



INFRASTRUCTURE
**KNOWLEDGE
EXCHANGE**
PROGRAMME



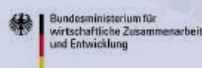
2024
REPORT

InfraCredit
Securing Infrastructure Finance

2024 REPORT

Infrastructure
Knowledge Exchange
Programme Report

Funding Partners:



Strategic Partner:





INFRASTRUCTURE
**KNOWLEDGE
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PROGRAMME

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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



INFACREDIT 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

201 m USD

CORE CAPITAL

105 m USD

SUBORDINATED CAPITAL

71 m USD

CALLABLE CAPITAL

25 m USD

GUARANTEE CAPACITY

UP TO NGN 413 billion \$1b USD EQUIVALENT

IMPACT

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

19 NUMBER OF PENSION FUND INVESTORS

UP TO 20 yrs

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 PENCOD 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.



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CHAPTER

Foreword

CEO'S REMARK



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CEO's Remarks

The InfraCredit Infrastructure Knowledge Exchange Programme has played a pivotal role in deepening its stakeholder's expertise in infrastructure as an asset class. By broadening their knowledge, the programme has enabled key players to transition from passive participation to active involvement in shaping and co-developing the sector.

Nigeria aims to increase its infrastructure stock to 70% of GDP, requiring annual infrastructure spending of over 7% of GDP for the next 30 years. As of December 2024, the Nigerian pension fund industry's assets under management (AUM) have reached N22.5 trillion (approximately \$11.8 billion). Despite regulations allowing up to 35% allocation to corporate debt, only 1.5% is currently invested in infrastructure debt. In response to this, the Programme facilitated industry roundtable sessions to deliberate on key pillars of infrastructure credit financing with the aim of fostering a well-informed and functioning ecosystem. A notable highlight was the session on The Evolving Role of Risk Management in Unlocking Infrastructure Opportunities. The discussion focused on addressing macroeconomic challenges, adopting risk-sharing strategies, and unlocking sustainable infrastructure investment opportunities.

Further sessions addressed the Understanding of Infrastructure Investment Products for Financing Greenfield and Brownfield Projects with regulators such as the National Pension Commission (PENCOM) and the Securities and Exchange Commission (SEC). Key discussions included the pension landscape, infrastructure as an asset class, investor considerations such as revenue streams and risk management, as well as strategies for identifying and allocating risks. The sessions focused on infrastructure investment products, particularly financing models like Annuity PPPs and SPVs with credit enhancements, emphasizing their role in mobilizing capital through the capital markets.

The Programme also organized knowledge sharing sessions with regulators, providing insights into the technical expertise required in evaluating credit and project risks for eligible infrastructure assets under InfraCredit's Co-Due Diligence Framework. This session welcomed CROs (Chief Risk Officers) and CCOs (Chief Compliance Officers) of PFAs, Development Finance Institutions (DFIs), and industry experts who explored the legal distinctions between issue and issuer ratings, key regulatory innovations enabling private investment in greenfield projects, and critical factors institutional investors prioritize.

At InfraCredit, we recognize how regulation plays a crucial role in shaping the landscape of infrastructure investments, providing the necessary framework to attract long-term capital and mitigate associated risks. A well-defined regulatory environment fosters investor confidence, ensuring that infrastructure projects are financially viable and sustainable.



05

Trainings



103

Institutions



209

Participants



₦30.2^b

Billion capital
Mobilized

The Knowledge Exchange Programme initiative aligns with InfraCredit’s mission to equip long-term investors with the proficiency required to evaluate and invest in bankable infrastructure assets, unlocking sustainable capital for infrastructure development in Nigeria.

As of December 2024, the program successfully delivered 49 training sessions. These programs engaged 1,988 participants from 103 institutions, including 26 Pension Fund Administrators, 5 Life Insurance Companies, 5 Regulatory Bodies, and 67 other institutions.

InfraCredit has consistently reinforced its dedication to developing infrastructure assets in Nigeria. Thus far, it has financed 21 infrastructure projects through local currency-denominated debt, raising N235 billion with tenors extending up to 20 years.

Notably, first-time issuers initially fully guaranteed by InfraCredit have since accessed capital markets independently, demonstrating the self-sufficiency and catalytic impact of our capacity-building initiatives.

Looking ahead, InfraCredit remains committed to leveraging the Programme to strengthen knowledge sharing between regulators and investors, fostering regulatory innovations that expand market participation. We aim to leverage outcome-driven industry sector sessions to identify key challenges and develop practical regulatory solutions.

We are deeply grateful to our partners whose continued support has been instrumental in sustaining our market-building efforts. Their contributions align with our vision of being a trusted catalyst in attracting long-term capital to infrastructure finance in Nigeria.



Chinua Azubike,
Chief Executive Officer,
InfraCredit



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CHAPTER

Introduction

Our Strategic Approach

SUMMARY OF 2022 ACTIVITIES

STRATEGIC OUTLOOK



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Overview of Nigeria's Infrastructure Sector

As of December 2024, Nigeria's pension fund assets have experienced a significant growth of 22.65% over the previous year, reaching a total of ₦22.51 trillion. This expansion underscores the increasing availability of long-term capital within the country's financial system.

Despite this growth, investment avenues for deploying these long-term funds remain limited. To address this challenge, there is a pressing need to develop financing instruments that facilitate the efficient and sustainable channeling of pension funds into viable infrastructure projects. Such instruments would not only provide pension funds with diversified investment opportunities but also contribute to the nation's infrastructural development.

One notable initiative in this regard is InfraCredit, established in 2017 by the Nigeria Sovereign Investment Authority and GuarantCo. InfraCredit offers local currency guarantees to enhance the creditworthiness of debt instruments used to finance infrastructure assets in Nigeria. By providing these guarantees, InfraCredit aims to mobilize private finance, including pension funds, for infrastructure development, thereby bridging the investment gap in the sector.

The National Integrated Infrastructure Master Plan (NIIMP) estimates that \$2.3 trillion is required over 23 years (2020-2043) to bridge Nigeria's infrastructure deficit. In the short term, the country needs \$150 billion within five years, \$30 billion annually—to close the infrastructure gap and expand core infrastructure stock. As of February 2025, the National Integrated Infrastructure Master Plan (NIIMP) continues to project that private sector investment will account for 56% of total infrastructure funding by 2025. This projection underscores the critical role of private capital in addressing Nigeria's infrastructure needs.

To achieve the projected 56% private sector contribution to total infrastructure funding by 2025, the Nigerian government has implemented several initiatives to attract private investment. These include improvements in the ease of doing business, incentives for public-private partnerships (PPPs), and efforts to enhance regulatory efficiency. While these measures have created a more enabling environment, challenges such as policy consistency, regulatory clarity, and macroeconomic stability remain key considerations for investors.

The construction industry is expected to grow by 2.8% in real terms in 2024, with a projected average annual growth of 3.1% from 2025 to 2028. This growth is expected to be driven by private investments in electricity, transportation, and industrial infrastructure. However, external factors such as inflationary pressures, exchange rate fluctuations, and fiscal constraints may influence the pace and scale of investment.

Despite these considerations, there has been notable private sector participation in key infrastructure projects, reflecting confidence in the long-term potential of the market. Moving forward, sustained policy reforms, strengthened governance, and macroeconomic stability will be critical to unlocking further private sector investment and achieving national infrastructure development goals.

However, rising public debt has further constrained fiscal space. As of June 2024, Nigeria's debt-to-GDP ratio has increased to 55%, while high debt service-to-revenue ratios continue to limit capital expenditure. This underscores the urgent need for private sector investment and public-private partnerships (PPPs) to finance critical infrastructure projects.

To address this challenge, there is a growing focus on alternative financing mechanisms that can efficiently mobilize long-term capital. Strengthening revenue generation and improving fiscal management will also be key to ensuring sustainable infrastructure development.

