

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 2024 **GCR** / **AAA**^(NG) June 2024 **FitchRatings** / **AAA**^(NGA) July 2024

CAPITAL PROVIDERS

SOVEREIGN WEALTH FUND & DFIs



PRIVATE INSTITUTIONAL INVESTORS



CAPITAL

TOTAL CAPITAL

200^m
USD

CORE CAPITAL

104^m
USD

SUBORDINATED CAPITAL

71^m
USD

CALLABLE CAPITAL

25^m
USD

GUARANTEE CAPACITY

UP TO NGN 952 billion **\$1.0bn**
USD EQUIVALENT

IMPACT



N200.7bn
\$424 MLN EQUIV

TOTAL SIZE OF GUARANTEED BONDS



19 NUMBER OF PENSION FUND INVESTORS



UP TO 20^{yrs}



20 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
- 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 INFACREDIT'S ENVIRONMENTAL AND SOCIAL SAFEGUARDS STANDARDS



ACCEPTABLE CREDIT PROFILE BASED ON INFACREDIT'S INTERNAL CREDIT ASSESSMENT



IS NOT ON IFC'S PROJECT EXCLUSION LIST



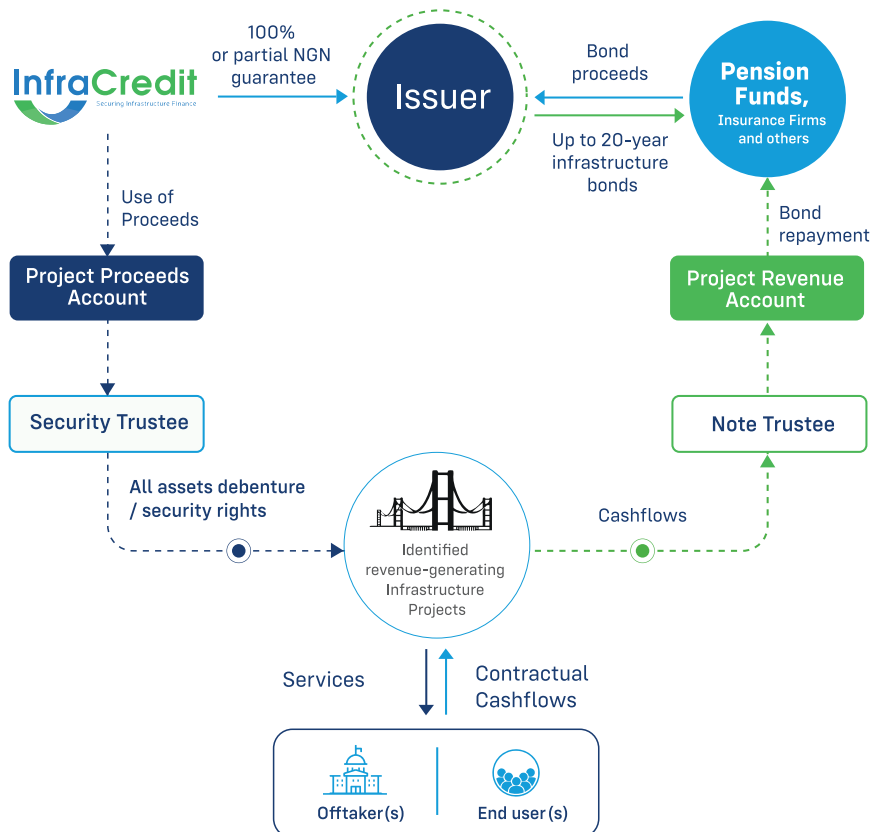
MINIMUM INVESTMENT GRADE RATING WITH ADEQUATE SECURITY PACKAGE



MUST BE AN ELIGIBLE SECTOR

HOW WE WORK

Basic Transaction Schematic



Key Features

Guarantee Features

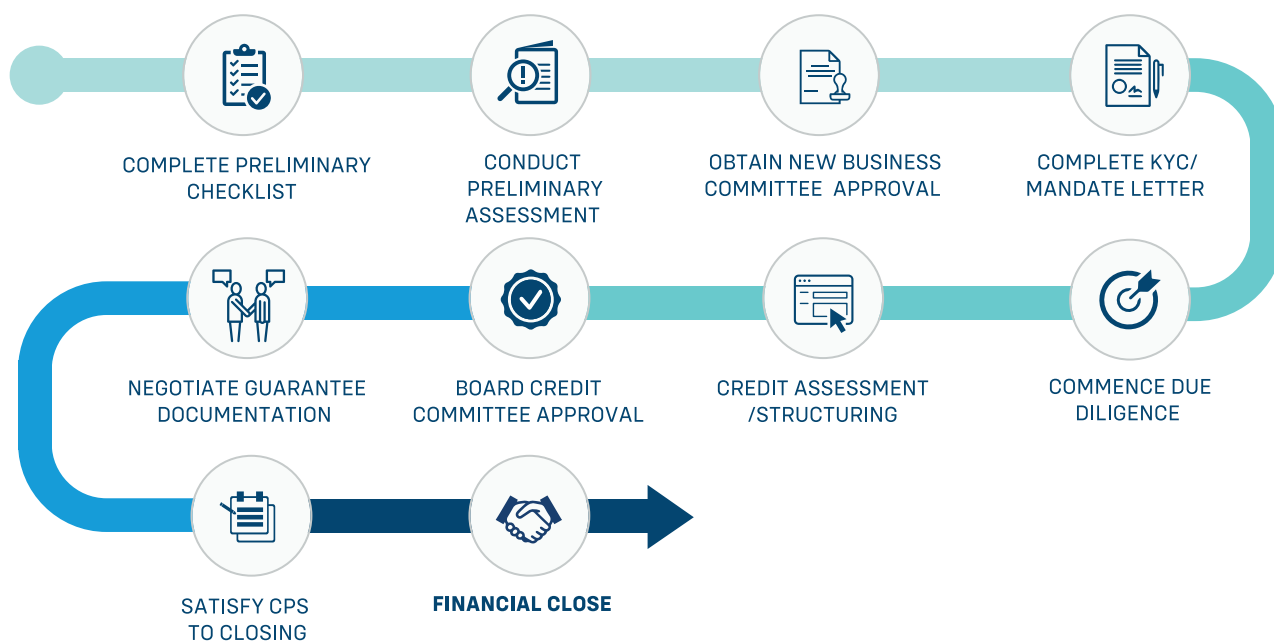
- Irrevocable & Unconditional
- Naira Obligations
- Up to 100%
- Senior Ranking Obligations
- Non Acceleration
- Up to 20 year Maturity
- Pari Passu Rights
- Voting Rights

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

