



INFRASTRUCTURE
**CAPACITY
BUILDING**
PROGRAMME

Catalysing
Sustainable
Development
Impact



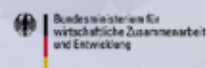
2022
REPORT

InfraCredit
Securing Infrastructure Finance

2022 REPORT

Catalysing Sustainable
Development Impact

Funding Partners:



Strategic Partner:





INFRASTRUCTURE
**CAPACITY
BUILDING**
PROGRAMME

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FEEDBACK IMPACT



VISION

Our vision is to be a catalyst and the most trusted partner in the attraction of long-term capital into infrastructure finance in Nigeria.



MISSION

Our mission is to successfully unlock the potential for long term local currency infrastructure finance in Nigeria creating value for our stakeholders and being the best at what we do.



OUR VALUES

Our values define who we are. Through integrity, passion, innovation and collaboration, we are focused on building a vibrant company where ideas can flourish, people can succeed and success can be nurtured.

Our business model requires a reliance on our people to drive all aspects of the business. We aim to build our organization from within, promoting and rewarding people without regard to any difference unrelated to performance. Thus, as we attract and recruit the best talent in our field of endeavor, we complement this by highlighting the specific values and behaviour which define the 'InfraCredit Employee'.

Integrity:

Doing the right things always.

Passion:

Love what you do and be the best at it. Align our individual passion with InfraCredit's vision and shared values.

Innovation:

Run with great ideas without delays and continue to seek better ways of doing things.

Collaboration:

Helping and impacting each other positively



INFRACREDIT AT A GLANCE

Unlocking Long Term Local Currency Infrastructure Finance in Nigeria



OUR MANDATE

To provide local currency guarantees and mobilise long term domestic debt financing for infrastructure in Nigeria

RATINGS

Agusto&Co. / **AAA** (NG) June 2023
Research, Credit Ratings, Credit Risk Management

GCR / **AAA** (NG) June 2023

CAPITAL PROVIDERS



CAPITAL

TOTAL CAPITAL	CORE CAPITAL	SUBORDINATED CAPITAL	CALLABLE CAPITAL
201^m USD	105^m USD	71^m USD	25^m USD

GUARANTEE CAPACITY

UP TO NGN 413 billion \$1b USD EQUIVALENT

IMPACT

N115 bn TOTAL SIZE OF GUARANTEED BONDS
\$277 MLN EQUIV

UP TO 20 yrs

19 NUMBER OF PENSION FUND INVESTORS

14 INFRASTRUCTURE PROJECTS THAT REACHED FINANCIAL CLOSE

WE PROMOTE

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 bonds

ELIGIBILITY CRITERIA

- Naira denominated
- Debt Instrument (including Sukuk)
- Must be an eligible Infrastructure Activity
- Acceptable Credit Profile based on InfraCredit's internal credit assessment
- Asset value is not directly linked to oil
- Minimum 'Bbb-' investment grade rating
- Adequate Security Package
- Debt Tenor of up to 20 years
- Satisfies InfraCredit's Environmental and Social Safeguards Standards
- Is not on IFC's Project Exclusion List
- Issuer is PENCOM Compliant

ELIGIBLE SECTORS

- Renewable Energy
- Electricity Generation, Transmission and Distribution Treatment
- Gas to Power
- Agricultural Infrastructure
- ICT/Telecoms
- Inputs to Infrastructure
- Transportation
- Urban infrastructure, housing, healthcare and education
- Water Distribution and Treatment
- Waste Management Services

DEVELOPMENT PARTNERS



RECOGNITION

InfraCredit is a Harvard Business School Case Study



HARVARD BUSINESS SCHOOL

HBS Case Study:

Infrastructure in Nigeria: Unlocking Pension Fund Investments is being taught on HBS's MBA Program.

The background image shows an industrial facility with several tall, cylindrical smokestacks and a large, multi-level building structure. The scene is partially obscured by a large, semi-transparent circular graphic that is divided into two main color sections: a teal section on the left and a light blue section on the right. The text is overlaid on the teal section.

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Catalysing Sustainable
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01

CHAPTER

Foreword

CEO'S REMARK

MESSAGE FROM OUR DEVELOPMENT
AND STRATEGIC PARTNERS



INFRASTRUCTURE
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CEO's Remarks

The international development community acknowledges the increasing need for enhanced participation of the private sector, especially as long-term financier, in infrastructure projects- the goal is to deliver infrastructure projects by the most efficient use of concessional and public funding- to aid more viable financing activities¹. Governments all over the world are continuously seeking the intervention of private money to help fill the funding gap being faced for infrastructure projects. As a result, private funds are being mobilized for this purpose².

At Infracredit, we recognize the gaps in Nigeria Infrastructure which limits efforts towards achieving inclusive growth, poverty reduction, economic and sustainable development. Nigeria's blueprint for infrastructure development notably seeks to make the country's infrastructures resilient to the adverse impacts of climate change, enable a low carbon development of the transport sector, and prepare the country to natural disasters. With Nigeria's infrastructure stock from the current 20-25per cent of the GDP, Nigeria's infrastructure stock is significantly lower than the international benchmark of 70 per cent of GDP³. Hence, Infracredit's focus on bridging the gap by crowding in private capital to unlock the potential for sustainable long-term local currency infrastructure finance ensuring delivery of quality and affordable infrastructural services before the year 2043.



9

Trainings



39

Institutions



413

Participants

115^bPrivate Capital
Mobilized

Whilst enhancing long term investors' capacity to evaluate infrastructure asset, Infracredit's investor capacity building programme plays a critical role in unlocking the potential for sustainable long-term infrastructure finance. This Capacity Building Programme was set up in 2017 when it commenced operations to improve investors' analytical capacity, arming investors with comprehensive data and information bearing in-depth understanding of the investment dynamics of subsectors within the infrastructure space- highlighting the key risks and mitigants- and providing access to platforms where queries can be addressed, would ultimately enhance investors' confidence, and drive private sector participation in these sectors. This should ultimately increase the investment appetite of investors in long-term infrastructure related instruments and thereby deepen the Nigerian Debt Capital Market.

1 Infrastructure Finance (worldbank.org)

2 Infrastructure Finance: An Introduction (managementstudyguide.com)

3 National Integrated Infrastructure Master Plan: March 2015, Approved in March 2021

As at December 2022, under the programme, from inception to date, 37 (thirty seven) trainings have been implemented including 8 (eight) investor roundtable workshops, 21 (twenty one) investors' trainings and 8 (eight) co-due diligence exercises targeted at participants at different levels of executive management, as well as investment and risk teams of the participating institutional investors. These programs attracted one thousand, three hundred and eighty-nine (1389) participants from eighty-nine (89) institutions including twenty-six (26) Pension Fund Administrators, twenty-one (21) Life Insurance Companies, five (5) Regulatory bodies, and thirty-seven (37) other institutions with cofounding from KfW, GuarantCo and PIDG TAF.

InfraCredit's goal is predicated on working with target development partners and donor organizations, by creating more innovations into unlocking more capital through the technical assistance and capacity building, as we work towards bridging Nigeria's infrastructure gap

across the financial spectrum, whilst ultimately contributing towards reaching the SDGs. Thus, it has now become necessary to source for appetite driven donor organizations, in willingness and readiness to utilize more capital to strategically drive private investment and action towards SDGs.

The proven success of this programme firmly demonstrates how much awareness needs to be done in order to achieve even more impact in the infrastructural sector, and also build up innovations to unlocking more guarantee products.

We express our gratitude to all our Board of Directors, PIDG, GuarantCo and KfW for the continuous support; we believe the catalytic use of technical assistance to stimulate markets and fill fragmented market gaps will require building better, more impactful partnerships with the global development community.



Chinua Azubike,
Chief Executive Officer,
InfraCredit

MESSAGE FROM PENOP

Infrastructure as an asset class for Pension funds is a fairly recent phenomenon in Nigeria, but a very important one. Institutional investors in general and pension funds in particular need to invest more in infrastructure for the benefit it confers on their contributors, their fund and the country they operate in.

Investment in Infrastructure is no longer a nice to have but it really is a must have in the portfolio of any pension funds and it makes sense because if the infrastructure stock in a country is robust and storming, it means more jobs, more investments, and it means more contributions to the pension funds. It is therefore a win-win for everyone.

However, we know that investing in infrastructure carries a fair amount of risk and needs a minimum level of training and understanding and this is where capacity building comes in.

As an industry, we have benefited from the capacity building sessions that have been facilitated by Infra Credit over the years. They help to bridge the gap between knowledge and investments and they help with bespoke and general training on various aspects of infrastructure for pension funds managers in Nigeria.

This has been very helpful and beneficial and it's the way to go to increase our infrastructure stock as a nation and also to improve returns and diversify and improve outcomes for everyone in the country.