As of December 2024, Nigeria's pension fund assets have reached an all-time high of ₦22.51 trillion, marking a 22.65% increase from ₦18.36 trillion in December 2023. - Nairametrics

Despite the National Pension Commission's (PenCom) strategic goal to allocate up to 35% of pension assets to infrastructure investments, actual allocations remain modest. As of December 2024, investments in infrastructure funds stood at ₦214.33 billion, representing approximately 0.95% of total pension assets.

To bridge this gap, PenCom has initiated a comprehensive review of its investment regulations, aiming to diversify pension fund portfolios into alternative assets, including infrastructure projects. Additionally, in December 2024, PenCom lifted its suspension on Pension Fund Administrators (PFAs) investing in commercial papers issued by non-bank entities, following the establishment of regulatory guidelines by the Securities and Exchange Commission (SEC). This move is expected to broaden investment avenues for pension funds, potentially increasing their participation in infrastructure financing.

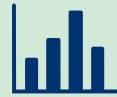
In summary, while Nigeria's pension fund assets have seen significant growth, the allocation towards infrastructure remains below the regulatory threshold. Ongoing regulatory reforms and the development of bankable infrastructure projects are essential to fully harness the potential of pension funds in addressing Nigeria's infrastructure deficit.





30 YEARS

Ave. Contractual Maturity of Pension Funds & Insurance liabilities with limited assets of matching duration



N46.8 TRILLION

Total Par Value Outstanding in Nigerian Debt Markets as at December 2022



\$150 BILLION

Annual Funding required to bridge infrastructure deficit (next 23 years)

According to Nigeria's National Integrated Infrastructure Master Plan ("NIIMP")



N22.51 TRILLION PENSION FUND ASSETS

as at December 2022

has been increasing at an average annual growth rate of 15% p.a. from an initial size of **N47 billion** in 2004 to its current level



N19 TRILLION

FORECAST of the nation's Pension Assets to double over the next three years



N2.1 TRILLION

Estimated Minimum Potential Pension Funds Investable in Eligible Infrastructure Bonds

Based on Investment Thresholds and Limits in the Pension Investment Guidelines

<3



INFRASTRUCTURE BONDS

limited long dated bonds issued to finance infrastructure assets

New infrastructure assets (“greenfield”) are the majority source of demand for infrastructure finance. This is particularly risky in emerging economies like Nigeria. PENCOM, however, prioritizes the safety of pension savings and fair return on investment. Therefore, most Pension funds are more interested in investing in low-risk infrastructure projects that have already been in operation (“brownfield”).

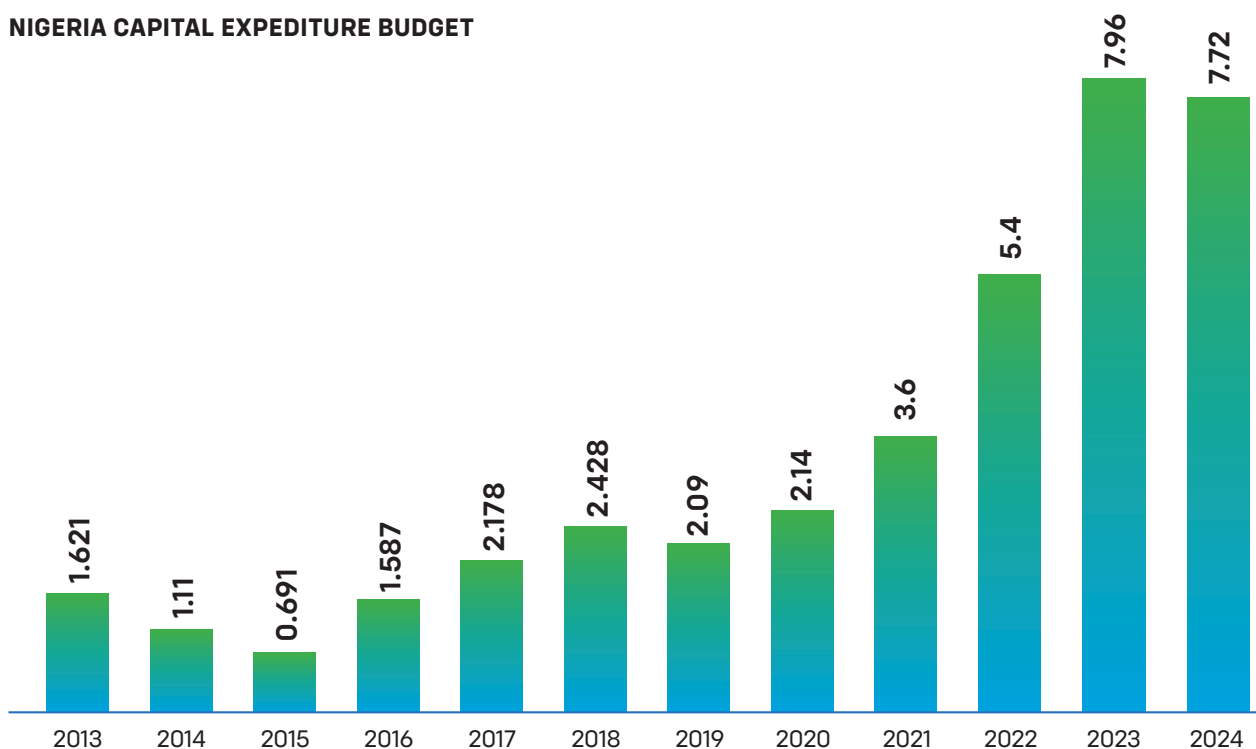
The ability of domestic investors, such as pension and insurance fund managers, to assess infrastructure projects internally is limited; building up internal knowledge is also expensive and time-consuming. Experts have shown that one of the main barriers to investment is institutional investors’ inability to accurately assess infrastructure assets.

As a result, while the market is teeming with new infrastructure projects’ demand for funding and its urgency, domestic institutional investment from pension funds is still very limited 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 30% of GDP

- - 2024 CAPEX is currently C.31.6% of the annual budget
- - 2024 CAPEX is currently 28% of estimated annual spending
- - 2023 CAPEX is currently C.31.6% of the annual budget
- - 2023 CAPEX is currently 32% of estimated annual spending

NIGERIA CAPITAL EXPENDITURE BUDGET



The Reviewed Natural integrated Master plan (NIIMP) estimates an investment need of US\$2.3trillion to finance its infrastructure deficit on a 23-year period (2020-2043). In the short term, Nigeria requires US\$150billion in 5 years, an average of \$30 billion dollars per year to bridge the current infrastructure gap and grow core infrastructure stock. NIIMP also expects the share of the private sector investment to increase to 56% by 2025.

Nigeria's Debt-to-GDP ratio has increased to around 39.2% as of 2024, reflecting a steady rise due to both domestic and foreign borrowings. Interest expense to revenue ratio is now estimated at approximately 55.7% in 2024, which is significantly high, indicating that a large portion of government revenue is used to service debt. These figures highlight the fiscal constraints faced by the government and underscore the pressing need for private sector investment and Public-Private Partnership (PPP) financing to fund capital expenditures and bridge Nigeria's infrastructure gap.

New infrastructure projects (greenfield) constitute the primary demand for infrastructure financing, particularly in emerging markets such as Nigeria. However, these projects carry inherent risks. Given PENCOM's mandate to safeguard pension savings and ensure stable returns, pension funds predominantly allocate investments toward brownfield infrastructure—established projects with proven performance and lower risk profiles.

A key constraint for domestic institutional investors, including pension and insurance fund managers, is the limited capacity for independent infrastructure project assessment. Developing this expertise internally is both resource-intensive and time-consuming. Research indicates that a major challenge to increasing institutional investment in infrastructure is the difficulty in accurately evaluating infrastructure assets.

