Risk

### CASE 3

Traffic risks and cost risks  
for a Toll Road with User  
Pay and a Viability Gap



Financing Infrastructure Projects for CIOs and CROs  
23rd-26th September 2019



## PARTICIPATION

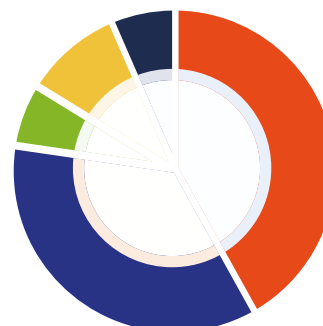
### Participation by institution

Pension Fund Administrators	88%
Pension Fund Custodians	6%
Others	6%



### Distribution of participation by designation

Investment Officers	6%
Chief Investment Officers	42%
Chief Risk Officers	35%
Risk Officers	10%
Others	6%



**//** Trainer is well-versed in subject area and delivered lecture excellently well **//**

Simeon Suopakiriba  
Head, Investment,  
Nigeria Agip CPFA



**//** The course will help in decision-making for infrastructure finance projects **//**

Victoria Thompson  
Chief Risk Officer,  
Trustfund Pensions Ltd



## CAPACITY BUILDING OF BOARDS, REGULATORS AND PUBLIC OFFICIALS



In August 2019, we introduced trainings which were exclusively targeted at Regulators and Board Members of PFAs.



As ultimate decision makers and policy makers, the boards and regulators have an important role to play in influencing the effectiveness of the expected development outcomes of this programme.

In response to feedback from surveys conducted during the initial phase with participants, we will increasingly aim to equally focus on capacity building and training programmes for the leadership of this core group of market.

In August 2019, we introduced trainings which were exclusively targeted at Regulators and Board Members of PFAs.

These trainings were initiated with an aim to equally equip this group of key stakeholders with the much-needed capacity to appraise and assess infrastructure projects as well as create an enabling environment for infrastructure financing in Nigeria.



Structuring PPP and Infrastructure Projects for Regulators  
26th-27th August 2019

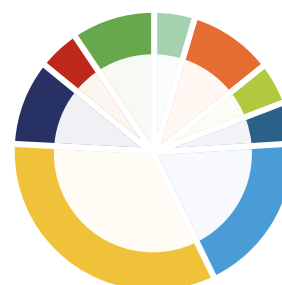
## Structuring PPP and Infrastructure Projects for Regulators

The two-day training which held in Abuja, Nigeria on 26<sup>th</sup> and 27<sup>th</sup> August 2019 was designed for regulators with an aim to acquaint them with the wide array of models for Public-Private Partnerships (PPP) designed to link public sector financial resources and accountability with private sector discipline, expertise, and capital. The regulators were trained on approaches to balancing risk among various stakeholders, creditors and guarantors of transactions, as well as policy objectives like value for money central to Sovereign and Sub-sovereign governmental decision-making.

At the end of the training, participants had developed a framework for recognizing and analyzing qualitative and quantitative risks of greenfield projects and facility upgrades. The training has a total number of 21 participants in attendance representing 5 regulatory bodies including PENCOM, SEC, BPE, ICRC and FSS2020 (the financial sustainability strategy arm of the CBN).

### Participation by Participant Designation

Director	5%	Chief Infrastructure Officer	33%
Senior Chief Infrastructure Officers	10%	Ass. Chief Infrastructure Officer	10%
Principal Transaction Manager	5%	Transaction Manager	5%
Deputy Manager	5%	Assistant Manager	10%
Investment Analyst	19%		



### TESTIMONIALS



**“Excellent and well organised.”**

**Odili Onu**  
Director, ICRC



**“The course content and delivery was very good. The case studies used were engaging too.”**

**Ojiugo Eze**  
Deputy Manager,  
SEC



Structuring PPP and Infrastructure  
Projects for Regulators  
26th-27th August 2019



## Infrastructure as an Asset Class - Training for Board Members

In August 2019, six (6) out of eight (8) board members of FCMB Pensions Ltd attended a bespoke infrastructure finance training held in Abuja.