The collaboration is the way to go. We are appreciative of this and look forward to working ever more and finding more ways to make it more relevant for everyone in the value chain.



Oguiche Agudah
FCIB, FCS
CEO PENOP

Oguiche is currently the Chief Executive Officer (CEO) of the Pension Fund Operators Association of Nigeria (PenOp). In this role he leads the efforts of the \$ 28 billion pension industry in Nigeria in engaging the government, regulators, the media, the financial markets and other stakeholders in ensuring that the interests of the pension operators are protected and promoted and that the pension industry has a positive impact on National Development. Before this appointment, Oguiche was Nigeria's Regional Director for OurCrowd, a crowd funding, venture capital and impact investment firm with headquarters in Israel.

Before then, he was the Chief Investment Officer/ Executive Director of a start-up alternative asset management company and social enterprise, where he was in charge of engaging local and foreign investors and lenders on behalf of the firm. Prior to this, he worked as a Special adviser to Nigeria's Minister of Industry, Trade and Investment. His portfolio was "Access to Finance". In this role, he advised on and implemented policies and programmes that could help to increase access to finance to start and grow local businesses.

Along with a team of others, he was involved in the formulation and implementation of Nigeria's most ambitious industrial revolution plan, christened- The Nigeria industrial Revolution Plan (NIRP). In addition, he worked with a team to implement Nigeria's entrepreneurship development strategy at the time, christened – National Enterprise Development Plan– NEDEP.

Prior to this, he worked with Standard Chartered Bank (SCB) as an Associate Director in their Lagos office, where he was in charge of the credit quality of a portfolio of assets worth USD 7 billion dollars. This included various loan products and derivatives to banks, the government and sovereign owned enterprises (SOEs) in Nigeria. In SCB, he had short term assignments in South Africa and London, working in the Risk management, Credit and Corporate Finance functions. In his 14-year stint with SCB he held various roles spanning financial control, operations, Risk management & Credit, financial institutions and strategy. He possesses a degree in Banking and finance (University of Lagos) and is a fellow of both the Chartered Institute of Bankers, Nigeria and the Chartered Institute of Stockbrokers, Nigeria, which are the highest professional qualifications locally for Banking and the Capital Market respectively.

He sits on the advisory boards of some small businesses in Nigeria. He is deeply involved in community work, as he mentors a group of volunteers, focusing on building global businesses and leaders out of Nigeria. He has been privileged to experience life as an entrepreneur, a policy maker and an employee in a world class organization operating in an emerging market. These varied circumstances have enabled him to appreciate different perspectives, arming him with a unique blend of the business acumen of the private sector and the social impact objective of the public sector.



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Hamimah Sanusi,
Chief Infrastructure Officer,
ICRC

02

CHAPTER

Introduction

Our Strategic Approach

SUMMARY OF 2022 ACTIVITIES

STRATEGIC OUTLOOK



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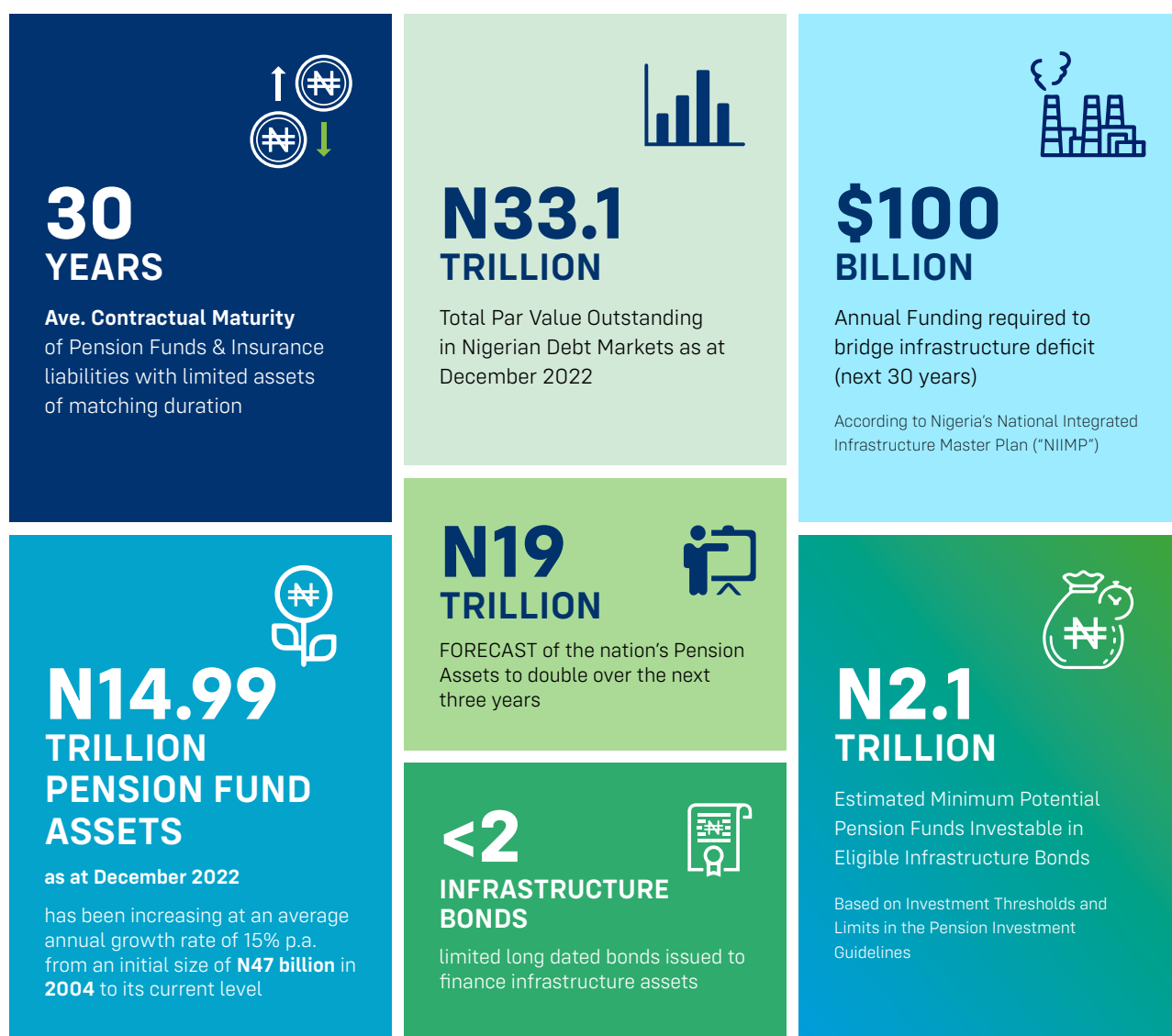
Overview of Nigeria's Infrastructure Sector

THE MARKET GAP

With a growing supply of capital from pension funds, and limited investment instruments to safely channel these long term funds towards infrastructure, our market demands the creation of a funding tool that can facilitate the efficient allocation of this long term capital into bankable infrastructure assets in a sustainable manner.

According to the Nigeria Integrated Infrastructure Master Plan (NIIMP), Nigeria requires an estimated US\$3 trillion to finance its infrastructure deficit over the next 30 years; therefore, in order to bridge the current infrastructure gap and increase core infrastructure stock, Nigeria needs an investment of US\$127 billion over the next 5 years translating to an average of US\$25 billion per annum. Budgetary resources alone, for capital expenditure, will be inadequate to meet Nigeria's infrastructure requirements. Nigeria must therefore attract greater private sector investment to bridge the financing gap between public sector funds and the infrastructure investment needed.

The National Pension Commission (PENCOM) strategic goal is to increase pension fund investments in infrastructure, but pension fund investment in infrastructure have only accounted for only 0.7% of total pension assets as at May 2022. Accordingly, under the PENCOM Investment Guidelines, Pension Fund Administrators (PFAs) can invest a maximum of 35% of accumulated pension assets in infrastructure using structured instruments such as Infrastructure Bonds (25%) and Infrastructure Funds (10%).