As a result, despite the significant demand for infrastructure funding, pension fund investments remain largely directed toward low-risk, investment-grade assets with established operational track records. New infrastructure projects (greenfield) constitute the primary demand for infrastructure financing, particularly in emerging markets such as Nigeria. However, these projects carry inherent risks. Given PENCOM's mandate to safeguard pension savings and ensure stable returns, pension funds predominantly allocate investments toward brownfield infrastructure—established projects with proven performance and lower risk profiles.

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OUR COMMITMENT TO KNOWLEDGE EXCHANGE



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. To complement efforts in strengthening investor confidence, InfraCredit also recognizes the pivotal role of regulators in fostering a stable and transparent investment environment for infrastructure financing. While equipping investors with the necessary insights and tools is essential, regulatory support is equally critical in shaping policies that enhance private sector participation and mitigate investment risks.

A key aspect of this approach is ensuring that investors have access to clear, standardized regulatory guidelines that provide certainty and stability. Additionally, fostering active collaboration between regulators and market participants will help address concerns, refine investment frameworks, and create an enabling environment for long-term infrastructure financing. By aligning market needs with regulatory policies, this initiative aims to deepen the Nigerian Debt Capital Market, enhance investor confidence, and drive sustainable infrastructure development. The Infrastructure Knowledge Exchange Programme is coordinated by InfraCredit in collaboration with Development Partners PIDG, GuarantCo and the German Government through KfW.

As of December 2024, under the programme, from inception to date, 49 (forty-nine) trainings have been implemented including ten (10) investor roundtable workshops, (twenty-six) 26 investors and regulators' trainings, and (thirteen) 13 investor roundtable workshops and (ten) 10 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, nine hundred and eighty-eight (1988) participants one hundred and three (103) institutions including twenty-six (26) Pension Fund Administrators, five (5) Life Insurance Companies, Five (5) Regulatory bodies, and Sixty-seven (67) other institutions.

As of December 2024, the programme, from inception to date, has been implemented, including targeted at participants at different levels of executive management, investment and risk teams of the participating institutional investors. This initiative has been very instrumental in facilitating improved pricing, understanding our guaranteed bonds and increased investment appetite from new pension fund and insurance investors.

In 2024, the Knowledge Exchange programme conducted Five (5) training programmes including two (2) investor roundtable workshops, two (2) investors and regulators' training exercises, and One (1) Due Diligence Exercise. The events had a total of two hundred and eleven (211) participants from thirty-nine (39) institutions including eighteen (18) Pension Fund Administrators, four (4) Closed Pension Fund Administrators, Three (3) regulators Five (5) life insurance companies, and nine (9) other institutions.

Subsequently, InfraCredit has successfully facilitated financing for Twenty-two (22) infrastructure projects through local currency-denominated debt in the domestic debt capital market. The aggregate amount reached N235 billion, with average tenors extending up to 20 years. These financing programs experienced significant investments from local pension fund investors, including 18 participants from our knowledge Exchange program. This underscores the considerable potential and investor appetite for infrastructure projects.

Importantly, first-time issuers, initially fully guaranteed by InfraCredit, can now access the capital markets for a second time without the need for a guarantee. This attests to the self-sufficiency and catalytic impact of our capacity-building and credit enhancement programs.



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Hamimah Sanusi,
Chief Infrastructure Officer,
ICRC

03

CHAPTER

Activities and Events

HIGHLIGHT OF ACTIVITIES

CO-DUE DILIGENCE EXERCISE

INVESTOR TRAININGS

ROUNDTABLE DISCUSSIONS



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Summary of Capacity Building Programme

Activities as at December 2024



Participation by institution

PFAs, PFCs and CPFAs	56%
Life Insurance	13%
Regulators	8%
Others	23%



Co-Due Diligence Exercise

Evaluating Gas Processing and Distribution Projects in Nigeria

The Co-Due Diligence Exercise Programme is a specialized initiative designed for investment officers and investment research teams of pension fund administrators and other institutional investors. The programme aimed to enhance participants' understanding of infrastructure investments through detailed due diligence exercises on selected projects. The Co-Due Diligence Exercise Programme presents a valuable opportunity for institutional investors to deepen their knowledge of infrastructure investments and engage with leading experts in the field.

The Infrastructure Knowledge Exchange Programme organized a Co-Due Diligence session, which included a macroeconomic overview as well as several due diligence sessions covering environmental and social due diligence, legal due diligence, technical due diligence, and financial due diligence for the following projects.

- **Gas Terminalling Storage Company Limited** - An indigenous LPG Storage and Distribution Company
- **VI Power** - Distributed Energy Generation
- **Industrial Platform Remo Limited (IPRL)** - Agro-Processing Focused Special Economic Zone
- **Craneburg Construction Company Limited** - Toll Road Project.



**Contractual
cashflows**



**Essentiality
of product**



**Proven
business
track record**

AN INDIGENOUS LPG STORAGE AND DISTRIBUTION COMPANY

HIGHLIGHT OF THE COMPANY

<p>Company Profile</p>	<p>Gas Terminalling Storage Company Limited is a subsidiary of Asiko Energy Holdings Limited established as a midstream and downstream gas company to provide cooking gas terminalling, storage, and throughput services to affiliate companies within the Group as well as to third party customers. Whilst noting that AEHL has 99.9 percent ownership of the company, the Ekundayo family are the majority ultimate beneficial owners. Asiko Energy Holdings Limited is a group of companies involved in the trading and distribution of LPG for household, commercial, and industrial use, as well as the provision of energy-as-a-service solutions to commercial and industrial customers. The company is currently setting up an LNG plant as phase II of the terminalling business.</p>
<p>Market Overview</p>	<p>Although Nigeria is a gas-producing country with estimated reserves of about 206.53 trillion standard cubic feet. (tcf) as of June 2021, ranking her as the largest producer in West Africa, its utilisation in the country is said to be the lowest in the region due to harsh government policies on tariff and taxation on the product. In spite of this, the sector has grown by about 1,000% in the last 10 years with an annual demand for LPG is estimated at c. 900,000 MT, with supply of about 400,000 MT. With respect to the power industry, the epileptic supply of power in Nigeria has driven a large percentage of the population to seek for alternative sources to compensate for the irregular grid-based power supply. As a result, many manufacturing firms have scaled down operations or opted for captive solutions, powered by an array of generators to supply energy at a high cost financially. However, power as a service providers are able to provide more cost-efficient power solutions on the back of captive permits or off-grid generation licenses from NERC.</p>

PROJECT FEATURES

<p>Long term supply agreements with inland gas processing plants</p>	<p>Robust demand for LPG as cooking gas, industrial use, gas to power solution</p>	<p>Supports economic development</p>	<p>Income Generating Potential</p>
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ISSUER	APL Funding SPV PLC	ISSUE RATING	AAA (backed by the irrevocable credit guarantee of InfraCredit)
CO-OBLIGORS	<ul style="list-style-type: none"> • Gas Terminalling and Distribution Limited • Gas Terminalling Storage Company Limited • Gas Terminalling Global Operations Limited 	SIZE	Up to N8.5billion
INFRASTRUCTURE ACTIVITY	Power (Off-Grid, Gas distribution)	EXPECTED MATURITY DATE	2034
TENOR	Up to 10years	YIELD	FGN 10 Year Bond at Issuance + Applicable Premium
PRINCIPAL AND INTEREST AMORTISING	Amortizing	USE OF PROCEEDS	To finance the completion of the 3,000MT propane-rated liquefied petroleum gas (LPG) terminal in Ijora
GUARANTOR	Infrastructure Credit Guarantee Company Limited (InfraCredit)		

EXPECTED DEVELOPMENT IMPACT

FINANCE	INFRASTRUCTURE	IMPACT
Up to NGN8.5 billion Financing	Capital expenditure associated with financing the completion of the 3,000MT propane-rated liquefied petroleum gas (LPG) terminal in Ijora	<p>Support green environment: Access to Infrastructure (i.e., Increased access to cost effective power solutions for small businesses, which are critical for diversifying and growing the economy in the medium-to-long term.</p> <p>Aligns with SDG 7: The Project will provide a clean energy source and provide constant power supply translating to increased productivity</p> <p>Job Creation: Creating new direct & indirect jobs</p>