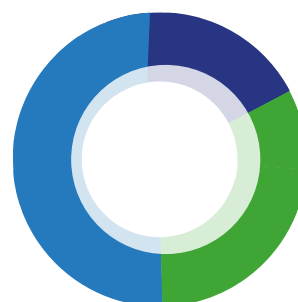
These participants comprised the CEO, two (2) executive directors and three (3) non-executive directors. It was the first training in the Infrastructure Capacity Building Programme dedicated to Board Members, in alignment with the programme's strategic goals. The course was designed for Directors of Pension Fund Administrators with special emphasis on the description of Public Private Partnerships (PPP) models which were set up to link public sector financial resources and accountability with private sector discipline and capital. The course also thoroughly examined structures employed to balance risk among stakeholders, creditors and guarantors of transactions, as well as meet government policy objectives.

The directors developed a framework for recognizing and analyzing qualitative and quantitative risks of greenfield projects and facility upgrades. Recent examples of structures attractive to Banks, Institutional Investors, and Equity providers were discussed as well as credit enhancement through Export Credit Agencies, Development Banks, Private Sector Insurers and Guarantors.

### PARTICIPATION

Participation rate justifies feedback-driven design

CEO	17%
Executive Director	33%
Non-Executive Director	50%



Participation rate validates the outcome of the survey and our feedback-driven approach to the course content design. Six out of eight board members of FCMB Pensions Ltd including the CEO, 2 executive directors and 3 non-executive directors registered and attended the course.



Infrastructure as an Asset Class  
28th August 2019



## STRENGTHEN STAKEHOLDER ROUNDTABLES



The day-long convening of stakeholders in the Infrastructure investment industry in Nigeria was necessitated by an evident asymmetry in requisite knowledge on the subject matter for fund managers and industry regulators.



Finding a path towards sustainable development will require the pooling of diverse perspectives, knowledge and resources.

We recognised the need to adopt a more strategic approach to engagement activities by improving communication, and close dialogue with key stakeholders in building market awareness and consensus on key contemporary issues in infrastructure and expected development outcomes of this programme.

The Infrastructure Capacity Building Programme commenced its 2019 activities in July 2019 with a roundtable discussion themed **“Investing Under IFRS Regime- Imperatives for Pension Fund Managers”**. The event attracted major stakeholders in the industry with significant representation from PFAs, Regulators, Rating agencies and other stakeholders in the infrastructure investment industry. The roundtable discussion which was organized in collaboration with InfraCredit and the Association of Pension Funds Operators (PenOp), signified a breakthrough in creating a platform for investors and regulators to discuss pertinent issues for the first time in the industry.

The day-long convening of stakeholders in the Infrastructure investment industry in Nigeria was necessitated by an evident asymmetry in requisite knowledge on the subject matter for fund managers and industry regulators to perform their distinct roles and was therefore, designed to provide participants (CFOs, CROs and Investment Managers of Pension Funds) with comprehensive understanding of the IFRS 9 requirements in relation to Financial Instruments and more importantly the impact on fund performance and reporting.

The event’s objectives were met by a combination of presentation sessions covering the theoretical and practical aspects of IFRS 9, including case studies as well as discussion session with one of the leading rating agencies. At the end of the programme, fund managers were better equipped to optimize returns on portfolios, whilst minimizing the inherent risks of the portfolio.



Dr. Farouk Aminu,  
Head, Investment  
Regulation, PENCOM  
Investing Under IFRS 9 Regime  
Roundtable Discussion  
11th July 2019

The theme was expanded into three sessions, covering various presentation topics. These presentations were delivered by subject-matter experts from various finance institutions including PwC and Deloitte). To kick-off the discussion, a keynote speech was delivered by Dr. Farouk Aminu (Head, investments) of National Pensions Commission (PENCOM) with a focus on the opportunities for private institutions to develop infrastructure in Nigeria.