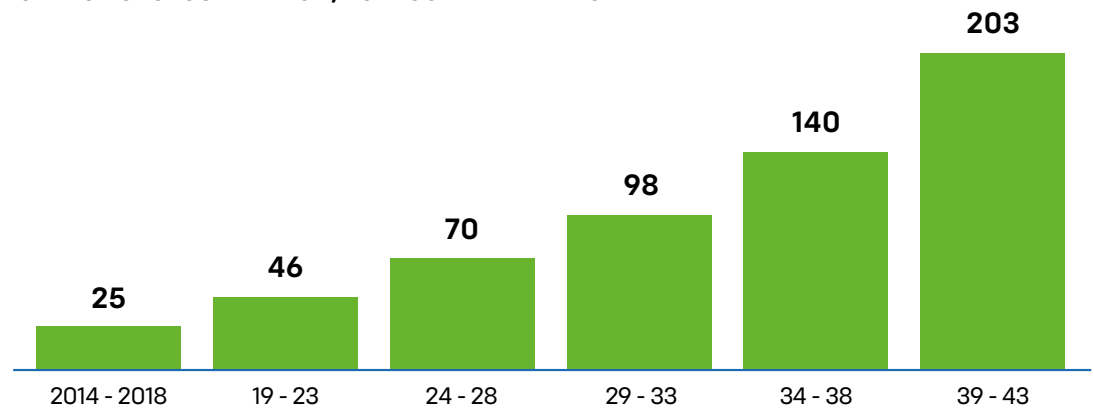
Most of the demand for infrastructure finance is for new infrastructure assets ("greenfield"), namely the higher risk start-up development phases of projects that involve construction before revenues are established, particularly in the emerging/frontier economies like Nigeria. However, as a result of their strict investment criteria, pension funds are mainly interested in investing in low-risk infrastructure projects that are already operating, receiving fees from users of their services and evidencing profits with steady proven revenues ("brownfield").

There is little internal capacity among domestic investors, such as pension and insurance fund managers to evaluate infrastructure projects; it will be very costly and time-consuming to develop expertise in-house. Experts have documented the lack of capacity of institutional investors to properly evaluate infrastructure assets as a key impediment to investment.

Therefore, while the urgent need is for investment in new infrastructure projects, domestic institutional investment from pension funds is largely restricted to low-risk assets with established high-performing track records that meet investment-grade criteria.

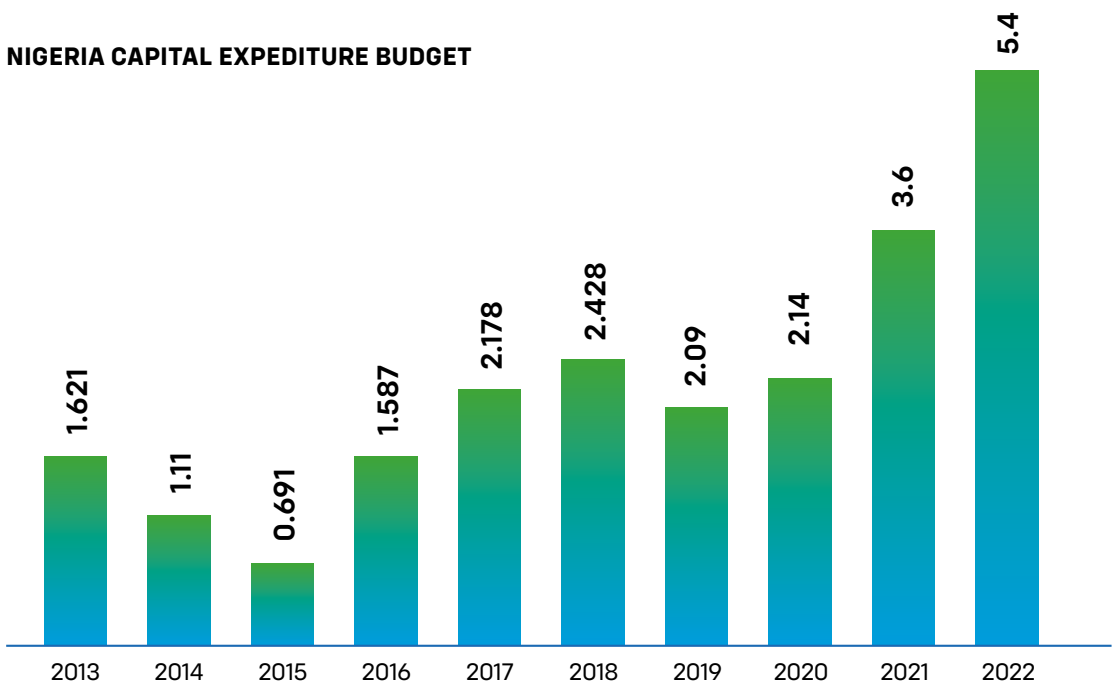
In contrast to international benchmarks of 70%, Nigeria’s core infrastructure stock is estimated at only 20-25% of GDP

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



- Estimated \$46 billion p.a. required from 2019 - 2023
- Infrastructure Stock to increase from c. 25% of GDP to 70%
- Est \$3 trillion required over the next 30 years
- Annual Spend to increase to c.7% of GDP

NIGERIA CAPITAL EXPEDITURE BUDGET



- 2022 Capex is currently 34% of estimated annual spending.
- 2022 Capex is currently c.10% of the annual budget

OUR COMMITMENT TO CAPACITY BUILDING



Infracredit believes that to improve investor confidence and drive private sector participation in infrastructure requires a few steps. First, there needs to be enhancement in investors' analytical capacity, which can be achieved by arming investors with comprehensive data and information that provides an in-depth understanding of the investment dynamics of the subsectors within the infrastructure space. There is a need to highlight the risks and mitigants whilst providing access to platforms where queries can be addressed. This should ultimately increase the investment appetite of investors towards long-term infrastructure-related instruments and thereby deepen the Nigerian Debt Capital Market. The Infrastructure Capacity Building Programme is coordinated by InfraCredit in collaboration with Development Partners PIDG, GuarantCo and the German Government through KFW.

As at December 2022, under the programme, from inception to date, 37 (thirty seven) trainings have been implemented including 8 (eight) investor roundtable workshops, 21 (twenty one) investors' trainings and 8 (eight) co-due diligence exercises targeted at participants at different levels of executive management, as well as investment and risk teams of the participating institutional investors. These programs attracted one thousand, three hundred and eighty-nine (1389) participants from eighty-nine (89) institutions including twenty-six (26) Pension Fund Administrators, twenty-one (21) Life Insurance Companies, five (5) Regulatory bodies, and thirty-seven (37) other institutions.

In 2022, the capacity building programme conducted Nine (9) training programmes including two (2) investor roundtable workshops and seven (7) investors' training exercises. The events had a total



of four hundred and thirteen (413) participants from thirty-nine (39) institutions including nineteen (19) Pension Fund Administrators, six (6) Closed Pension Fund Administrators, Five (5) life insurance companies, and eight (8) other institutions.

Subsequently, InfraCredit has facilitated the financing of eight (8) infrastructure projects via local currency denominated debt from the domestic debt capital market with an aggregate of 115 billion(c USD 201 million), and average tenors of up to 20-years. These financing programs were oversubscribed by up to 90% from local pension fund investors, of which 19 were participants in the capacity building programme, signifying strong potential and investor appetite in infrastructure. Importantly, first-time issuers who were previously completely guaranteed by InfraCredit can now access the capital markets without the need for a guarantee for the second time, showing the self-sufficiency and catalytic effect of our capacity building and credit enhancement programs.

STRATEGIC OUTLOOK

Over the past 2 years, the initial concept of the Infrastructure Capacity Building Programme as envisioned, has now been proven to be a valid idea with demonstrable outcomes and measurable impact. The Programme is a transitional mechanism to jumpstart private institutional investors involvement in infrastructure investments by helping to build their technical capacity, know-how and understanding of infrastructure.

Going forward, our strategic plans will be aimed to institutionalise operational efficiency, expand donor support and multi-stakeholder partnerships, integrate ESG and SDGs, scale impact with measurable outcomes, and demonstrate sustainability.

A. 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. 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.

B. Strengthening Technical Assistance Support

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.

C. Building Strategic Partnerships with Key Stakeholders²

Addressing the complex challenges of infrastructure deficit and sustainable finance requires building strong multi-stakeholder partnerships that can create systemic change. The Programme will aim to evolve into a multi-stakeholder partnership, by collaborating with key stakeholders to create shared values and successes. We will leverage the power of multi-stakeholder partnerships as a key mechanism to deliver on the goals by pooling knowledge, expertise, and resources.

2 (Self-Regulatory Organisations e.g. PENOP, Regulators, e.g. SEC, PENCOM, Local Press e.g. Capital Market Correspondent Association), Donors

D. Capacity Building of Boards, Regulators and Public Officials

As ultimate decision makers and policy makers, the boards and regulators have an especially 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 decision makers and regulators in order to develop and maintain a very cordial and trusted relationship on the mutual aims and objectives of this programme.

E. Strengthen Stakeholder Roundtables

Finding a path towards sustainable development will require the pooling of diverse perspectives, knowledge and resources. We recognise 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. Importantly is building trust with our stakeholders.

F. Integration of ESG and SDGs

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.

The success of the 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.