Contractual cashflows



Fixed Assets with long term useful life



High demand - supply gap in the

DISTRIBUTED ENERGY GENERATION

HIGHLIGHT OF THE COMPANY

<p>Company Profile</p>	<p>VI Power is a special purpose vehicle incorporated to develop, own and operate a 30MW gas-fired power plant in Victoria Island in collaboration with Eko Electricity Distribution Company (EKEDC). VI Power is responsible for managing and upgrading the associated distribution infrastructure, procuring the required financing to undertake the network reinforcements and extensions, as well as managing the billings and collections from customers. VI Power has an embedded power generation license and will supply power to customers in the Victoria Island franchise area of EKEDC.</p>
<p>Market Overview</p>	<p>Despite decades of investment, Nigeria’s electricity generation, transmission, and distribution have not significantly improved, with average grid supply to distribution companies at 4,544MW in 2023 (NERC report). Distributed Energy Generation (DER), connects small/medium-sized power plants directly to distribution networks, bypassing the national grid. Nigeria, with the largest number of un-electrified people globally, presents a significant market for DERs, with studies projecting a 20GW opportunity over the next decade. Recent regulatory support such as the NERC directive requiring distribution companies to secure 10% of their 2024 energy supply from embedded sources, amounting to at least 398MW across the 11 Discos presents an enabling environment for the development of DERs.</p>

PROJECT FEATURES

<p>Competent and experienced EPC contractor</p>	<p>Opportunity to bridge power supply gap</p>	<p>Supports economic productivity and growth</p>	<p>Strong income generating potential</p>
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PROMOTER	<ul style="list-style-type: none"> Elektron Power Infracom ARM-Harith Infrastructure Fund Managers 	INFRASTRUCTURE ACTIVITY	Power (off-grid/ embedded generation)
ISSUER	Elektron Finance SPV Plc	EXPECTED ISSUE RATING	AAA (backed by the irrevocable credit guarantee of InfraCredit)
CO-OBLIGATOR	VI Power Limited	SIZE	Up to NGN17 billion
TENOR	Up to 15 Years	EXPECTED MATURITY	FGN 10 Year Bond at Issuance + Applicable Premium
EFFECTIVE DURATION	Up to 15 years	YIELD	FGN 15 Year Bond at Issuance + Applicable Premium
PRINCIPAL AND INTEREST AMORTISING	Amortising	USE OF PROCEEDS	To finance the construction/ completion of a 30MW plant from Wartsila including a 2.5km gas spur line as well as an evacuation and distribution network .
GUARANTOR	Infrastructure Credit Guarantee Company Limited (InfraCredit)		

EXPECTED DEVELOPMENT IMPACT		
FINANCE	INFRASTRUCTURE	IMPACT
Up to NGN15 billion Financing	Capital expenditure for the construction and development of a 30MW power plant including a 2.5km gas spur line as well as an evacuation and distribution network .	<p>Improved access to Infrastructure: Supporting local, sustainable businesses and companies through the provision of reliable power connections within the geographical location.</p> <p>GHG Omission: Considerable impact on the reduction of global warming through its utilization of clean energy to generate power.</p> <p>Job Creation: Direct (up to 20) and indirect job (over 50)</p>



Contractual cashflows



Essentiality of product



Proven business track record of the Promoter

AGRO-PROCESSING FOCUSED SPECIAL ECONOMIC ZONE

HIGHLIGHT OF THE COMPANY

<p>Company Profile</p>	<p>Industrial Platform Remo Limited (IPRL) is a joint venture between ARISE Integrated Industrial Platforms (ARISE IIP) and the Ogun State Government to develop, manage, promote and operate the Remo Economic Development Cluster with strategic focus several sectors including agro processing, as well as light industries, pharmaceuticals, and logistics. The Remo Economic Development Cluster is a Special Economic Zone located in the Remo region of Ogun State. IPRL is the vehicle through which ARISE IIP will establish its presence in Nigeria following its successes in Gabon – i.e., where it established a US\$1.0 billion wood- based export industry (implemented through the Nkok SEZ). (Special Economic Zones)</p>
<p>Market Overview</p>	<p>Nigeria’s Free Trade Zones (FTZs) are duty-free areas, offering warehousing, storage, and distribution facilities for trade, trans- shipment and re-export operations. Free Trade Zones in Nigeria are regulated by the Nigeria Export Processing Zones Authority (NEPZA), which oversees all the activities of FTZs, acting as the coordinator of other government agencies in their relations with enterprises or businesses approved to operate in FTZs. Currently, there are 22 active free zones across 7 States and the Federal Capital Territory (FCT), and 20 zones which remain inactive. Ogun State is known as the Gateway State in Nigeria primarily due to its strategic location between Lagos, other major cities in the Southwest and the rest of the country. The state currently has the largest concentration of industries in Nigeria and has benefited from the spillover of corporations from Lagos State – the commercial capital with the largest market and the busiest ports. The State’s proximity to the largest market and the busiest ports has contributed to its emergence as a fast-growing industrial hub</p>

PROJECT FEATURES

<p>Industrial and Logistics Zone with state-of- the-art facilities</p>	<p>Support building an integrated community</p>	<p>Supports economic development</p>	<p>Income Generating Potential</p>
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PROMOTER	Arise IIP	ISSUE RATING	AAA (backed by the irrevocable credit guarantee of InfraCredit)
ISSUER	IPR Funding SPV Plc	SIZE	Up to N8.5billion
CO-OBLIGATOR	Industrial Platform Remo Limited	EXPECTED MATURITY DATE	2034
INFRASTRUCTURE ACTIVITY	Logistics (Special Economic Zone)	YIELD	FGN 10 Year Bond at Issuance + Applicable Premium
TENOR	Up to 20years	USE OF PROCEEDS	To fund the construction and development of Phase 1A of the Agro-processing focused Remo Economic Development Cluster
EFFECTIVE DURATION	Up to 20years	GUARANTOR	Infrastructure Credit Guarantee Company Limited (InfraCredit)
PRINCIPAL AND INTEREST AMORTISING	Amortizing		

EXPECTED DEVELOPMENT IMPACT		
FINANCE	INFRASTRUCTURE	IMPACT
Up to NGN70billion Financing	Capital expenditure associated with the financing of construction and development of Phase 1A of Remo Economic Development Cluster	<p>Improved agricultural productivity and local supply chain development Through increased value add, access to technology, inputs, and markets.</p> <p>Improved access to infrastructure For underserved populations through power, water, health, education infrastructure development</p> <p>Job Creation: Direct and indirect jobs for 32,000 people, with at least 15 percent skilled jobs, spanning agriculture, agro-processing, construction, and others</p>



**Essentiality
of the
Project**



**Revenue
generating
and
predictable
cashflows**



**Proven
business
track record
of the
Promoter**

TOLL ROAD PROJECT THAT IMPROVES ROAD CONNECTIVITY AND ACCESS THROUGH THE STATE

HIGHLIGHT OF THE COMPANY

Company Profile

Craneburg Construction Company Limited (Craneburg) was established in April 2013 as a civil and building construction company offering diversified general contracting and design-build services to private clients and public agencies in Nigeria. Craneburg's services include the provision of general contracting, pre-construction planning and comprehensive project management services, including the planning and scheduling of the manpower, equipment, materials, and subcontractors required for a project. Craneburg has executed numerous projects across multiple states in Nigeria (including Lagos, Ogun, Ondo, Imo and Edo amongst others) with a combined value of over NGN250 billion since 2015

Market Overview

The Ado-Ekiti Transportation Master Plan involves the construction of 17.84km (phase 1) of the 68km road network that will originate from Iworoko, connect through Ago Aduloju, to Ikere, through Ilawe Ekiti and reconnects Iworoko providing direct linkages with key locations and upcoming strategic projects in the state such as the proposed Airport, Agro Processing Zone, Knowledge Zone, (with linkage to Lagos-Kano Rail Station) and the currently existing Afe Babalola University, Ado-Ekiti. The Project is being developed under a design, build, finance, operate and maintain ("DBFOM") arrangement. The toll road will provide a bypass avoiding the congested Ado-Ekiti traffic going from one end of Ekiti to the other end of the State. Upon completion, the Project will unlock economic activities, induce significant additional traffic along the project corridor and improving road usage.

