

# 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**<sup>(NG)</sup> June 2024 | **GCR** / **AAA**<sup>(NG)</sup> June 2024 | **FitchRatings** / **AAA**<sup>(NGA)</sup> July 2024

## CAPITAL PROVIDERS



## CAPITAL

### TOTAL CAPITAL

**199** m USD

### CORE CAPITAL

**103** m USD

### SUBORDINATED CAPITAL

**71** m USD

### CALLABLE CAPITAL

**25** m USD

## GUARANTEE CAPACITY

**UP TO NGN 925 billion** \$972 mln USD EQUIVALENT

## IMPACT

**N204.8 bn** TOTAL SIZE OF GUARANTEED DEBT (\$428.4 MLN EQUIV) | **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 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**



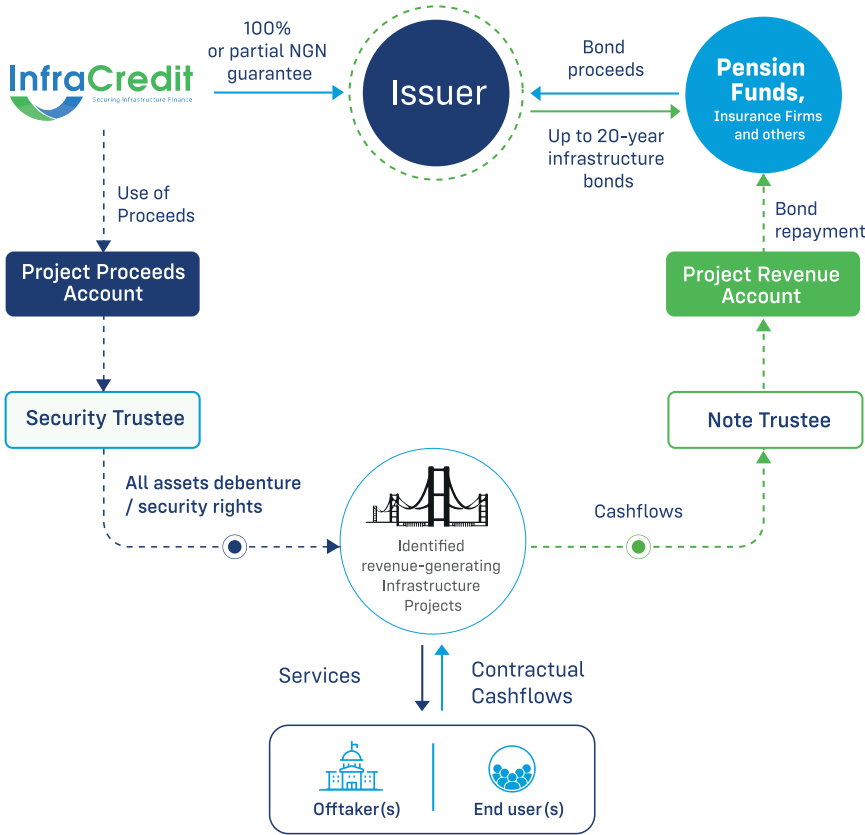
**MINIMUM INVESTMENT GRADE RATING WITH ADEQUATE SECURITY PACKAGE**



**MUST BE AN ELIGIBLE SECTOR**

# HOW WE WORK

## Basic Transaction Schematic



## Key Features

### Guarantee Features

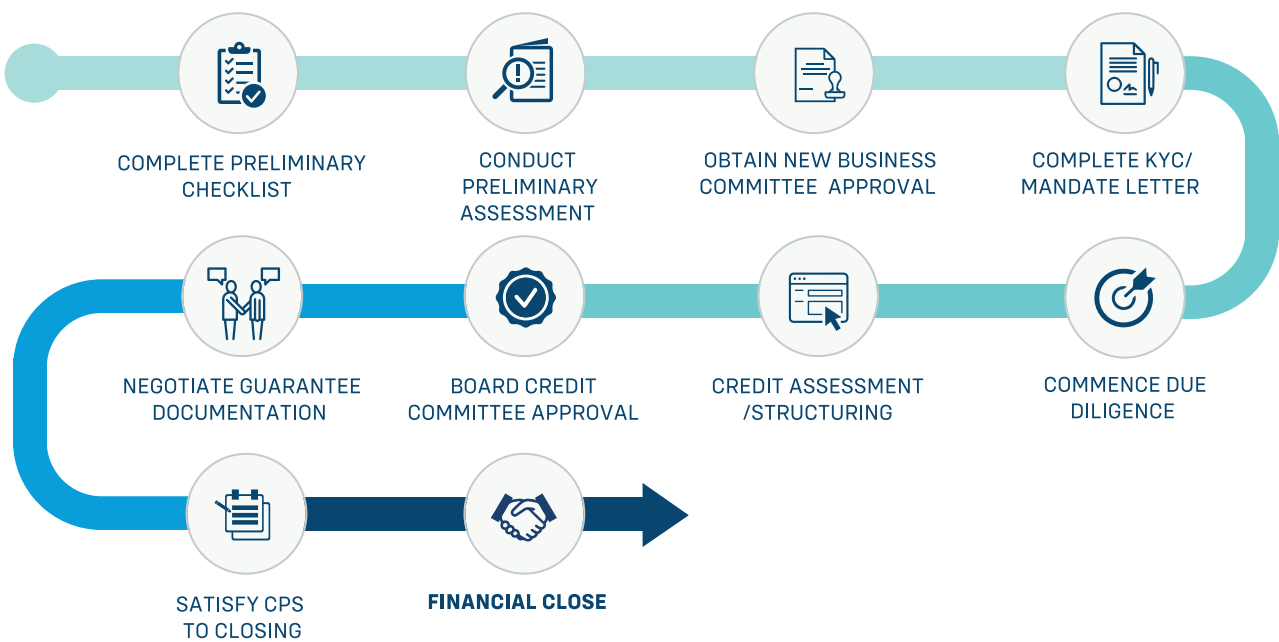
- Irrevocable & Unconditional
- Naira Obligations
- Up to 100%
- Senior Ranking Obligations
- Non Acceleration
- Up to 20 year Maturity
- Pari Passu Rights
- Voting Rights