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Hamimah Sanusi,
Chief Infrastructure Officer,
ICRC

03

CHAPTER

Activities and Events

HIGHLIGHT OF ACTIVITIES

INVESTOR TRAININGS

ROUNDTABLE DISCUSSIONS



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Summary of 2022 Activities



Participation by institution

PFAs	42%
CPFAs	14%
Regulators	10%
Others	34%





Participation by Participant Designation

Chief Risk Officers	26%
Chief Investment Officers	18%
Investment Officers	18%
Risk Officers	14%
Board members	8%
Others	16%

As at December 2022, under the programme, from inception to date, 37 (thirty seven) trainings have been implemented including 8 (eight) investor roundtable workshops, 21 (twenty one) investors' trainings and 8 (eight) co-due diligence exercises targeted at participants at different levels of executive management, as well as investment and risk teams of the participating institutional investors. These programs attracted one thousand, three hundred and eighty-nine (1389) participants from eighty-nine (89) institutions including twenty-six (26) Pension Fund Administrators, twenty-one (21) Life Insurance Companies, five (5) Regulatory bodies, and thirty-seven (37) other institutions.

As a result, InfraCredit has increased access to local currency finance from the domestic bond market to an aggregate of N115 billion

(US\$ 201 Million) and up to 20-year tenor for three infrastructure projects which were oversubscribed by up to 60% from local pension fund investors, with investment by 19 pension fund investors that participated in the capacity building programme, signifying strong potential and investor appetite in infrastructure.

A core part of our objective for the capacity-building program in 2022 was to start discussions about mobilizing local currency financing from domestic institutional investors, with a particular focus on financing critical gender-lens and climate-resilient infrastructure projects in Nigeria using blended finance approaches for risk mitigation. Our renewable energy trainings and investment roundtables helped to raise awareness in this direction.



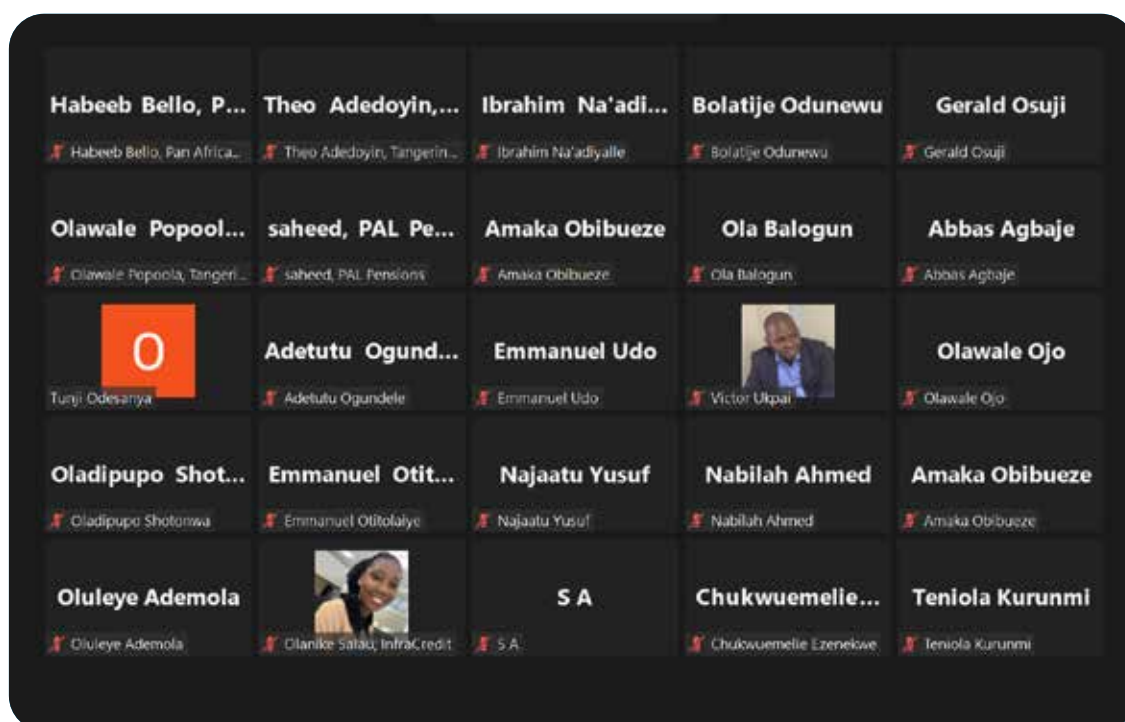
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INVESTORS' TRAINING

2022
REPORT

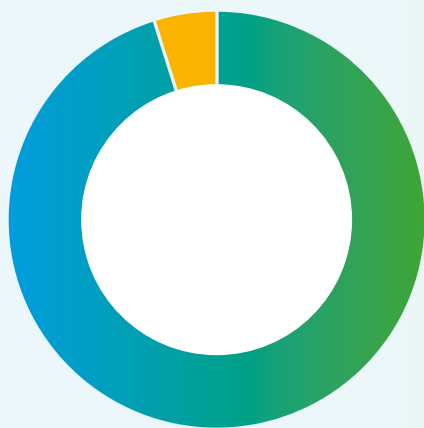
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3.2.1 Financing Infrastructure Projects – Case studies for CIOs and CROs



The course on **Financing Infrastructure Projects** was delivered with the aim to provide investors with a clear reference-based assessment of the current global infrastructure markets, with in-depth analysis and expert guidance toward effective infrastructure investment starting with an overview of the history of infrastructure as an asset class, looking at trends and what current challenges exist in a post-pandemic situation. Despite the hype of the infrastructure asset class and its impact, the programme deemed it important for investors to understand that conditions continually change, markets shift, and new considerations arise. The course also identified a selection of historic deals and pipeline opportunities which may be well suited to an insurance investor. It explored the operational complexity of such an investment, and analyzed the materiality of such risks, including the possible mitigation options available to investors. This training course, therefore, provided clear and concise understanding of what it takes to invest in infrastructure.

The programme, which was held for three days between April 22nd and April 24th, 2022, was facilitated by Dr Cledan Mandri-Perrott, and it was attended by 14 participants representing 5 institutions. The target audience included: CIOs, CROs, Analysts of PFAs as well as InfraCredit staff.

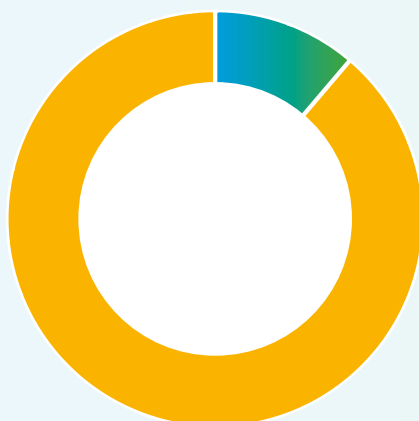


Distribution of Participants by institution

PFAs	95%
CPFAs	5%

Distribution of Participants by Designations

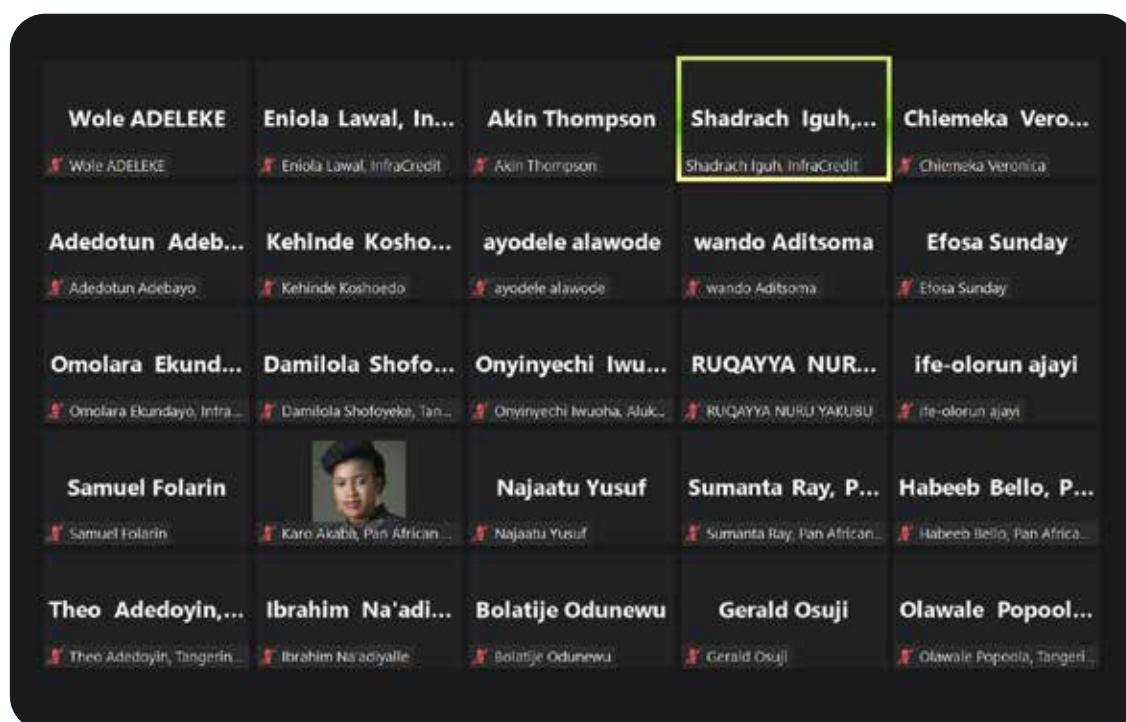
CIOs	50%
CROs	17%
Investments Officers	11%
Risk Officers	12%