Dr. Aminu's keynote speech was followed by presentations delivered by Uloma Ojinmah and Uyi Izekor focusing on "IFRS 9- Measurement & Classification of Financial Instruments" and "Application of IFRS 9 Impairment Model" respectively. Both facilitators, through their presentations, simplified the concept of IFRS 9 investment standard.

The highlight of the event was a panel session which was moderated by Seyi Oshibolu, a partner at a leading global financial institution, Ernst & Young. The roundtable discussion featured contributions from subject-matter experts in leading global financial institutions (PwC),

PENCOM, and a key market enabler (Agusto & Co). The panel discussion created a platform for participating private institutional investors to express their opinions and concerns with regards to investment under the IFRS 9 regime.

At the end of the discussion, there was a consensus on the need to develop a unified model for investing under the regime. Investors highlighted the need for collaboration with regulators- led by PENCOM- and other key stakeholders in the Pension Funds industry to develop a framework for ECL calculations and uniform application of IFRS 9 to pension funds. Further to the resolution, InfraCredit, in collaboration with PENCOM and PenOp, is driving the development of a unified IFRS 9 model which will enable PFAs adequately and correctly price risk whilst appraising infrastructure projects. The design of the proposed framework will be implemented by a financial consultant (institution) and findings will be communicated to the market.





## PARTICIPATION

The roundtable discussion had 95 participants in attendance representing 32 institutions including Pension Funds investment and risk officers, chief investment officers, chief risk officers, regulators from National Pension Commission (PENCOM) and market enablers amongst others.



32

Institutions  
represented



95

Participants

### Participation by institution

Pension Fund Administrators	59%
Closed Pension Fund Administrators	13%
Market Enablers	3%
Regulators	3%
Others	23%



## INTEGRATION OF ESG AND SDGS



The course curriculum also covered the broad concept of incorporating responsible investment considerations in infrastructure project financing, as well as impact measurement using the sustainable development goals. //

Infrastructure underpins many of the UN Sustainable Development Goals (SDGs) and the bond market as the largest source of long-term investment capital is emerging as an important source of financing to meet the UN SDGs.

Therefore, integrating ESG considerations into investment decisions has become crucial, and one key area of focus in the capacity building and training courses will be sustainable, responsible investing and educating institutional investors on best practice approaches to ESG investing in order to engender a proactive action-oriented programme focused on sustainable long-term value.

InfraCredit- one of the three PRI signatories in Nigeria- collaborated with the PRI to organize a one-day training for investors themed **“ESG Integration and Responsible Investment”**. The training, which was facilitated by Nicole Martens, focused on simplifying the policies and strategies guiding responsible investment as an institutional investor. The course curriculum also covered the broad concept of incorporating responsible investment considerations in infrastructure project financing, as well as impact measurement using the sustainable development goals and IFC performance standards as benchmarks. The training session also highlighted the importance of transparency and accountability in responsible investment as institutional investors and expatiated on the steps to becoming a PRI signatory in Nigeria.

The ESG investing course had a total number of twenty-two (22) participants in attendance including five (5) Chief Investment Officers, one (1) Chief Executive Officer, five (5) Investment Officers, four (4) Risk Officers and two (2) regulators representing thirteen (13) institutions. These institutions include eleven (11) PFAs and two (2) regulatory bodies.

## About The PRI



The Principles for Responsible Investing (PRI) is the world's leading proponent of responsible investment.

The organization works to understand the investment implications of environmental, social and governance (ESG) factors and support its international network of investor signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The PRI is truly independent. It encourages investors to use responsible investment to enhance returns and better manage risks, but does not operate for its own profit; it engages with global policymakers but is not associated with any government; it is supported by, but not part of, the United Nations.

