

# 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

**197 m USD**

### CORE CAPITAL

**111 m USD**

### SUBORDINATED CAPITAL

**86 m USD**

## IMPACT



**N235 bn** TOTAL SIZE OF GUARANTEED DEBT  
\$455 MLN EQUIV



**19** NUMBER OF PENSION FUND INVESTORS



**UP TO 20 yrs**



**22** 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

- Power – On-Grid/Off-Grid/Renewable
- Gas-to-Power and Gas-to-Clean Cooking
- ICT/Telecoms
- Logistics and Special Economic Zones
- Transportation
- Agriculture
- Manufacturing
- Social Infrastructure – i.e., Water & Waste
- Healthcare
- Green Housing
- Education

## DEVELOPMENT PARTNERS



## RISK SHARING 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:

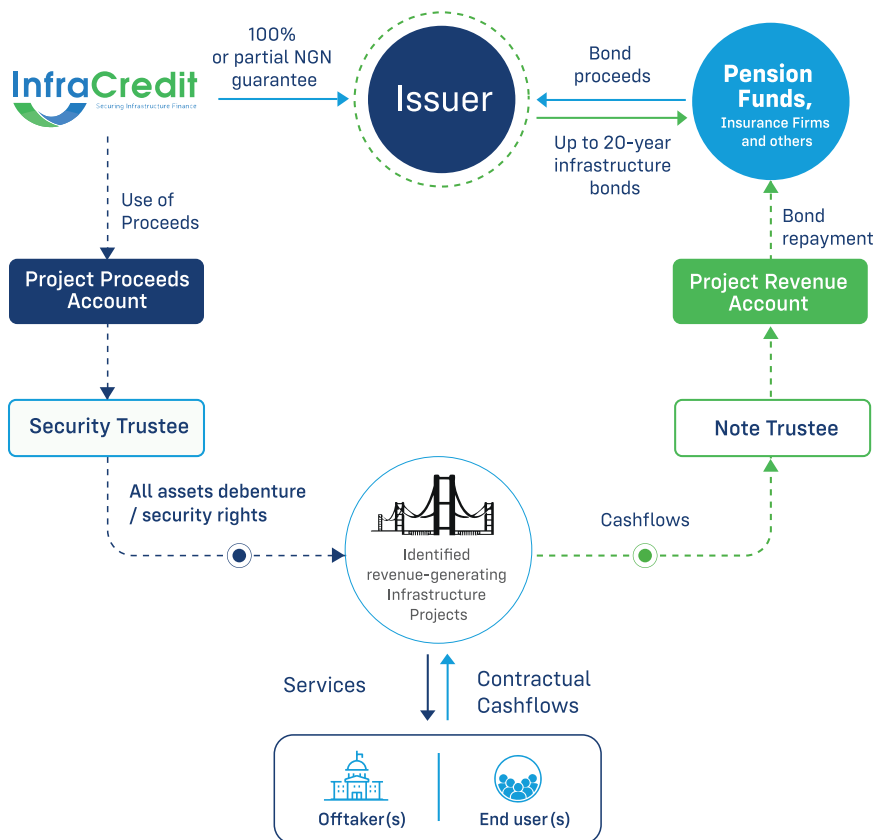
	<b>POWER:</b> The generation, transmission and/or distribution of electricity, including off-grid embedded power electrification		<b>ICT/TELECOMS:</b> Local telephone services and IT network, internet solutions, voice, data center and cloud services to providers
	<b>RENEWABLE ENERGY:</b> Alternative energy and renewable energy technologies ranging from solar power, wind power, and hydroelectricity		<b>GAS TO POWER</b> Gas-to-Power projects (e.g. processing, distribution) and Gas-to-Clean Cooking projects (e.g. storage, distribution)
	<b>WATER DISTRIBUTION:</b> Urban/rural fresh water production and treatment, bulk water supply and distribution (water reservoirs, transfer schemes)		<b>SOCIAL INFRASTRUCTURE:</b> The provision of economic and social infrastructure (e.g. housing, healthcare, education) including industrial parks, within towns and cities
	<b>WASTE MANAGEMENT:</b> Solid waste disposal/collection, transportation and waste treatment, including waste recycling facilities		<b>INPUTS TO INFRASTRUCTURE:</b> Manufacture, construction of goods, equipment, or other basic materials or services used in provision of infrastructure
	<b>TRANSPORTATION:</b> Fixed transportation infrastructure e.g. toll roads, bridges, rail, airports, ports and bulk storage/handling facilities		<b>AGRICULTURE:</b> Infrastructure component of agro-industrial projects e.g. investments in agro-food processing/storage for agribusiness