### 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



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 debt market in aggregate of **USD 428.4 million** (NGN Equivalent) indexed to the exchange rate at deal closure date in guaranteed corporate infrastructure debt for nineteen infrastructure companies.

		Sector	Size		Sector	Size
1		 Off-Grid Power	NGN10.0 bn USD27.8 ml	11		 Gas Processing & Distribution NGN5.65 bn USD9.7 ml
2		 On-Grid Power	NGN8.5 bn USD23.5 ml	12		 LPG Storage NGN3.0 bn USD4.4 ml
3		 Off-Grid Power	NGN13.0 bn USD35.9 ml	13		 Off-grid Power NGN12.2 bn USD15.2 ml
4		 Transport & Logistics	NGN17.0 bn USD42.1 ml	14		 ICT/Telecoms (Rural Telephony) NGN0.95 bn USD1.26 ml
5		 Inputs to Infrastructure	NGN53.0 bn USD123.4 ml	15		 Inputs to Infrastructure NGN10.0 bn USD12.7 ml
6		 Transport & Logistics	NGN20.0 bn USD48.3 ml	16		 Inputs to Infrastructure NGN10.0 bn USD12.9 ml
7		 Telecoms Infrastructure	NGN10.0 bn USD24.1 ml	17		 Social Infrastructure (Healthcare) NGN6.5 bn USD7.9 ml
8		 LPG Storage & Distribution	NGN1.5 bn USD3.6 ml	18		 Renewable Energy (Solar) NGN0.75 bn USD0.81 ml
9		 LPG Storage	NGN12.0 bn USD 17.1 ml	19		 Social Infrastructure (Housing) NGN3.0bn USD3.7 ml
10		 Renewable Energy (Solar)	NGN0.8 bn USD1.8 ml			

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

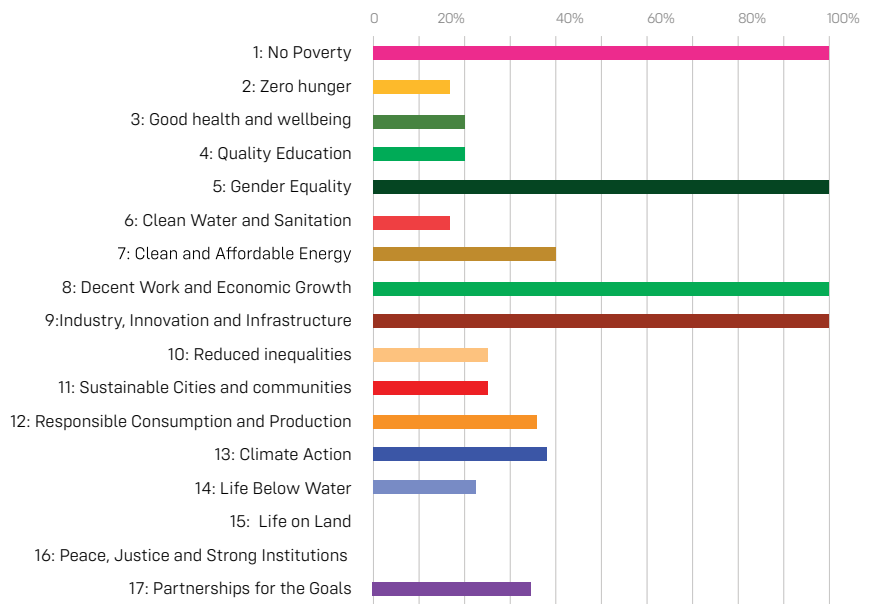
InfraCredit will expand the debt capital market, investor base and new sources of capital for infrastructure financing. InfraCredit will also support the emergence of an enabling environment with favourable policies and incentives, and connected networks of actors, to support infrastructure development

## 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:



// 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



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