Distribution of Participants by Gender

Female	11%
Male	89%

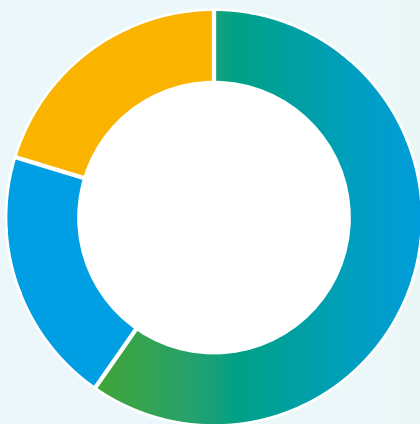
3.2.2 Advanced Financial Modelling for Infrastructure Projects



The **Advanced Financial Modelling for Infrastructure Projects course** was designed to train participants in the skills needed to structure and build models for infrastructure project finance transactions. This investor training which was held virtually was executed with the objective of highlighting and promoting the best practices underlying project finance models in the context of finance theory related to subtle issues associated with contract structuring, debt sizing, debt funding, debt repayment, debt servicing costs and credit enhancements.

Using a few intensive hands-on exercises and case studies, participants were walked through the theory and application of project finance modelling issues that are difficult to solve. Participants were shown how to build models with Interest and Fees During Construction and Cash Sweeps. Participants were also introduced to the concepts of incorporating Debt Sculpting with Taxes, and DSRA Account (debt service reserve account) through hands-on real life case studies of a hospital and telecommunications company.

This training held between the 4th and the 8th of July, 2022 was facilitated by Dr Edward Bodmer and had 34 participants from 15 institutions in attendance. The course was targeted at CIOs, CROs, and analysts.

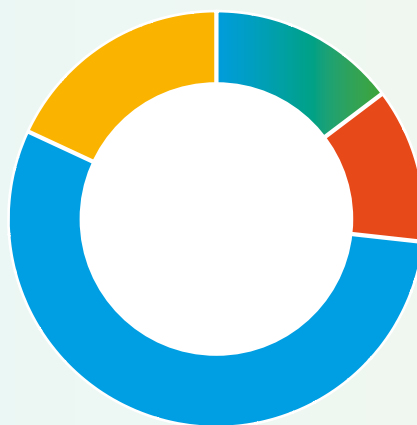


Distribution of Participants by institution

PFAs – 60%	60%
PFCs – 20%	20%
Others – 20%	20

Distribution of Participants by Designations

CIOs	15%
CROs	12%
Investments Officers	56%
Risk Officers	18%



Distribution of Participants by Gender

Female	31%
Male	69%

3.2.3 Understanding Alternative Investment Assets for Members of Investment Committee of NLPC PFA



Following the pandemic, numerous challenges have been encountered in the real estate, private equity, and infrastructure sector business. There is a need to highlight the implications of these events to institutional investors. For instance, the increase in inflation rates and commodity prices have significantly impacted the investment performance of real assets. Considering Real estate for example, assets typically reliant on rentals will be affected by inflation. Alternatively, infrastructure benefits from naturally long-term contractual returns with inflation protection by means of frequent regulated tariff reviews or tariff pass-through mechanisms. Understandably, institutional investors are required to understand these scenarios and manage them effectively.

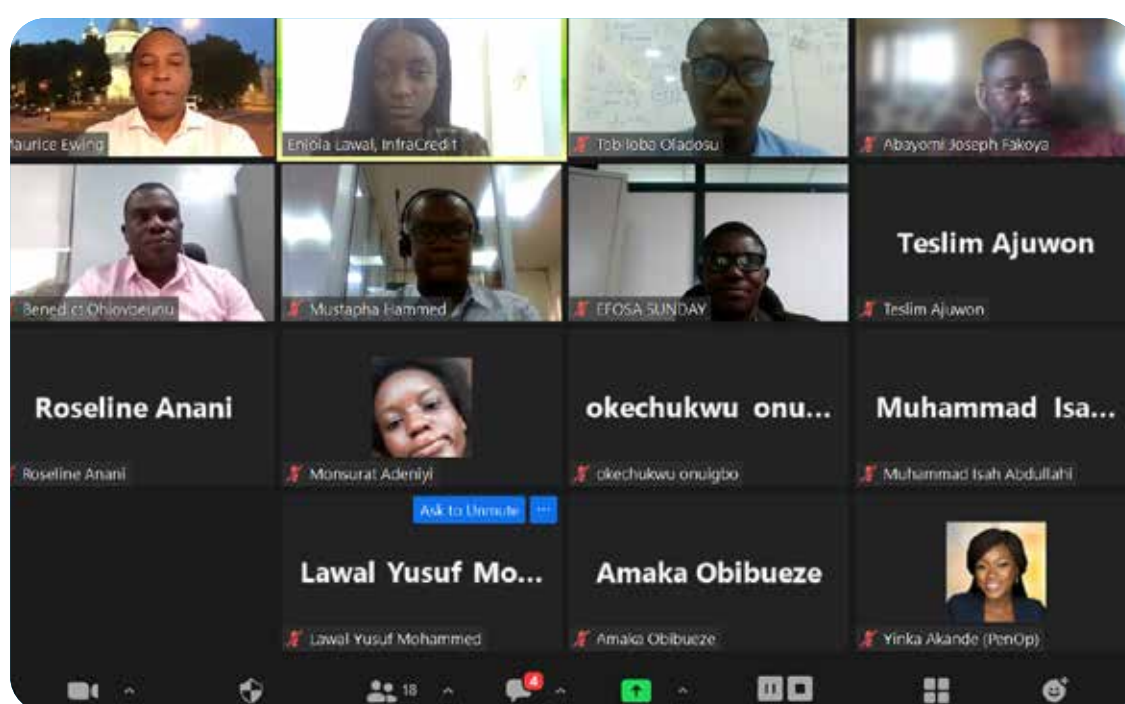
This course was specifically developed to assist members of an Investment Committee in the process of evaluating, assessing and recommending projects for investment decisions.

This course also provided an understanding on key parameters that relate to real assets as viable investment opportunities. Institutional investors such as pension funds are constantly searching for stable opportunities that can match their long-term liabilities. In that context, real assets such as infrastructure can be particularly attractive due to their time horizons, synthetic inflation hedge, relatively high expected yields and returns that are uncorrelated with business cycles, thereby providing opportunities for portfolio diversification.

This training also assisted participants in understanding real assets, including the distinctions between real estate, private equity, and private equity-like infrastructure, as well as how to identify and manage the risks associated with these investments.

This training facilitated by Dr. Cledan Mandri-Perrott was held for the members of the Investment Committee of NLPC Pension Fund Administrator on the 11th and the 12th August, 2022 with 9 participants in attendance.