## ELIGIBLE TRANSACTIONS

	<b>NAIRA DENOMINATED DEBT INSTRUMENT (INCLUDING SUKUK)</b>		<b>DEBT TENOR OF UP TO 20 YEARS</b>
	<b>ISSUER IS PENCOM COMPLIANT</b>		<b>SATISFIES INFRACREDIT'S ENVIRONMENTAL AND SOCIAL SAFEGUARDS STANDARDS</b>
	<b>ACCEPTABLE CREDIT PROFILE BASED ON INFRACREDIT'S INTERNAL CREDIT ASSESSMENT</b>		<b>IS NOT ON IFC'S PROJECT EXCLUSION LIST</b>
	<b>MINIMUM INVESTMENT GRADE RATING WITH ADEQUATE SECURITY PACKAGE</b>		<b>MUST BE AN ELIGIBLE SECTOR</b>

# HOW WE WORK

## Basic Transaction Schematic



## Key Features

### Guarantee Features

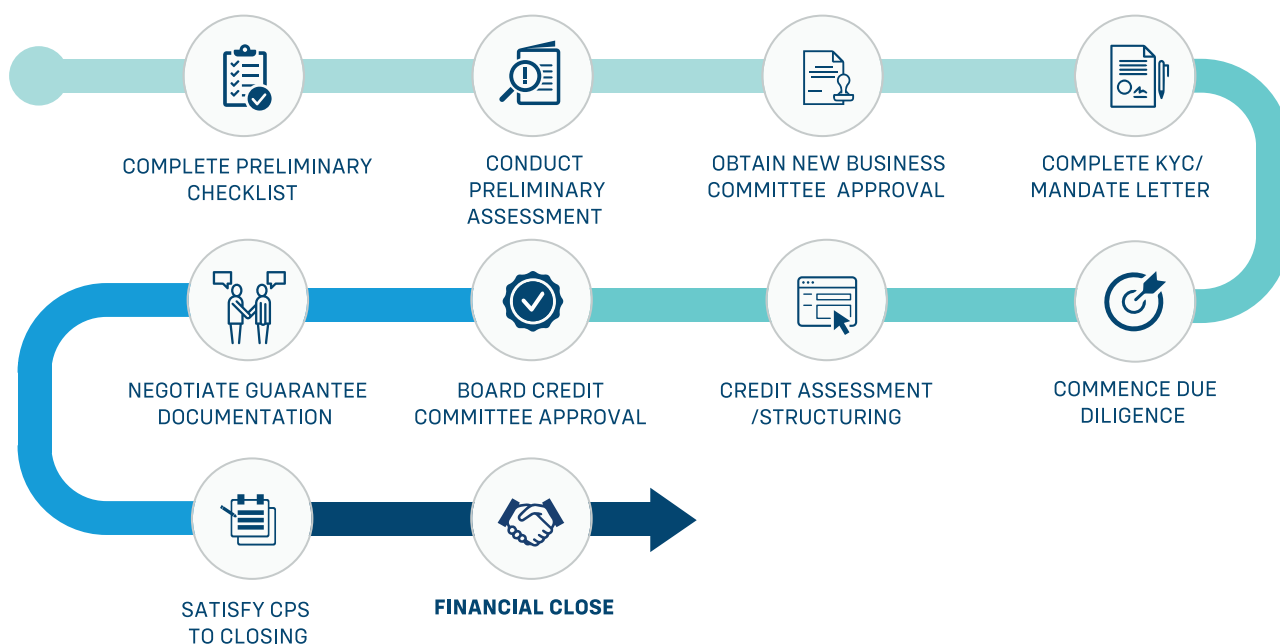
- Irrevocable & Unconditional
- Naira Obligations
- Up to 100%
- Senior Ranking Obligations
- Non Acceleration
- Up to 20 year Maturity
- Pari Passu Rights
- Voting Rights

### 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

**N21.9** trillion

**\$13.2 billion** (USD Equivalent)

Total pension assets as at  
October 2024

TOTAL PENSION ASSETS ALLOCABLE  
TO CORPORATE BONDS PER PENCOM  
GUIDELINES

**N7.7** trillion

**\$4.6 billion** (USD Equivalent)

Estimated based on 35% weighted  
allocation on total pension assets as at  
October 2024











































TOTAL PENSION ASSETS ALLOCABLE  
TO INFRASTRUCTURE BONDS

**N3.7** trillion

**\$2.3 billion** (USD Equivalent)

Estimated based on 17% weighted  
allocation on total pension assets as  
at October 2024

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 455 million** (NGN Equivalent) indexed to the exchange rate at deal closure date in guaranteed corporate infrastructure debt for twenty-one infrastructure companies.