For more information, feel free to check out: [www.unpri.org](http://www.unpri.org)



### About Nicole Martens

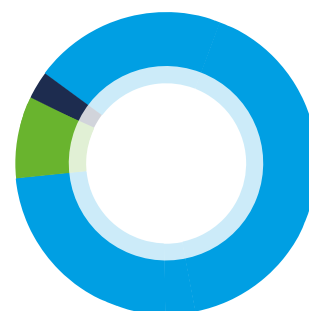
Nicole Martens is the Head of the Africa & Middle East regional units of the PRI. In this role, Nicole's focus is on identifying and addressing the needs of African investors with respect to integrating ESG into investment processes in an effort to foster the maximisation of long-term sustainable financial returns across the continent.

Prior to joining the PRI, Nicole's career as a development economist has focused on supporting local and international organisations across the public and private sector in the design and implementation of strategies aimed at achieving large-scale developmental impact in Africa.

## PARTICIPATION

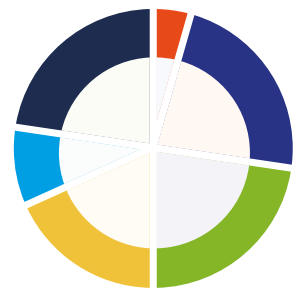
### Distribution of Investor Participation by Institution

 Pension Fund Administrators	79%
 Regulatory Bodies	14%
 Others	7%



Distribution of participation by designation

Chief Executive Officers	5%
Chief Investment Officers	23%
Investment Officers	23%
Risk Officers	18%
Regulators	9%
Others	23%



Umar Mairami, CEO,  
Premium Pensions Limited



Eniola Lawal, Program Manager, Infrastructure  
Capacity Building Programme



(L-R): Solomon Agoha, Transaction Manager, BPE; Nicole Martens, Head, Africa & Middle East, UNPRI  
Endurance Aku, Fund/Portfolio Manager, Stanbic IBTC Pension Managers Limited



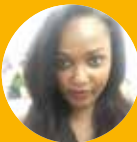
Cross-section of participants representing various institutions

TESTIMONIALS



“ Valuable exposure to ESG investing ”

Yemi Sadiku  
Head, Investment, AIICO  
Pensions Ltd



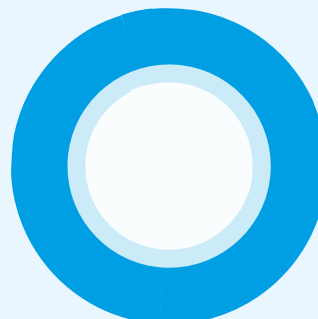
“ The course has laid the necessary foundation on responsible investing as it relates to ESG and the sustainable development goals ”

Roseline Edache  
Risk Analyst, ARM  
Pensions

## OVERALL FEEDBACK

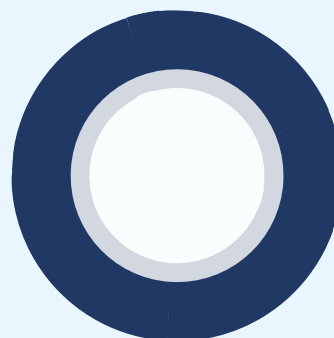
### Course Application

Highly	100%
Likely	0%
Not Likely	0%
Not Applicable	0%



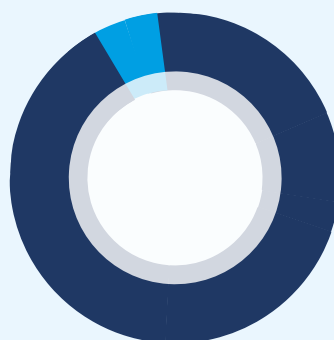
### Relevance of the Course to Participants