3.2.4 Credit Portfolio Risk Management for CIOs and CROs



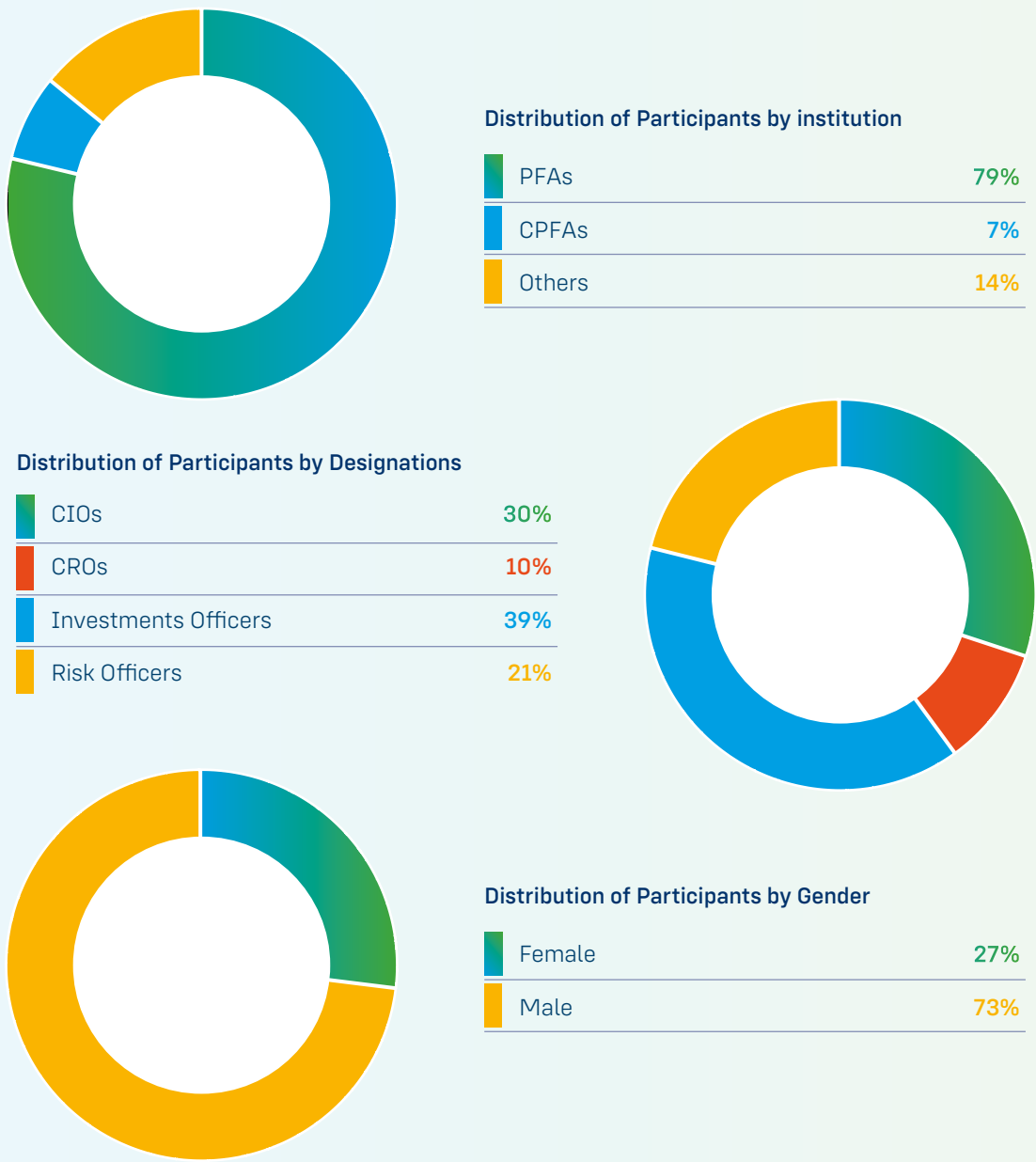
This course was designed to help participants understand the significant components and features of credit portfolio risk management (CPRM). The aim was to elucidate how a broad range of risk modeling and risk assessment approaches can be brought together to enable risk-based pricing and assessment—ultimately enabling portfolio managers to choose investments based on fundamentals as well as market dynamics.

This included discussions of how the CPRM framework can be developed in the absence of a complete systems architecture, when credit reference and credit rating bureaus are not available and when data and history on customers is not fully available.

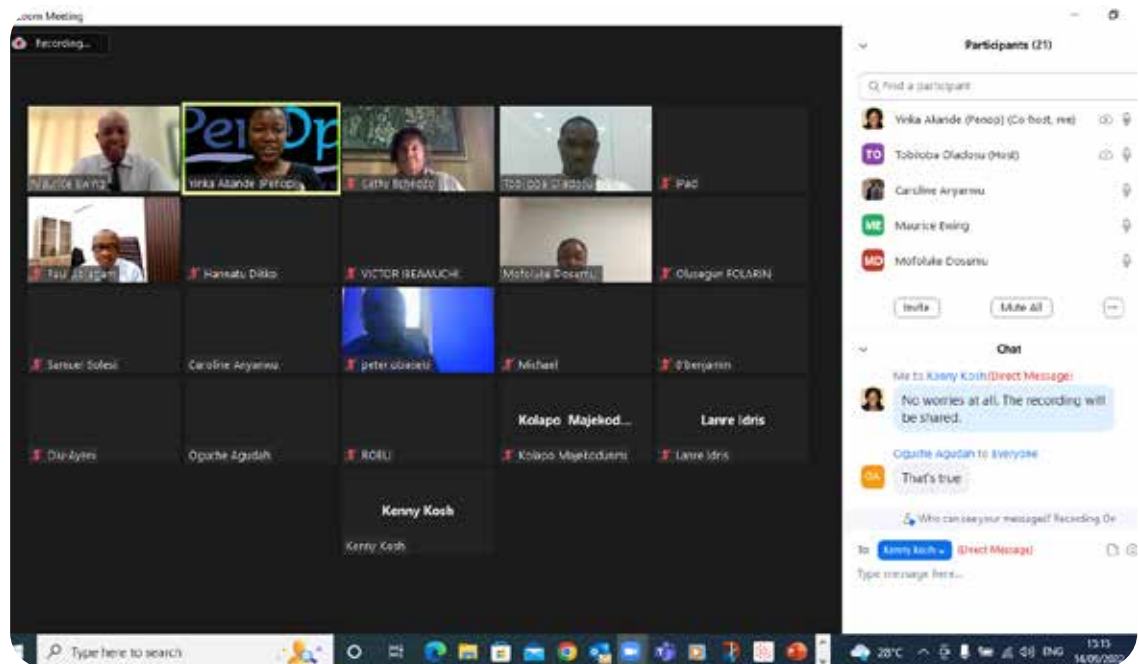
Participants were introduced to the elements necessary for internally developing and testing ratings and scoring system that can be used with various exposure types—

including privately listed, small to medium-sized enterprises (SMEs) and how to integrate a quantitative, credit scoring platform with a qualitative rating system in Basel II/III-compliance fashion. This session also helped participants to understand how to develop the necessary CPRM databases for estimating and validating scoring models and risk components, such as Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) as well as Portfolio-level measures of risks for projects and businesses. This workshop was facilitated by Maurice (“Tony”) Ewing, a pioneer in digital transformation and the risk management and governance of digital investments.

This training was designed for CIOs, CROs, and analysts from PFAs and insurance companies, and 26 people from 13 different institutions attended.



3.2.5 Credit Portfolio Risk Management for Board Members



The Effective Board Risk Oversight and Enterprise Risk Management was designed to expose board members of PFAs and PFCs about the relationship between strategy and risk management. Participants were introduced to strategic risk management processes. This training also explored the various challenges that can be encountered and how to address them with defining strategy with risk.

It also emphasized the roles for board members, executives, managers, control, and risk managers in the ERM process, primary ERM frameworks--COSO and CAS— their strengths and weaknesses and how to implement them. A structure for evaluating a company's current ERM readiness.

This training also highlights the processes required to put in place to implement accurate oversight functions to enable the board stay abreast of enterprise-wide risk exposure and the entire health of the business.

This training was attended by 20 board members representing 4 Pension funds administrators, 3 Closed Pension fund administrators and 2 Pension funds custodians. This training was virtually held between the 13th and 14th of September, 2022.

