

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



CAPITAL PROVIDERS



CAPITAL

TOTAL CAPITAL

209^m
USD

CORE CAPITAL

113^m
USD

SUBORDINATED CAPITAL

71^m
USD

CALLABLE CAPITAL

25^m
USD

GUARANTEE CAPACITY

UP TO NGN 413 billion \$1b USD EQUIVALENT

IMPACT



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
- 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.



ELIGIBLE SECTORS

InfraCredit will support eligible projects in any of the following infrastructure related activities:



POWER:

The generation, transmission and/or distribution of electricity, including off-grid embedded power electrification



ICT/TELECOMS:

Local telephone services and IT network, internet solutions, voice, data center and cloud services to providers



RENEWABLE ENERGY:

Alternative energy and renewable energy technologies ranging from solar power, wind power, and hydroelectricity



GAS TO POWER

Gas-to-Power projects (e.g. processing, distribution) and Gas-to-Clean Cooking projects (e.g. storage, distribution)



WATER DISTRIBUTION:

Urban/rural fresh water production and treatment, bulk water supply and distribution (water reservoirs, transfer schemes)



SOCIAL INFRASTRUCTURE:

The provision of economic and social infrastructure (e.g. housing, healthcare, education) including industrial parks, within towns and cities



WASTE MANAGEMENT:

Solid waste disposal/collection, transportation and waste treatment, including waste recycling facilities



INPUTS TO INFRASTRUCTURE:

Manufacture, construction of goods, equipment, or other basic materials or services used in provision of infrastructure



TRANSPORTATION:

Fixed transportation infrastructure e.g. toll roads, bridges, rail, airports, ports and bulk storage/handling facilities



AGRICULTURE:

Infrastructure component of agro-industrial projects e.g. investments in agro-food processing/storage for agribusiness

ELIGIBLE TRANSACTIONS



NAIRA DENOMINATED DEBT INSTRUMENT (INCLUDING SUKUK)