Very relevant	100%
Slightly relevant	0%
Not so relevant	0%
Not Applicable	0%



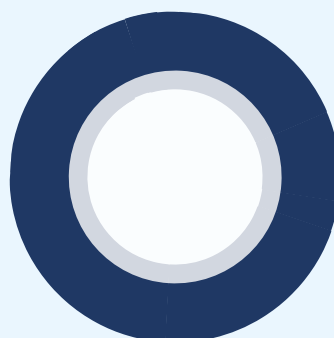
### The course helped enhance participants' understanding of infrastructure investing

Very relevant	96%
Slightly relevant	4%
Not so relevant	0%
Not Applicable	0%



### Trainers demonstrated professional credibility regarding the subject matter

Very relevant	100%
Slightly relevant	0%
Not so relevant	0%
Not Applicable	0%







Chinedu Nwigwe,  
Senior Chief Infrastructure Officer, ICRC



CHAPTER

# 03

---

## Development Impact

INFRACREDIT'S WORK ON  
DEVELOPMENT IMPACT

STRATEGIC APPROACH

A CASE STUDY OF GELUL



INFRASTRUCTURE  
**CAPACITY  
BUILDING**  
PROGRAMME

2019  
REPORT

## DEVELOPMENT IMPACT

InfraCredit's Theory of Change has a focus on development impact, which will allow us to take a holistic approach to infrastructure development in Nigeria. We work to address a range of challenges in order to attract the investment capital that will close Nigeria's infrastructure gap across the financing spectrum, whilst ultimately contributing towards reaching the SDGs.

Development Impact is becoming an important element of any private sector business, as the delivery of the UN's Sustainable Development Goals become a shared responsibility of public and private sector stakeholders, requiring new collaboration to fill gaps.

Recent analysis indicates that \$12 trillion in economic value could be unlocked by 2030 if we achieve the SDGs – a huge opportunity for any company that can influence their delivery.

InfraCredit's mission is to successfully unlock the potential for long term local currency infrastructure finance in Nigeria. In our Theory of Change, we outline the logical path through which our activities address constraints at the market, project and end user level, to achieve our mission. The Theory of Change aims to transform the debt capital market and increase infrastructure development in Nigeria, drive economic growth and improve quality of life in an environmentally sustainable manner.

We believe that we must address several constraints, which define our approach to scaling sustainable infrastructure in the market, on our projects, and affecting the end user



### MARKET

InfraCredit will expand the debt capital market, investor base and new sources of capital for infrastructure financing. InfraCredit will also support the emergence of an enabling environment with favourable policies and incentives, and connected networks of actors, to support infrastructure development



### PROJECTS

InfraCredit will enable infrastructure project developers to access longer tenor capital at competitive rates, and will ensure high-impact and viable projects are increasingly, successfully and sustainably executed, and create jobs



### END USER

InfraCredit's activities will lead to increased infrastructure access, reliability and resilience leading to improved livelihoods. As a consequence of these outcomes, InfraCredit will enable improved business productivity leading to economic growth and social development

//  
InfraCredit believes that targeted and coordinated technical assistance and training, together with well-designed blended finance facilities, will catalyse sustainable, inclusive growth in Nigeria. //

Two trends have emerged that are favourable for the InfraCredit model: (i) impact investing and (ii) blended finance. In addition, pure ODA grant facilities in the form of Technical Assistance, designed to provide expertise to unlock capital, address market failures, integrate ESG, address the SDGs, as well as institutionalize these processes and expand the market.

Blended finance transactions, for instance, have crowded in \$140 billion of capital to date. Yet the potential benefits have not been realized by banks, project developers and private asset managers. InfraCredit is one of the few seasoned private sector institutions in Nigeria with the networks, local intermediation capacity and expertise to unlock this source of finance as a strategic priority.

InfraCredit believes that targeted and coordinated technical assistance and training, together with well-designed blended finance facilities, will catalyse sustainable, inclusive growth in Nigeria. As a specialized guarantor with access to the largest source of long-term domestic investment capital in Nigeria, we believe that intermediary institutions like InfraCredit will have an especially important role to play to crowd in capital for sustainable infrastructure investments and achievement of the SDGs.