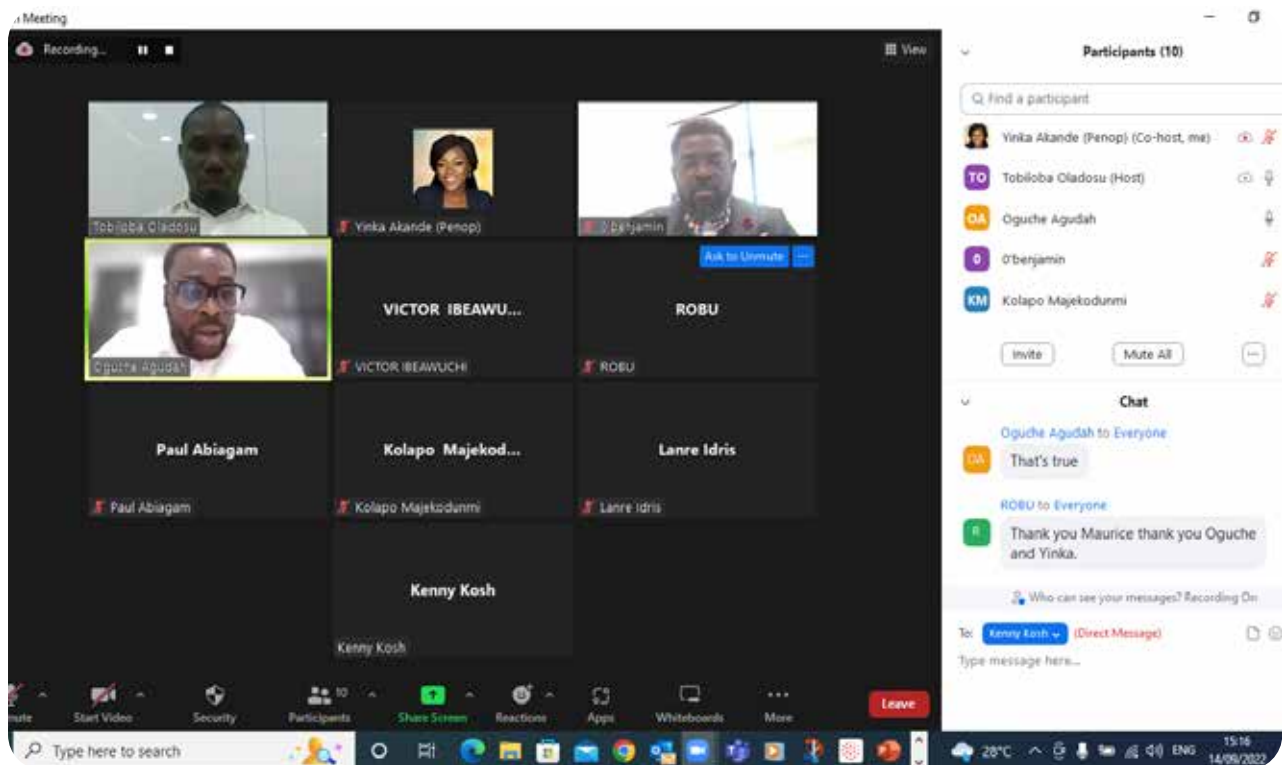
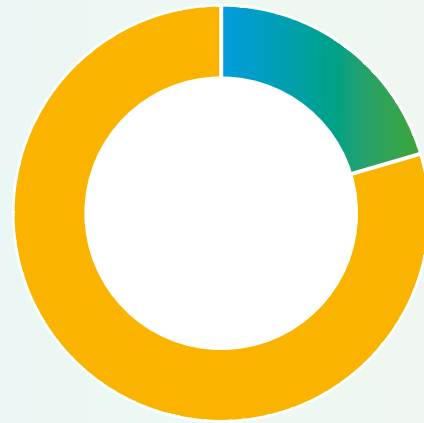


Distribution of Participants by institution

PFA's	44%
PFC's	22%
CPFA's	33%

Distribution of Participants by Gender

Female	20%
Male	80%



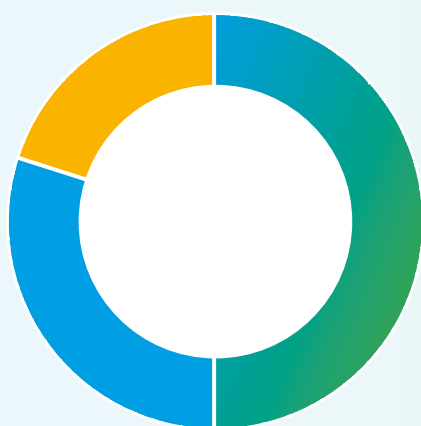
3.2.6 Renewable Energy Project Finance Programme for Pension Fund Managers (CIOs And CROs, Research and Investment Teams for PFAs, Insurance Firms And Asset Managers)



The **Renewable Energy Project Finance Programme** was held on the 12th and 13th October 2022. This workshop highlighted the skills needed to structure and evaluate renewable energy project financing transactions. With examples from around the world used as case studies, participants were introduced to the techniques for spotting and minimizing risks and improving prospects for future strong performance; both in existing portfolios and new transactions.

One of the focal points of these sessions was to assist attendees to understand how to develop frameworks for analyzing qualitative and quantitative project risks to structure a robust security package. Detailed examples of green energy projects - both green field and facility upgrades - were examined to ensure understanding and application of concepts. Insights from this programme enabled participants visualize the reason behind the attractiveness of certain structures to banks, institutional investors, and equity providers, as well as credit enhancers (Governments, private sector insurers and others).

This session was facilitated by Meg Osius and was featured by 20 participants in attendance representing 10 institutions in attendance.

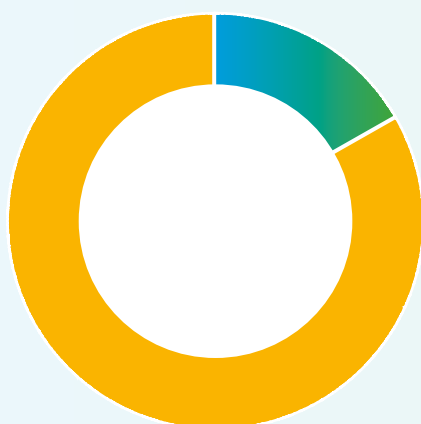


Distribution of Participants by institution

PFAs	50%
Insurance Companies	30%
Others	20%

Distribution of Participants by Designations

CIOs	25%
CROs	10%
Investments Officers	40%
Risk Officers	25%



Distribution of Participants by Gender

Female	15%
Male	75%

3.2.7 Real Estate, Private Equity, and Infrastructure

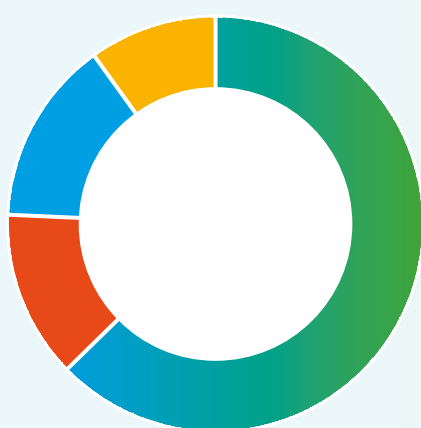


Institutional investors such as pension funds are constantly searching for stable opportunities that can match their long-term liabilities. In that context, real assets such as infrastructure can be particularly attractive due to their time horizons, synthetic inflation hedge, relatively high expected yields and returns that are uncorrelated with business cycles, thereby providing opportunities for portfolio diversification. Investors in developed markets continue to increase their exposure to infrastructure, yet asset owners in Africa are still struggling to effectively invest in this asset class. Ultimately it is the investment committee's job to take an objective assessment of the potential portfolio company's business mission and model, and subsequently advise/support the development of a more effective strategy. Essentially, having a committee creates a system of checks and balances that are designed to promote responsible investing. This course provides a primer on key aspects in setting out the parameters that relate to real assets as investable opportunities.

This training course provided clear and concise understanding of what it takes to invest in real assets with a particular emphasis on REITS as a credible, secure and diversified asset class. Furthermore, this training provided a clear reference-based assessment of the current global real assets markets, with in-depth analysis and expert guidance toward effective investment decision-making. Over the two days, the faculty was comprised of Dr. Cledean Mandri Perrott, a leading investor in real assets, particularly infrastructure, and

Mr. Maurice Okoli, the Chief Financial Officer of the first Nigerian REIT. They gave valuable insights into real assets and the current state of the investment market in Nigeria and worldwide.

This workshop was targeted at CIOs, CROs, and Investment and Research Teams. It was held on the 21st and the 22nd November, 2022 featuring 102 participants from 24 institutions in attendance.

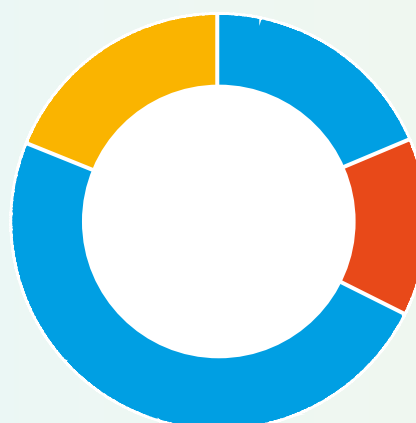


Distribution of Participants by institution

PFAs – 63%	63%
PFCs – 13%	13%
Insurance Companies – 14%	14%
Others – 10%	10%

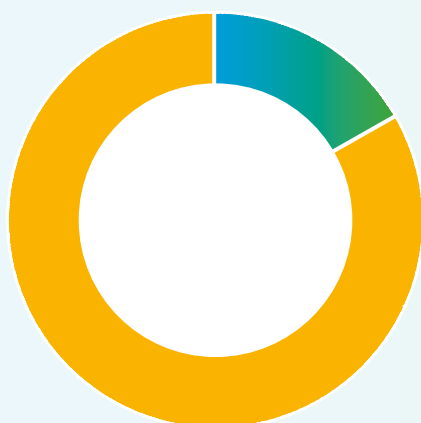
Distribution of Participants by Designations