PROJECT FEATURES

Contractual and predictable cashflow governed by a 30-year Concession Agreement

Supports road connectivity and access in and through the State

Boosts economic development and improvement in the Standard of living


Income Generating Potential from toll and non-toll activities

PROMOTER	Craneburg Construction Company Limited	ISSUE RATING	AAA (backed by the irrevocable credit guarantee of InfraCredit)
ISSUER	Craneburg EKSG Motorway Company Plc	SIZE	Up to N32.5billion
CO-OBLIGATOR	N/A	EXPECTED MATURITY DATE	2044
INFRASTRUCTURE ACTIVITY	Road Transportation	YIELD	FGN 20 Year Bond at Issuance + Applicable Premium
TENOR	Up to 20years	USE OF PROCEEDS	To fund the construction of the first phase (17.84km) of the 68km Ado-Ekiti toll road and the associated facilities
EFFECTIVE DURATION	Up to 20years	GUARANTOR	Infrastructure Credit Guarantee Company Limited (InfraCredit)
PRINCIPAL AND INTEREST AMORTISING	Amortizing		

EXPECTED DEVELOPMENT IMPACT

FINANCE	INFRASTRUCTURE	IMPACT
Up to NGN32.5billion Financing	Capital expenditure associated with the financing of construction of the first phase (17.84km) of the Ado-Ekiti Toll Road Project	<p>The Project will enhance the local community - land value, better roads for commerce, new jobs, and ensure the roads are revenue generating via tolling income, maintained, and provide new revenues sources that will promote economic growth.</p> <p>Improved road connectivity across the State - For the local population which shall have a significant impact on business activities.</p> <p>Job Creation: During construction, over 250 direct jobs will be created with at least another 50 indirect jobs, while 31 jobs will be created post-construction.</p>

TECHNICAL CONSULTANTS

	<p>Vappax Group is a diversified business organization with a strong focus on the Energy, Infrastructure, and Real Estate sectors. With a solid presence in Nigeria and across West Africa, Vappax Group brings together skilled project developers and entrepreneurs who offer deep technical and commercial expertise at every stage of your projects. From initial concept and planning through to development and operations, Vappax Group partners with clients to deliver high-impact projects that drive sustainable growth in these essential sectors, positioning your ventures for success in an evolving regional landscape</p>
	<p>Over the past 12 years, Energy Culture has established a strong reputation for delivering technical support, due diligence, monitoring and evaluation, project defense, and project audits—primarily within the energy and infrastructure sectors. Serving a diverse clientele that includes commercial lenders, development finance institutions (DFIs), large corporations, government agencies, and multinational companies, Energy Culture has consistently provided expertise and insights that help clients manage risk and ensure project success. Through a commitment to thorough analysis and high standards, Energy Culture supports clients in making informed decisions and achieving sustainable outcomes across complex projects</p>
	<p>Royal HaskoningDHV is an independent engineering consultancy dedicated to creating positive impacts for people and the planet. With over 140 years of experience and a team of 6,000 experts across more than 20 countries, they help clients address complex challenges like climate change, digital transformation, shifting customer needs, and the energy transition. Known for their strong track record, Royal HaskoningDHV brings extensive expertise to technical due diligence, promoting sustainable project outcomes worldwide.</p>
	<p>As a leading infrastructure, engineering, and advisory firm, Zutari is dedicated to harnessing the transformative potential of infrastructure to create lasting, positive impact. With deep expertise across sectors including water, transport, energy, resources, and the built environment, Zutari brings a holistic approach to designing, delivering, and managing projects that drive value for clients and communities alike. By focusing on sustainable solutions and innovative planning, Zutari’s work supports thriving communities, fosters economic growth, and protects the environment—ensuring that each project contributes meaningfully to a better future.</p>

LEGAL CONSULTANTS

Detail

DETAIL has a vibrant infrastructure practice and has developed in-depth and practical knowledge of the multiple sectors, a full understanding of the legal and regulatory framework, as well as the rudiments of optimal risk allocation in the sector. The firm is well known for its infrastructure practice in the areas of Public Private Partnerships (PPP) and Project Finance. Awarded best PPP Law Firm, Nigeria, 2013 by World Finance and highly ranked for its Infrastructure practice in IFLR1000, the firm has developed in-depth and practical knowledge of PPPs and has a full understanding of the legal and regulatory framework for PPPs at the federal and state government levels as well as the rudiments of optimal risk allocation.

DETAIL has a robust Power practice, reputed for its thorough understanding of the legal, contractual and regulatory framework of the Nigerian Power sector. The firm has worked on both the Government/ Regulatory side and the private side with power developers



Udo Udoma & Belo-Osagie is a prominent full-service corporate and commercial law firm, renowned for its broad range of legal expertise and its offices strategically located in Nigeria's major commercial hubs, including Lagos and Abuja. With decades of experience, the firm offers comprehensive legal support across diverse industries, providing solutions that are both innovative and practical. With a client-centric approach, Udo Udoma & Belo-Osagie provides expert legal counsel designed to foster business growth, support strategic objectives, and ensure long-term success in an ever-evolving market.



ALN Nigeria | Aluko & Oyeboade is a leading, full-service international law firm that delivers timely, solution-driven legal services to clients across key markets globally. With a reputation for excellence and a global reach, the firm is committed to providing practical and effective legal solutions that address the diverse challenges faced by businesses and organizations in various industries. The firm offers a comprehensive range of corporate and commercial legal services, covering sectors such as banking and finance, energy and natural resources, and project finance.



ENVIRONMENTAL AND SOCIAL GOVERNANCE CONSULTANTS



EY (Ernst & Young) is a global leader in providing comprehensive Environmental, Social, and Governance (ESG) services, helping businesses navigate the complex landscape of sustainability and responsible investment. With a strong commitment to delivering impactful solutions, EY supports clients in integrating ESG factors into their business strategies, operations, and reporting frameworks. The firm's ESG services encompass sustainability strategy development, carbon and climate risk assessments, supply chain management, and regulatory compliance.

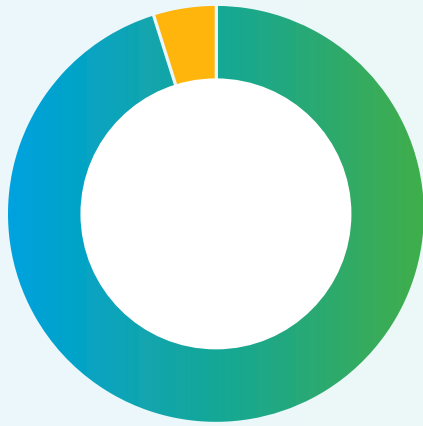
EY's team of experts works with organizations across industries to enhance transparency, manage risks, and identify opportunities that drive long-term value while fostering positive social and environmental impact. With a focus on aligning with international ESG standards, EY helps clients improve their sustainability performance and strengthen stakeholder trust, ultimately positioning them for success in a world increasingly focused on responsible business practices.