## **INFACREDIT'S WORK ON DEVELOPMENT IMPACT**

From inception, InfraCredit has been committed to promoting sustainable development which contributes to economic growth, social development and environmental protection.

We have already embarked on several activities to address aspects of the multifaceted challenges outlined above around Capacity building and Market Development, and plan to continue and expand this work in 2020.

## CAPACITY BUILDING

Thus far, our capacity building has comprised of three activities: investor stakeholder roundtables to facilitate coordination, investor trainings on infrastructure investment, and co-due diligence that enhances the industry standards by sharing InfraCredit's practices.

As at  
December  
2019:



13

Training  
programmes



2

Investor  
roundtable  
workshops



8

Investors'  
Training



3

Due diligence  
exercises



460

Participants

## MARKET DEVELOPMENT

As at December 2019 under the Technical Assistance initiative, we have attracted a pool of resources from PIDG and KfW (EUR 860,000 and EUR750,000 respectively from KfW) to provide technical assistance for our market development programmes. Examples to date include: (i) Pension Fund Study on Accelerating Infrastructure Investments; (ii) Co-due diligence electronic platform; and (iii) Feasibility Study for Local Currency Power Purchase Agreements; and (iv) Annuity PPP Guarantee Product. We have (5) pipeline projects for 2020 that are funded, and intend to add more as opportunities arise.

## END-USER

In 2020, we will begin to track how our projects and market development work impact Nigerians and Nigerian businesses. We will start including end-user considerations in our project selection, design and execution. We are starting to monitor and evaluate SDG-related and other development impacts of our projects. We are also committing to documenting our learnings from end-user impact assessments and share key lessons internally and with our stakeholders.



## STRATEGIC APPROACH

Using the Monitoring Evaluation and Learning Framework derived from our refined Theory of Change, InfraCredit will spend the next one year working to institutionalise operational efficiency of the capacity building programme, expanding donor support and multi-stakeholder partnerships, integrating ESG and SDGs. Milestones will define progress for each workstream in the medium to long run, enabling us to institutionalise Development Impact, and scale our impact. We will work to generate a baseline for measuring our impact to-date and build impact metrics and data collection into our transactions going forward.

In this new decade, InfraCredit's strategic goal is to work with aligned donor organizations to increasingly focus on catalysing and incentivizing markets, whilst de-risking and supporting multi-stakeholder initiatives. The success of our market building activities strongly aligned with our vision to be a catalyst and the most trusted partner, in the attraction of long-term capital into infrastructure finance in Nigeria.

This new era will require companies and investors to acquire new skills and cultivate new talent to become proficient in global development issues and methodologies. Companies who embrace their new role as emergent leaders in global development and who integrate that role into their strategies will reap the greatest returns. We aim to be one of the leading companies enabling development impact in Nigeria.

We are developing trusted partnerships with development partners and key stakeholders towards achieving our shared values and successes.

## DEVELOPMENT IMPACT - A CASE STUDY OF GEL UTILITY



20-Year PPA with NNPC



84MW Installed Capacity



24MW Contracted Power

### HIGHLIGHTS OF THE COMPANY

#### Company Profile

**GEL Utility Limited ("GELUL")**, is a joint venture (JV) between Genesis Energy Group (55%) and Engro of Pakistan (an affiliate of Engro Corporation of Pakistan) (45%), incorporated in September 2012 for the purpose of executing a 20-year Power Purchase Agreement (PPA) with the Nigerian National Petroleum Corporation (NNPC).

#### Business Model

GELUL's business model is hinged on building modular, industrial-style power plants while offering fuel efficient solutions across the generation and distribution value chain. The company currently owns, operates and maintains an 84MW power plant that provides uninterrupted power supply to the Port Harcourt Refining Company ("PHRC") in Port Harcourt, South South Nigeria.