CIOs	19%
CROs	14%
Investments Officers	49%
Risk Officers	19%



Distribution of Participants by Gender

Female	23%
Male	74%





3.3

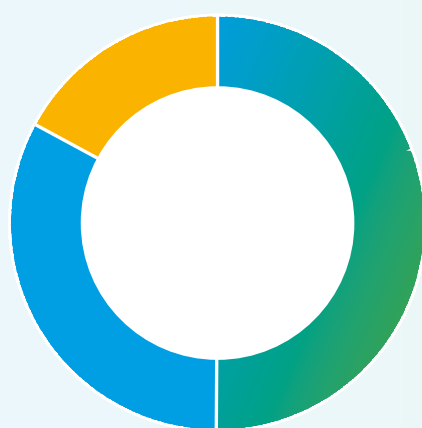
INVESTORS' ROUNDTABLE

2022
REPORT

Catalysing Sustainable
Development Impact

3.3.1 Understanding Leverage in a Guarantee Company

The Infrastructure Capacity Building Programme sets out to highlight the unique business model of specialized credit guarantee facilities and typical strategies to mobilize credit by leveraging its capital. To achieve this objective, a roundtable session themed **“Understanding Financial Leverage Assessment of Guarantee Facilities – InfraCredit Case Study”** was held for Chief Risk Officers of Pension Fund Administrators. During this session, discussions focused on the responsibilities of a financial guarantor, how financial guarantees work, income sources for a financial guarantor, risk of obligations guaranteed, and other key considerations taken by a guarantee company in its business operations. This roundtable discussion, conducted on March 31, 2022, had 102 participants in attendance—with Boo Hock Koo and Chidi Mike-Eneh as the facilitators.



Distribution of Participants by institution

PFA's	53%
PFCs	34%
Others	18%

Distribution of Participants by Gender

Female	72%
Male	28%





3.4

ROUNDTABLE DISCUSSION

2022
REPORT

Catalysing Sustainable
Development Impact

3.4.1 Nigerian Institutional Investors Roundtable & Knowledge Sharing Session



A Roundtable Discussion for Institutional Investors to Unlock Gender-Lens, Impact and Climate-Aligned Infrastructure.

InfraCredit, Convergence Blended Finance and NSIA (Nigeria Sovereign Investment Authority) working alongside Pension Fund Operators Association of Nigeria (PenOp) coordinated a domestic institutional investor roundtable with the strategic objective of promoting gender lens investing, impact investing, as well as climate finance as a way of unlocking capital flows to climate-smart, resilient, and inclusive infrastructure projects in Nigeria.

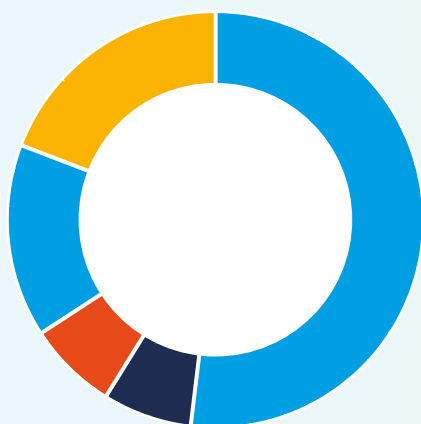
These institutional investors account for a significant size of domestic resources that can be mobilized to scale up climate aligned infrastructure financing in Nigeria from billions to trillions. The participating institutional investors at the session expressed their interest to diversify their investment portfolios into alternative climate-aligned assets working in consortia. However, some key feedbacks were:

- I. For less developed markets like Nigeria, affordability and accessibility is key to ensuring that clean energy transitions are people-centered and inclusive.
- II. To attract domestic institutional capital to climate-aligned and impactful projects with higher perceived risk, blended finance structures that can reduce the overall investment risk and protect their conservative, return-seeking capital from potential losses, is critical.

InfraCredit conducted a case study presentation of its recently completed, maiden, credit-enhanced, and green certified blended finance transaction for a solar rural electrification project under the UK-Funded Climate Finance Blended Facility, where domestic institutional investors (4 of which participated at the roundtable event) directly invested for the first time in the local currency debt issued to finance rural electrification in unserved communities. The success of this financing approach and the firm interest from the pension fund managers and insurance companies at the session, demonstrates that such institutional models which have the structure and operational capacity to pool concessionary capital providers to join forces directly on the ground with private capital from domestic institutional investors to provide “blended” local currency finance to high-impact, climate aligned projects, has the potential to scale to reach millions of people in Nigeria.

The roundtable session held on the 24th of November 2022 included an interactive session which was attended by 86 participants from 19 Pension Fund Managers and 5 Insurance Companies.



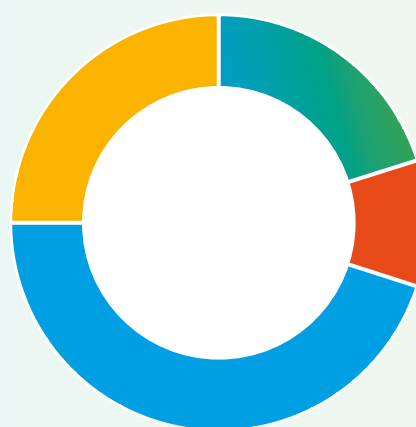


Distribution of Participants by institution

PFAs	52%
PFCs	7%
CPFAs	7%
Insurance Companies	15%
Others	19%

Distribution of Participants by Designations

CIOs	20%
CROs	10%
Investments Officers	45%
Risk Officers	25%



Distribution of Participants by Gender

Female	47%
Male	53%



2022 REPORT

Catalysing Sustainable
Development Impact

03

CHAPTER

Feedback

OVERALL FEEDBACK

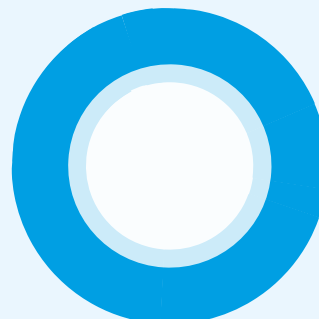


INFRASTRUCTURE
**CAPACITY
BUILDING**
PROGRAMME

4.1.1 Overall Feedback

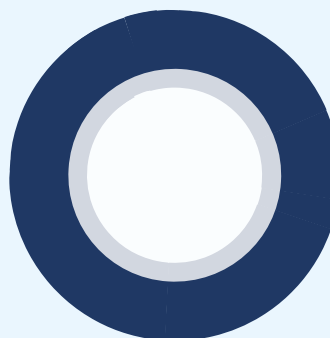
Overall quality and effectiveness of the Infrastructure Capacity Building Programme.

Excellent	100%
Above Average	0%
Average	0%
Below Average	0%



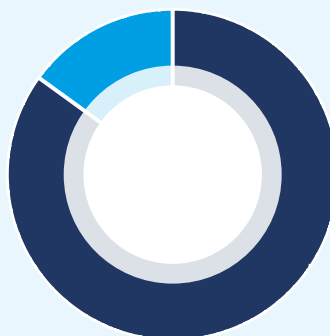
Relevance of the various trainings and roundtable discussions to investors' training needs.

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



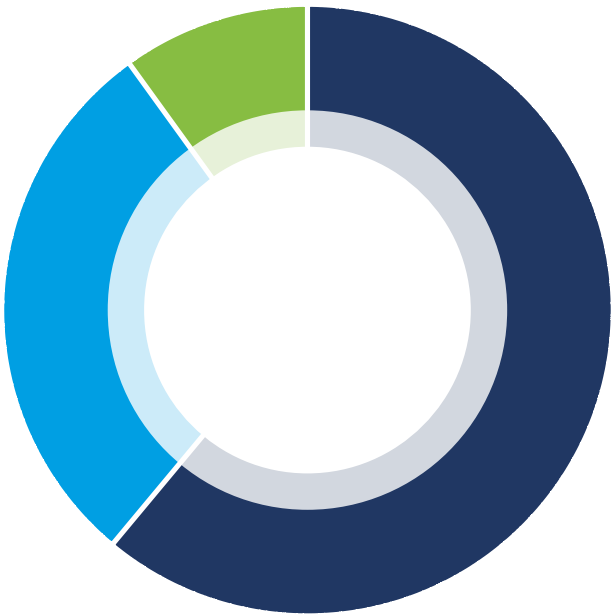
Facilitators' Delivery of the courses

Excellent	85%
Above average	15%
Average	0%
Below average	0%
Poor	0%



2022 INSTITUTIONS BY ATTENDANCE

PFAs and PFCs	26	62%
Insurance Companies	12	29%
DFIs & Others	4	10%



Overall participants increased from 372 in 2021 to 413 in 2022

Overall participation increased by 11% - The total number of participants increased from 372 in 2021 to 413 (this is the total number of participants who participated in 2022 alone) in 2022 with 39 participating institutions in 2022.

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