Aquaearth Consulting is a leading environmental and sustainability consultancy committed to helping organizations effectively manage environmental risks while achieving their sustainable development goals. Specializing in environmental and social due diligence, Aquaearth provides expert services that include comprehensive impact assessments, environmental compliance, sustainability strategy development, and risk mitigation. The firm's expertise spans across multiple sectors, including energy, infrastructure, natural resources, and more. With a deep understanding of local and international regulatory frameworks, as well as industry best practices, Aquaearth offers tailored solutions that address the unique environmental challenges faced by its clients. The firm works closely with businesses to navigate complex environmental regulations, assess potential risks, and develop sustainable strategies that minimize negative




The Co-Due Diligence sessions, held on November 14th and 19th, 2024, had 60 participants from 15 institutions. These sessions were designed for investment officers and investment research teams of pension fund administrators and other institutional investors.

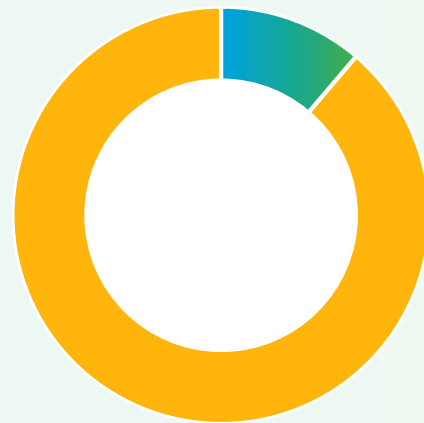


Distribution of Participants by institution

	PFAs and CPFAs	92%
	Others	8%

Distribution of Participants by Gender

	Female	17%
	Male	83%





3.3

REGULATORS' TRAINING

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Catalysing Sustainable
Development Impact

3.3.1 Understanding Infrastructure Investment Products for Financing Greenfield and Brownfield Projects for National Pension Commission (PENCOM)



Infrastructure projects across the continent have gained increased attention from both domestic and international investors. Moody's study highlights Africa's default rates on debt for infrastructure projects are amongst the lowest in the world compared to other regions, suggesting that the African infrastructure investment landscape, including Nigeria, has demonstrated resilience and reliability (especially when financed in local currency).

Nigeria boasts of a growing pool of pension funds available for investment in infrastructure projects. As of December 2024, the National Pension Commission (PenCom) reported that Nigeria's Pension

Fund Administrators (PFAs) managed assets totaling approximately NGN22.51 trillion.

Pension plans can be efficient allocators to infrastructure as the asset class aligns long term liabilities with long term dated assets. Despite this potential, concerns persist, hindering substantial PFA investments in infrastructure. These concerns revolve around a spectrum of risk-related factors and regulatory complexities, particularly in private debt infrastructure investments.

Aligning with the Investment Supervision Department's primary mandate of overseeing investment evaluations and

ensuring regulatory compliance for pension funds, the Knowledge Exchange Session was designed to address these challenges. Given its authority over investment approvals and its role in recommending asset acquisitions and divestments, the department played a key role in shaping pension fund investments for infrastructure projects.

The Knowledge Exchange Sessions, exclusively developed for the National Pension Commission (PENCOM) were designed to provide a comprehensive understanding of infrastructure as an asset class, combining theoretical insights with interactive discussions and case studies. The sessions were structured into four key parts, each addressing critical aspects of infrastructure investment for pension funds and institutional investors.

The Knowledge Exchange Sessions covered several key topics related to infrastructure investment for pension funds and institutional investors.

The discussion on The Pension Landscape for Infrastructure Financing examined the role of infrastructure investments in pension fund portfolios. Participants were presented with insights into global trends, risk-return profiles, and various access mechanisms. The session also explored the relationship between pension funds and private equity, highlighting different investment structures and their implications.

In the session on Infrastructure as an Asset Class, participants explored infrastructure and project finance in Nigeria and Sub-Saharan Africa. The discussion reviewed various investment approaches, public-private partnership (PPP) structures, and alternative infrastructure sectors. Policy implications and emerging trends were also analyzed, providing a deeper understanding of the regulatory and economic landscape affecting infrastructure investments.

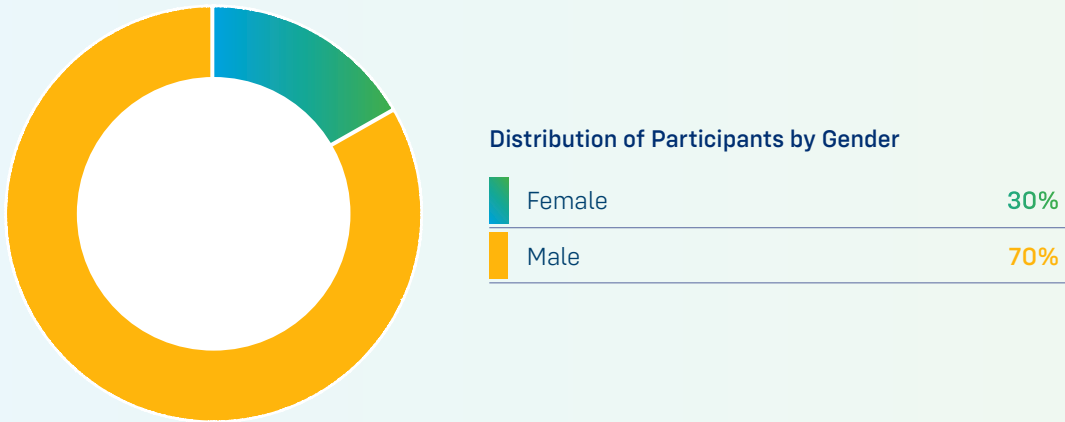
The session on Infrastructure Asset Investor Considerations focused on revenue



models, funding structures, and risk-return objectives. Participants examined financial modeling, sensitivity analysis, and due diligence processes essential for making informed investment decisions. A key area of discussion was the differentiation between projects with contractual revenue streams and those relying on market-based revenue, helping participants understand the varying risks and financial dynamics involved.

The final session, Project Cash Flow Forecasts & Risk Analysis, addressed risk identification, allocation, and management in infrastructure investments. Participants discussed key risk categories and various mitigation strategies to enhance investment security and performance. The impact of credit enhancement on infrastructure financing was also examined in detail, providing insights into how investors can safeguard their interests while optimizing returns.

Each session concluded with a recap of the core principles and learning outcomes, ensuring participants gained a comprehensive understanding of the complexities of infrastructure investments within pension fund portfolios. This session, held on the 25th and 26th of June 2024, had 36 participants in attendance.



3.3.2 Understanding Infrastructure Investment Products for Financing Greenfield and Brownfield Projects for Securities and Exchange Commission (SEC)



As Nigeria continues to focus on infrastructure development to support economic growth, understanding the financing structures for both greenfield (new) and brownfield (existing) projects becomes increasingly critical. The capital markets, including securities and bond markets, play a pivotal role in providing the necessary funds for these large-scale projects. According to the African Development Bank, Africa's infrastructure financing gap stands at an estimated NGN 52.3 trillion to NGN 83.1 trillion annually (\$68–\$108 billion). In Nigeria alone, the National Integrated Infrastructure Master Plan (NIIMP) estimates that \$3 trillion is required over the next 30 years to close the infrastructure gap.

The Securities and Exchange Commission (SEC) of Nigeria is at the forefront of regulating and facilitating these market activities. It is essential for SEC staff

to be familiar with the complexities of infrastructure financing to effectively oversee transactions, protect investors, and ensure that market participants adhere to best practices.

With Nigeria's infrastructure needs increasing, the capital markets have seen a surge in infrastructure-related transactions. For example, in 2022, the Nigerian Exchange Limited (NGX) recorded a 40% increase in the listing of infrastructure bonds compared to the previous year. Understanding these different financing structures, including public-private partnerships (PPPs) and project bonds, will help to effectively regulate and facilitate these transactions.

This session, which was exclusively developed for the Securities and Exchange Commission (SEC), was designed to enhance the regulatory capacity of SEC

staff in overseeing Nigeria's growing infrastructure-related transactions, including public-private partnerships (PPPs) and project bonds. Given the global challenges that infrastructure projects face, such as delays and cost overruns, the session aimed to equip regulators with the necessary skills to manage these risks effectively.