		Sector	Size		Sector	Size
1	 VIATHAN 2017	 Off-Grid Power	NGN11.52 bn USD31.46 ml	11	 GLNG 2022, 2023 & 2024	 Gas to Power NGN14.9 bn USD16.4 ml
2	 NORTH SOUTH POWER 2019	 On-Grid Power	NGN9.86 bn USD26.85 ml	12	 falcon 2023 & 2024	 LPG Storage NGN5.0 bn USD5.6 ml
3	 2019	 Off-Grid Power	NGN13.0 bn USD35.9 ml	13	 ELEKTRON 2023 & 2024	 Off-grid Power NGN26.0 bn USD33.9 ml
4	 2020 & 2022	 Transport & Logistics	NGN17.0 bn USD42.0 ml	14	 HOT SPOT 2023	 ICT/Telecoms (Rural Telephony) NGN0.95 bn USD1.26 ml
5	 Lagos Free Zone 2021, 2022 & 2023	 Special Economic Zones	NGN53.0 bn USD123.4 ml	15	 GTIL COLEMAN 2023	 Manufacturing NGN10.0 bn USD12.7 ml
6	 GPC 2021	 Transport & Logistics	NGN20.0 bn USD48.3 ml	16	 african industries Serving Nigeria since 1971 2023	 Manufacturing NGN10.0 bn USD12.9 ml
7	 PAN AFRICAN TOWERS LIMITED 2022	 Telecoms Infrastructure	NGN10.0 bn USD24.1 ml	17	 ME CUNE 2023	 Healthcare Infrastructure NGN6.5 bn USD7.9 ml
8	 ASIKO® 2022	 LPG Storage & Distribution	NGN1.5 bn USD3.6 ml	18	 ACPB LIGHTING technology limited 2023	 Renewable Energy (Solar) NGN0.75 bn USD0.81 ml
9	 GTL GAS TERMINALLING 2022	 LPG Storage	NGN12.0 bn USD17.0 ml	19	 MODERN SHELTER 2023 & 2024	 Green Housing NGN5.5bn USD5.4 ml
10	 Derway 2022	 Renewable Energy (Solar)	NGN0.8 bn USD1.8 ml	20	 PRADO POWER 2024	 Renewable Energy (Solar) NGN1.95 bn USD1.2 ml
				21	 LADOL 2024	 Special Economic Zones NGN1.27 bn USD0.76 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

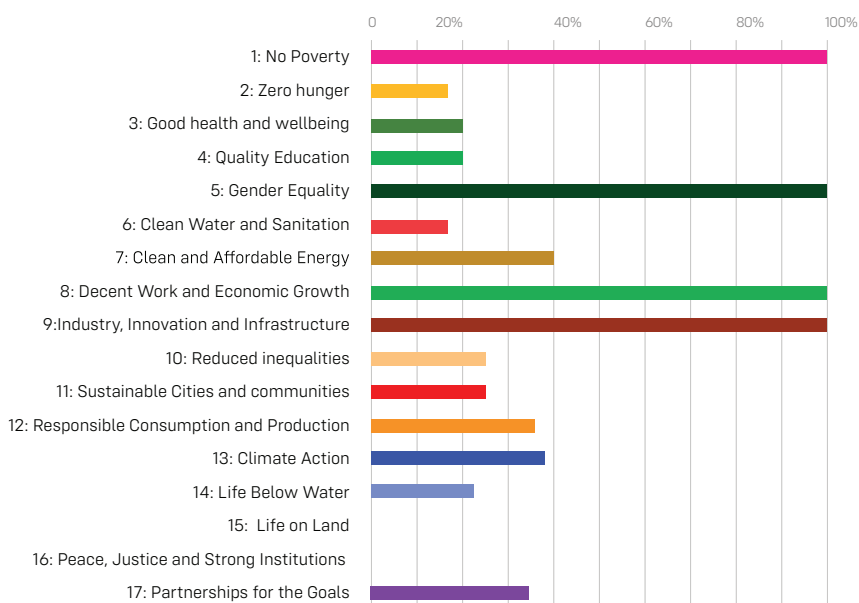
InfraCredit will expand the debt capital market, investor base and new sources of capital for infrastructure financing. InfraCredit will also support the emergence of an enabling environment with favourable policies and incentives, and connected networks of actors, to support infrastructure development

## 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



- 7153 jobs supported
- 37 newly registered businesses with access to infrastructure in the free zone area.
- Over 1000 SMEs with improved access to infrastructure.



- 370 green and affordable housing units through the NTV project
- 12,000 people with improved access to clean electricity (Solar)-Darway Coast
- Over 10 million people with access to Hydro-Power



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



- 1,442 permanent jobs for women.
- Community investment schemes by portfolio companies target women-owned and/or women-led enterprises, such as micro-loans for women-led SMEs and cooperatives
- 37 women (24%) jobs at the managerial level, 24 Female truck drivers (TSL)



- 937: Telecommunications Towers supported
- 1,264 logistics trucks (TSL and GPC)
- over 744,000 tonnes of bulk cargo transported.



- 600MW of hydropower installed
- 1711 KWp of solar mini-grids installed
- 15,000 MT of LPG Storage Facility
- 4,113.02 improved hours of power

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



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