N17.7 trillion

\$21.0 billion (USD Equivalent)

Total pension assets as at
October 2023

TOTAL PENSION ASSETS ALLOCABLE
TO CORPORATE BONDS PER PENCOM
GUIDELINES

N6.2 trillion

\$7.4 billion (USD Equivalent)

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

TOTAL PENSION ASSETS ALLOCABLE
TO INFRASTRUCTURE BONDS

N3.0 trillion















\$3.6 billion (USD Equivalent)

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

With the advent of InfraCredit, over the past six 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 NGN179 billion in guaranteed corporate infrastructure bonds for sixteen infrastructure companies.

		Sector	Debt Size	Tenor	Year of Issue	No. of PFAs
1		 Off-Grid Power	NGN10.0 bn	10 years	2017	12
2		 On-Grid Power	NGN8.5 bn	15 years	2019	9
3		 Off-Grid Power	NGN13.0 bn	15 years	2019	10
4		 Transport & Logistics	NGN12.0 bn (Series I) NGN5.0 bn (Series II)	10 years	2020 (Series I) 2022 (Series II)	11
5		 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
6		 Transport & Logistics	NGN20.0 bn	10 years	2021	9
7		 Telecoms Infrastructure	NGN10.0 bn	10 years	2022	10
8		 LPG Storage & Distribution	NGN1.5bn	7 years	2022	NA
9		 LPG Storage	NGN3.5bn NGN 8.5 bn	7 years NA	2022 2023	NA
10		 Renewable Energy (Solar)	NGN0.8 bn	7 years	2022	NA