### PROJECT FEATURES



Scalable and modular



Environmentally friendly



Close proximity to off-takers



Contractual cash flows

Company	GEL Utility Funding SPV Plc.	Co-Guarantors	Infrastructure Credit Guarantee Company Limited (InfraCredit), United States Agency for International Development (USAID)
Sponsors	Genesis Energy Group	Debt Credit Rating	AAA (Agusto and GCR)
Co-Obligor	GEL Utility Limited	Size	NGN 13 billion
Infrastructure Activity	CaptivePower (Off-Grid)	Maturity Date	July 2034
Tenor	15 years	Source of Repayment	Proceeds from the payment account which will be funded from the sale of power and other related services
Company Rating	BBB+ (Agusto, June 2019) BBB+ (GCR, July 2019)	Use of Proceeds	<ul style="list-style-type: none"> <li>Refinance existing loans</li> <li>Capital expenditure e.g. power evacuation works</li> </ul>

## ... backed by sponsors/partners with impressive track records

An independent power producer utilizing renewable and non-renewable resources across Africa



- Operates integrated gas and electricity systems; and provides services towards the production, transmission and distribution of electric power
- Focused on lighting up Africa one community at a time
- Key player in the sub-Saharan power sector with presence in Uganda, Republic of Benin, Equatorial Guinea, Nigeria etc.
- Installed the first independent power project with 10MW installed capacity in Guinea Bissau
- Currently operates Nigeria's first fully integrated electric power system in the Calabar Free Trade Zone

A multinational corporation involved in producing fertilizers, food, energy and petrochemicals



- One of the largest conglomerates in Asia with investments across heavy industries including fertilizer plants, LNG facilities, power plants, agro-allied industries etc.; and a viable foods business under an entity known as Engro Foods Ltd.
- A fully integrated energy company, incorporated in 2003 and listed on the Pakistan stock exchange with an annual revenue of c.\$2.48 billion in 2018
- Owns, operates and maintains a power portfolio with total installed capacity of 2000MW

A multinational conglomerate with operations across 130 countries



- Largest gas turbine manufacturer in the world with vast competence in thermal power generation, equipment sale and installation
- Among the world's leading supplier of power generating technologies using renewable and non-renewable sources
- Operations in Nigeria span over four (4) decades and boasts of a strong customer base of over a 1,000 in the public and private sectors
- Provided buy-back guarantee options for the turbines to GELUL

## OUR GUARANTEE

**This transaction is the first local currency corporate infrastructure bonds issued in the Nigerian debt capital markets with a co-guarantee by the United States Agency for International Development (USAID).**

With the benefit of the risk sharing co-guarantee with USAID, the Series 1 Bonds was accorded a 'AAA' credit rating by Agusto & Co. and Global Credit Ratings Co. The Series 1 Bonds was 123% subscribed by twelve (12) institutional investors including ten (10) local pension funds.