Additionally, the session sought to protect long-term investors, particularly those in Nigeria's pension industry, by ensuring transparency and adherence to ethical standards. By fostering a knowledgeable regulatory environment, it contributed to the development of Nigeria's capital markets and supported efforts to mobilize the necessary investments for infrastructure in alignment with the country's national development goals.

The Knowledge Exchange Programme explored various topics related to infrastructure financing and investment. The first session, "The Capital Market Landscape for Infrastructure Financing," focused on how capital markets can facilitate

infrastructure investment, acknowledging economic challenges and financing deficits. The session emphasized that infrastructure assets, due to their stable, liability-matching cash flows, attract long-term investors. The discussion also featured global case studies on capital market participants engaging in infrastructure financing through inflation-linked bonds, equity investments, sale and leaseback arrangements, and financing for social infrastructure projects. The session highlighted mechanisms for accessing infrastructure financing, including direct investment, dedicated platforms, and asset management services.

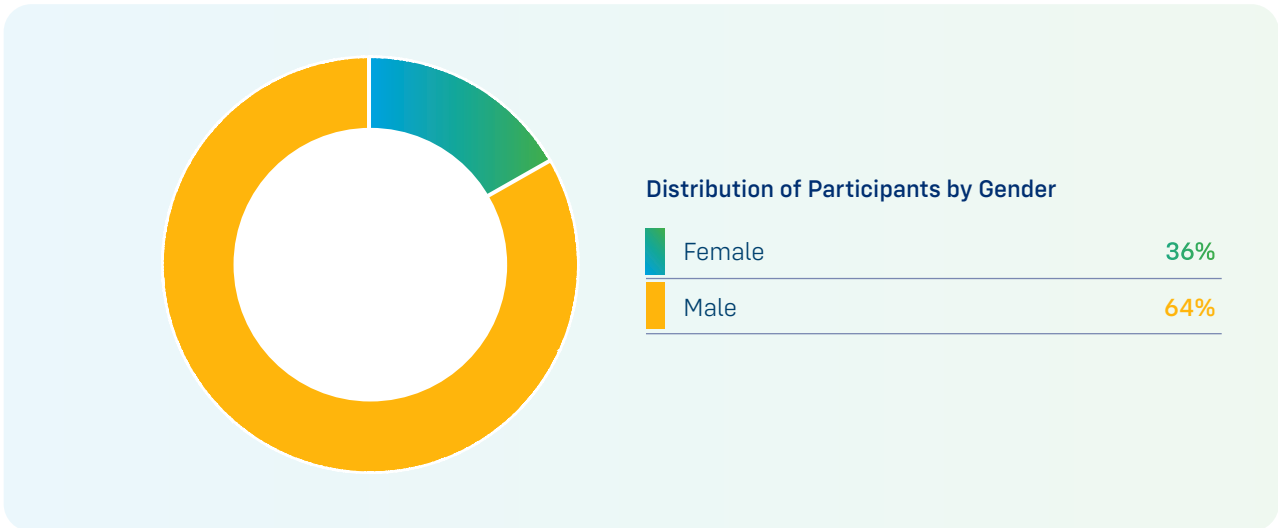
The second session, "Infrastructure as an Asset Class," provided a comprehensive overview of infrastructure asset classes and project finance in Nigeria and Sub-Saharan Africa. Key topics included characteristics, performance, investment options, and approaches. Distinctions were made between Public-Private Partnerships (PPPs) and project finance structures, offering valuable insights into each approach's applicability in the context of infrastructure financing.



The third session, “Infrastructure Asset Investor Considerations,” built on the introductory session and explored the differences between contractual and market-based revenue streams. It examined how funding and financing structures could be developed to achieve optimal infrastructure solutions, focusing on areas such as the cashflow waterfall, equity and debt mix, sensitivity analysis, and due diligence. Additionally, it covered the different risk/reward objectives for sponsors and investors in infrastructure projects.

The final session, “Understanding and Analyzing Project Cash Flow Forecasts and Key Metrics,” provided participants with knowledge on managing risks associated with integrating infrastructure assets into an asset manager’s portfolio. It included an analysis of various risks—construction, environmental, business disruption, operating, market, financial, political, legal, and more. The session also explored risk identification, allocation, management strategies, and the use of analytical tools for effective risk analysis.

The programme also highlighted the evolving regulatory frameworks and how they can drive sustainable investments. Case studies were analyzed to demonstrate the importance of strong regulations in enhancing financing credibility. This initiative equipped regulators with practical knowledge to support the growth of capital markets and foster infrastructure development in Nigeria. This session, held on the 18th and 19th of September 2024, had 45 participants in attendance.



3.4

ROUNDTABLE DISCUSSIONS

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Catalysing Sustainable
Development Impact

3.4.1 A Roundtable Session on The Evolving Role of Risk Management in Unlocking Infrastructure Opportunities: Leveraging Risk-Sharing Strategies



In a dynamic economic landscape like Nigeria, infrastructure development plays a pivotal role in driving sustainable growth and prosperity. However, the sector faces numerous challenges, including financing constraints, regulatory complexities, and macroeconomic uncertainties. The recent decision by the Central Bank of Nigeria to increase the monetary policy rate underscores the importance of proactive risk management in infrastructure financing. Heightened borrowing costs necessitate alternative financing mechanisms, such as concessionary rates and risk-sharing strategies, to mitigate uncertainties and ensure project viability.

In this context, syndicate guarantee structures emerge as a powerful tool to distribute risk among multiple stakeholders, reducing the burden on individual investors and lenders. These structures involve

collaborative arrangements for effective risk management, promoting investor confidence and addressing infrastructure deficits.

The Infrastructure Knowledge Exchange Programme serves as a platform for key stakeholders to come together and explore the evolving role of risk management in infrastructure financing. Through dialogue and knowledge sharing, participants will gain insights into InfraCredit's innovative risk-sharing strategies and their potential to unlock investment opportunities. This Roundtable event was specifically designed to facilitate dialogue and knowledge sharing among key stakeholders, including CROs of PFAs, Development Finance Institutions (DFIs), and industry experts involved in infrastructure finance risk management. The discussion addressed pressing questions and concerns related

to infrastructure investments in Nigeria, focusing on the prevailing macroeconomic headwinds and how risk-sharing strategies could be adopted to unlock greater investment in infrastructure.

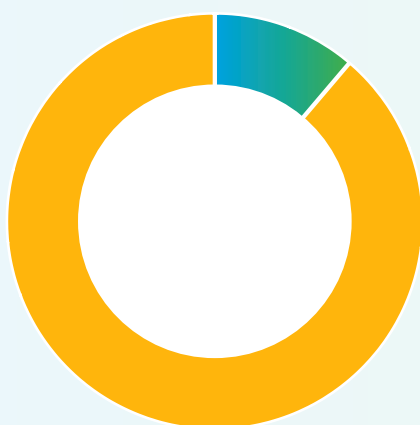
The theme, “The Evolving Role of Risk Management in Unlocking Infrastructure Opportunities: Exploring and Leveraging Risk-Sharing Strategies,” emphasized the importance of risk-sharing as a key innovation for unlocking infrastructure opportunities. It also highlighted the potential benefits that well-structured infrastructure projects could bring to Nigeria’s economic growth amidst macroeconomic challenges.

This Roundtable served as a platform for thought leaders, decision-makers, and practitioners to come together and explore how infrastructure investments could act as a catalyst for sustainable economic development in Nigeria while addressing the concerns and challenges posed by

recent macroeconomic conditions.

The programme facilitated dialogue and knowledge sharing among CROs, Development Finance Institutions (DFIs), and industry experts on infrastructure finance risk management. Discussions focused on addressing macroeconomic challenges, adopting risk-sharing strategies, and unlocking sustainable infrastructure investment opportunities. The event highlighted the critical role of risk-sharing arrangements in financing well-structured projects and emphasized their potential to drive Nigeria’s economic growth despite prevailing headwinds.