DEBT TENOR OF UP TO 20 YEARS



ISSUER IS PENCOM COMPLIANT



SATISFIES INFRACREDIT'S ENVIRONMENTAL AND SOCIAL SAFEGUARDS STANDARDS



ACCEPTABLE CREDIT PROFILE BASED ON INFRACREDIT'S INTERNAL CREDIT ASSESSMENT



IS NOT ON IFC'S PROJECT EXCLUSION LIST



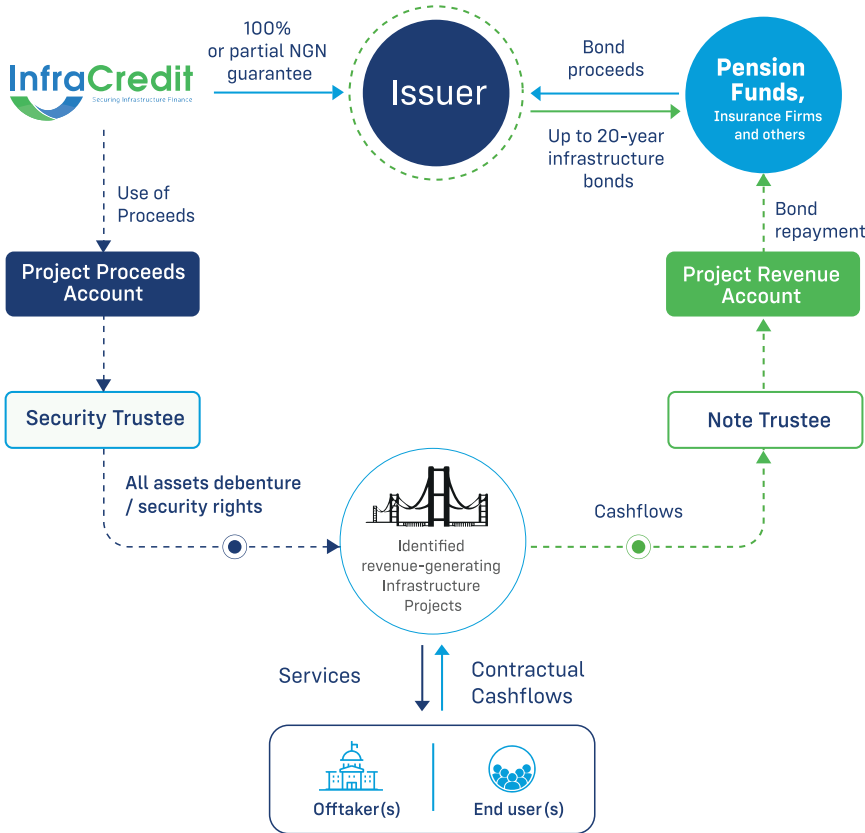
MINIMUM INVESTMENT GRADE RATING WITH ADEQUATE SECURITY PACKAGE



MUST BE AN ELIGIBLE SECTOR

HOW WE WORK

Basic Transaction Schematic



Key Features

Guarantee Features

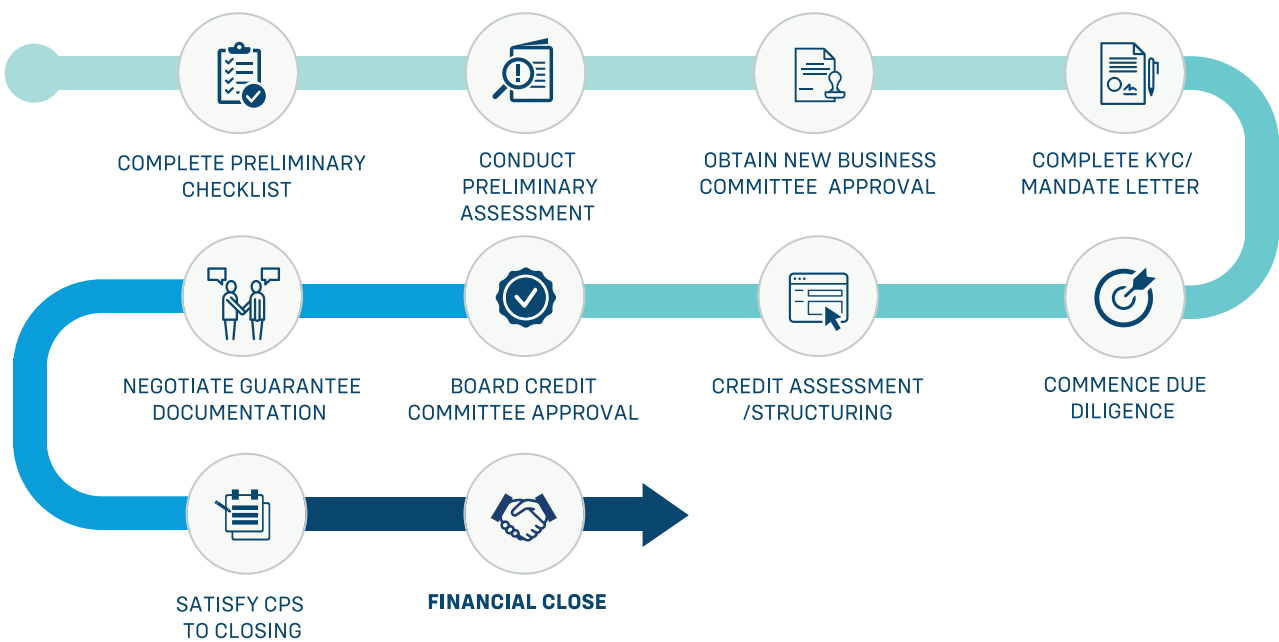
- Irrevocable & Unconditional
- Naira Obligations
- Up to 100%
- Senior Ranking Obligations
- Non Acceleration
- Up to 20 year Maturity
- Pari Passu Rights
- Voting Rights

Legal Documentation

- Deed of Guarantee
- Recourse Agreement
- Security Deed
- Other Documents

Guarantee Transaction Process

Deal Execution will be conducted in three phases: **Origination (Preliminary Assessment), Due Diligence & Structuring and Final Approval/Closing**



THE OPPORTUNITY

TOTAL PENSION FUND ASSETS

N15.5 trillion

\$33.5 billion (USD Equivalent)

Total pension assets as at February 2023

TOTAL PENSION ASSETS ALLOCABLE TO CORPORATE BONDS PER PENCOM GUIDELINES

N5.4 trillion

\$11.7 billion (USD Equivalent)

Estimated based on 35% weighted allocation on total pension assets as at February 2023























TOTAL PENSION ASSETS ALLOCABLE TO INFRASTRUCTURE BONDS

N2.6 trillion

\$5.7 billion (USD Equivalent)

Estimated based on 17% weighted allocation on total pension assets as at February 2023

With the advent of InfraCredit, over the past five years, its guarantees have facilitated first-time access to long term local currency finance of up to 20-year tenor from the domestic bond market in aggregate of NGN145 billion in guaranteed corporate infrastructure bonds for eleven infrastructure companies.