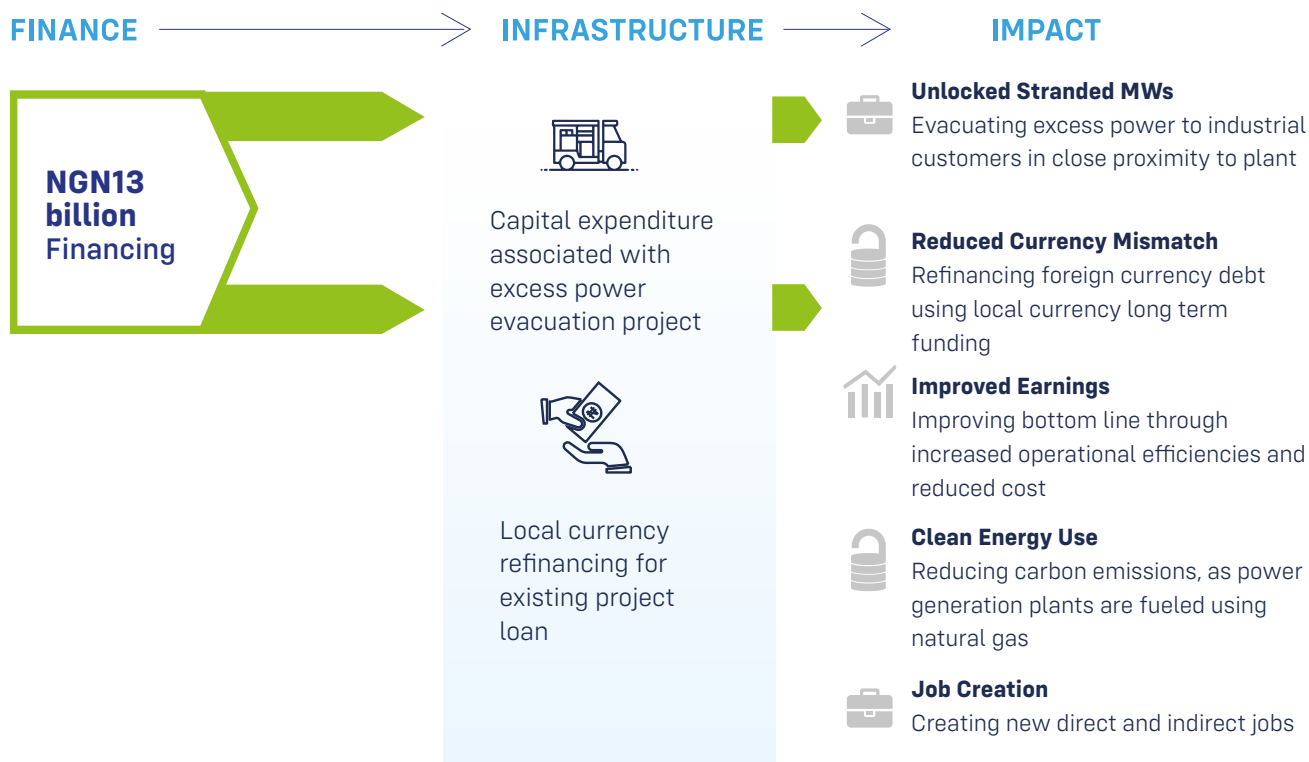
The success of this transaction demonstrates InfraCredit and USAID's commitment to leveraging blended finance and risk sharing in facilitating first time access to long term local currency finance to support the energy sector and enhance our journey to self reliance.



**CO-GUARANTEED  
LOCAL CURRENCY  
CORPORATE  
INFRASTRUCTURE  
BOND ISSUED IN  
NIGERIA**



## DEVELOPMENT IMPACT



Of the twelve (12) institutional investors, ten (10) investors who participated in InfraCredit's co-due diligence exercise invested in the bonds, which strongly demonstrates the success of the Infrastructure Capacity Building Programme in enhancing investor appetite.

## TESTIMONIAL FROM THE CHAIRMAN



GELUL intends to take maximum advantage of compelling opportunities created by the extant laws regulating the Nigeria Electricity Supply Industry ("NESI") as enforced by NERC, and we shall continue to work very closely with InfraCredit and USAID in deploying multiple clean and renewable power projects to locations across Nigeria where electricity supply can be delivered sustainably, reliably and competitively

**Akinwale Omoboriowo,**  
Chairman,  
GEL Utility Limited



GEL Utility Hydro Grid Power Plant









INFRASTRUCTURE  
**CAPACITY  
BUILDING**  
PROGRAMME

 [www.infracredit.ng](http://www.infracredit.ng)

 [linkedin.com/company/InfraCredit](https://linkedin.com/company/InfraCredit)

 [@InfraCredit](https://twitter.com/InfraCredit)

 [vimeo.com/InfraCredit](https://vimeo.com/InfraCredit)