THE OPPORTUNITY

		Sector	Debt Size	Tenor	Year of Issue	No. of PFAs
11		 Gas Processing & Distribution	NGN0.65 bn NGN5.0 bn	7 years 10 years	2022 2023	NA 10
12		 LPG Storage	NGN3.0 bn	7 years	2023	NA
13		 Off Grid Power	NGN9.2 bn NGN 3.0 billion	7 years NA	2023 2023	NA
14		 ICT/Telecoms (Rural Telephony)	NGN0.95 bn	7 years	2023	NA
15		 Inputs to Infrastructure	NGN10.0 bn	7 years	2023	NA
16		 Inputs to Infrastructure	NGN10.0 bn	7 years	2023	NA
17		 Social Infrastructure- Healthcare	NGN4.0 bn NGN2.5 bn	10 years NA	2023 2023	NA
18		 Renewable Energy (Solar)	NGN0.75	NA	2023	NA
19		 Social Infrastructure (Affordable Housing)	NGN3.0	NA	2023	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

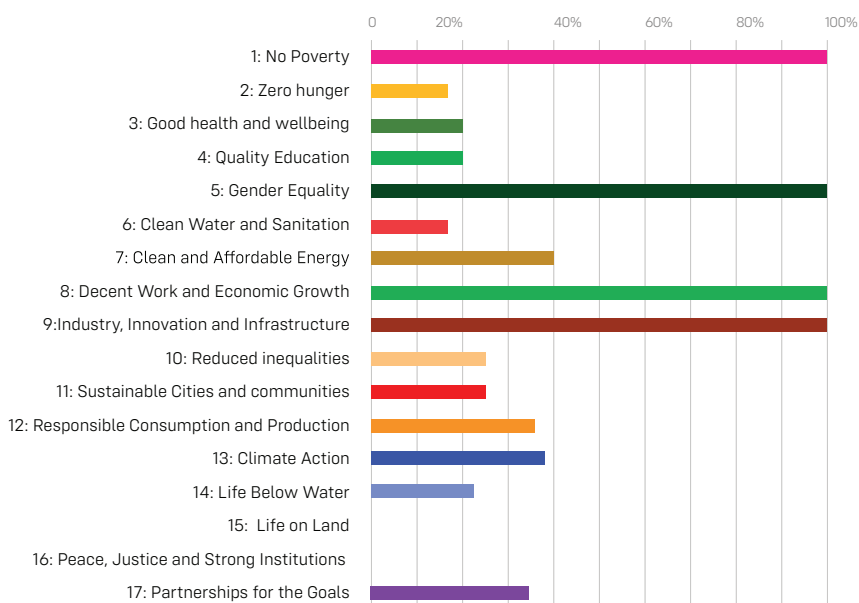
InfraCredit will expand the debt capital market, investor base and new sources of capital for infrastructure financing. InfraCredit will also support the emergence of an enabling environment with favourable policies and incentives, and connected networks of actors, to support infrastructure development

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



- 3141 jobs supported
- 34 newly registered businesses with access to infrastructure in the free zone area.
- Over 50 SMEs with improved access to infrastructure.



- Over 10,000,000 households with improved grid power.



- Emissions reduction 451,000CO2 eq
- Estimated forest savings from LPG displacement of fuel wood utilization for cooking: 16.64 ha



- 211 permanent (82%) and Temporary jobs for women.
- 37 women jobs at the managerial level, representing a total of (21%).
- 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.
- 1,186 logistics trucks
- 17,152,000 tonnes of bulk cargo transported.



- 751 MW of renewable energy installed.
- 120MW of installed gas-fired plants
- 111 Solar powered telecommunication towers.
- 359444.16MWHrsr additional power added to the grid.

We are proud signatories of:



Operating Principles for Impact Management

// 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
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