	Sector	Bond Size	Tenor	Year of Issue	No. of PFAs
	 Off-Grid Power	NGN10.0 bn	10 years	2017	12
	 On-Grid Power	NGN8.5 bn	15 years	2019	9
	 Off-Grid Power	NGN13.0 bn	15 years	2019	10
	 Transport & Logistics	NGN12.0 bn (Series I) NGN5.0 bn (Series II)	10 years	2020 (Series I) 2022 (Series II)	11
	 Inputs to Infrastructure	NGN10.5bn (Series I) NGN25bn (Series II) NGN17.5bn (Series III)	20 years	2021 (Series I) 2022 (Series II) 2023 (Series III)	11 11 10
	 Transport & Logistics	NGN20.0 bn	10 years	2021	9
	 Telecoms Infrastructure	NGN10.0 bn	10 years	2022	10
	 Off-Grid Power	NGN1.5bn	7 years	2022	NA
	 Gas Storage	NGN3.5bn	7 years	2022	NA
	 Renewable Energy (Solar)	NGN0.8 bn	7 years	2022	NA
	 Gas Processing & Distribution	NGN4.6 bn	7 years	2022	NA

These corporate debt instruments were oversubscribed by up to 60% from local pension fund investors, with participation by 19 pension fund investors (managing c.75% of the industry assets under management) subscribing to InfraCredit-guaranteed infrastructure bonds; signifying strong investor appetite and confidence in its credit standing.

DEVELOPMENT IMPACT

Our Theory of Change hinges on three pillars where InfraCredit is delivering impact through its activities at the market, project and end user level, with specific measurable outcome indicators.

Market

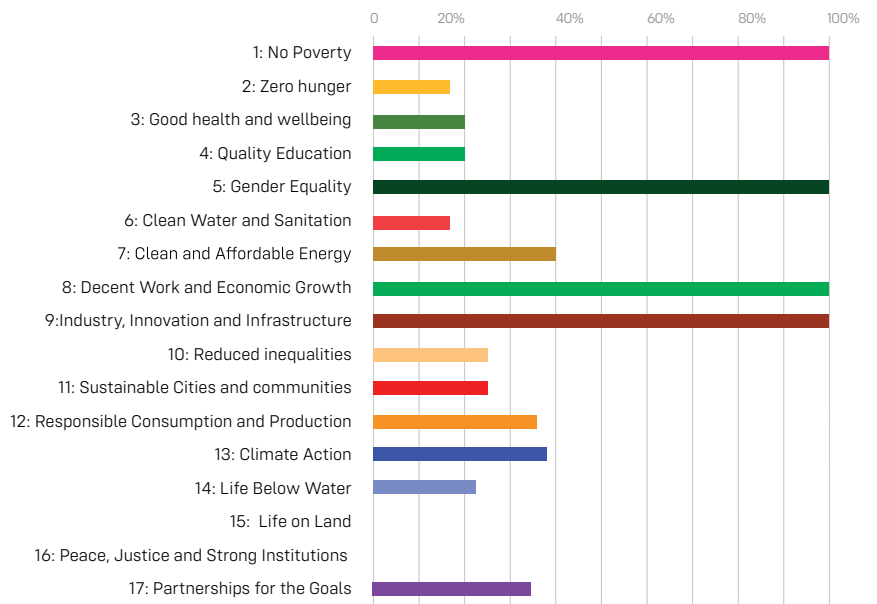
InfraCredit will expand the debt capital market, investor base and new sources of capital for infrastructure financing. InfraCredit will also support the emergence of an enabling environment with favourable policies and incentives, and connected networks of actors, to support infrastructure development

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 financing activities will deliver 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



OUR PORTFOLIO IMPACT



- 2,688 total quality jobs supported
- Over NGN 1.5 Billion increase in portfolio post-guarantee income
- Over 351 SMEs businesses supported



- Over 100,000 persons (youth, farmers, women and students) benefit from CSR projects



- Emissions reduction 1,039,407 CO2 eq
- Estimated forest savings from LPG displacement of fuel wood utilization for cooking: 19.07ha



- Over 252 direct jobs for women, including senior/ middle management roles.
- All portfolio companies has a diversified board with women representing at least 20% - 30%
- Community investment schemes by portfolio companies target women-owned and/or women-led enterprises e.g., micro-loans for women-led SMEs and women cooperatives



- Over 1,000,000 beneficiaries with improved access to infrastructure



- 1064MW: Total power Infrastructure (Renewable energy and gas).
- Over 757,204.95 MWh of clean energy
- Over 500,000 beneficiaries with improved access to energy

We are proud signatories of:



// Domestic pension funds have demonstrated increased appetite to invest in bankable corporate infrastructure debt in Nigeria, it has never been more timely and important for infrastructure projects to access long term local currency finance of up to 20-year tenor from the domestic debt market at affordable interest rates to finance long-term infrastructure projects and refinance short term high interest loans. //



Aerial view of Shiroro Hydroelectric Power Plant, Niger State

Contact



**Infrastructure Credit
Guarantee Limited**
strategy@infracredit.ng
www.infracredit.ng

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➤ www.infracredit.ng
in linkedin.com/company/InfraCredit
tw [@InfraCredit](https://twitter.com/InfraCredit)
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