This session brought together 30 participants, including Chief Risk Officers and stakeholders from 21 Pension Fund Administrators and Custodians, managing over NGN 18.4 trillion (USD 14.1 billion) in assets.



Distribution of Participants by Management Level.

Non-Management Level Beneficiaries	13%
Management Level Beneficiaries	87%

3.4.2 A Roundtable Session on Investors' Roundtable on The Impact Of Credit Enhancement And Credit Ratings On Financing Infrastructure Development.



According to the Reviewed National Integrated Infrastructure Master Plan (2020), Nigeria requires an estimated US\$2.3 trillion in infrastructure investment between 2021 and 2043, across sectors such as energy, transport, agriculture, water, housing, ICT, and social infrastructure.

Infrastructure projects, particularly greenfield developments, require long-term financing to support extended development and construction phases before generating cash flows. These projects are often structured using project finance or public-private partnership (PPP) models, relying on project-specific concession companies or Special Purpose Vehicles (SPVs) that typically lack financial histories. In more developed economies,

long-term bonds issued through SPVs, supported by credit enhancement tools, serve as a critical funding mechanism. Notably, in the first nine months of 2023, over US\$42 billion in project finance bonds were issued across markets in the United States, Canada, Brazil, France, and Italy (source: Refinitiv Global Project Finance Review).

Credit enhancement and credit ratings play a pivotal role in attracting institutional capital to greenfield infrastructure projects. In Nigeria, regulatory innovations and credit enhancement mechanisms—such as securitization, revenue bonds, social bonds, infrastructure funds, and guarantees to bondholders—have been introduced to mitigate risks and improve

debt instrument ratings. Credit ratings are particularly crucial in mobilizing institutional capital, as they provide an independent assessment of credit risk, reducing uncertainty for investors. Higher-rated infrastructure projects are more attractive to institutional investors seeking secure, long-term returns, making credit ratings a cornerstone for securing long-term financing. These initiatives have significantly contributed to private capital mobilization for infrastructure development in Nigeria.

For Nigeria's capital market to fully support greenfield infrastructure development, further regulatory innovations are needed to align existing frameworks with evolving market demands. While regulations such as the SEC's rules on securitization provide a foundation for infrastructure financing—by recognizing SPVs as issuers and emphasizing the importance of debt instrument ratings—certain barriers persist. Specifically, SPVs and concessionaires without financial histories face challenges in meeting existing regulatory requirements, where the substitution of Sponsor or Guarantor financials is not clearly defined.

Nigeria's pension funds, managing over NGN21.1 trillion in assets, are permitted to allocate up to 35% of their portfolios to investment-grade corporate bonds, representing a potential US\$4.3 billion source of financing for infrastructure

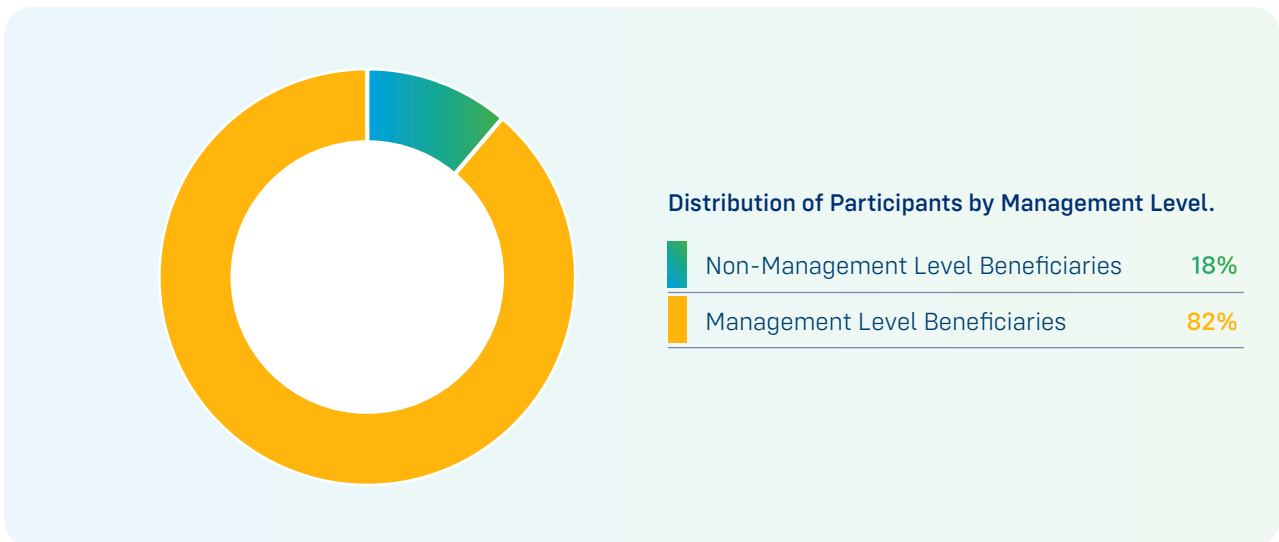
projects. However, to fully leverage this opportunity, Nigeria's capital market must enhance regulatory frameworks that enable greater access to institutional capital, particularly for greenfield projects.

Nigeria's Securities and Exchange Commission (SEC) has a strong track record of progressive regulation, overseeing a dynamic capital market with structured rules for debt and equity securities issuance. However, challenges persist in facilitating market access for newly incorporated SPVs and concessionaires, as current regulations rely heavily on issuer financial history or credit ratings. Tailored rules for SPVs could bridge this gap and unlock new investment opportunities. Similarly, PenCom's investment guidelines for pension funds require credit ratings from agencies registered with the SEC or recognized international agencies. Bonds and Sukuks issued by states, local governments, corporate entities, and infrastructure projects must carry a minimum 'A' rating from at least two rating agencies, one of which must be Nigerian. Pension funds can allocate up to 20% of their assets to bonds rated at least 'BBB,' with similar dual-rating requirements. Additionally, Eurobonds issued by eligible Nigerian corporate entities must not be rated lower than Nigeria's sovereign rating at the time of issuance, with these ratings maintained throughout the bond's tenure.

The roundtable with institutional investors aimed to clarify regulatory infrastructure issuance structures, focusing on instrument ratings and the key financial metrics of Guarantors or Sponsors—whose credit enhancement and market experience were pivotal in investment decisions by Qualified Institutional Buyers (QIBs). By advocating for regulatory frameworks that facilitated capital market access for infrastructure projects via project-specific SPVs and concession companies, without requiring traditional corporate finance histories, Nigeria’s capital markets under SEC oversight sought to unlock significant infrastructure financing opportunities. The roundtable discussions explored these issues, ensuring alignment between regulatory frameworks and institutional investor needs, ultimately fostering greater access to capital for infrastructure development in Nigeria.

This Roundtable event was held to facilitate dialogue and knowledge sharing among key stakeholders, including CROs (Chief Risk Officers) and CCOs (Chief Compliance Officers) of PFAs, Development Finance Institutions (DFIs), and industry experts, who were involved in infrastructure finance risk management. The discussion addressed pressing questions and concerns related to infrastructure investments in Nigeria, with a focus on The Impact of Credit Enhancement and Credit Ratings on Financing Infrastructure Development.

The session attracted 44 Chief Risk and Compliance Officers from Pension Funds, alongside regulatory and legal stakeholders.





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Programme Report



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CHAPTER
CHAPTER

Feedback from
Participants

4.1. Overall Feedback

95% Of participants find the training and discussions relevant to investors' needs.

95% Of participants believe that new useful information was gained during the sessions.

94% Of participants would invest more on infrastructure due to the information gained.

100% Of participants are interested in attending future training courses

85% Of participants believed the facilitators delivered excellently.

95% found the overall quality and effectiveness of the Infrastructure Capacity Building Programme excellent.

Participation

REGULATORS

13%

LIFE INSURANCE

8%

CPFAs

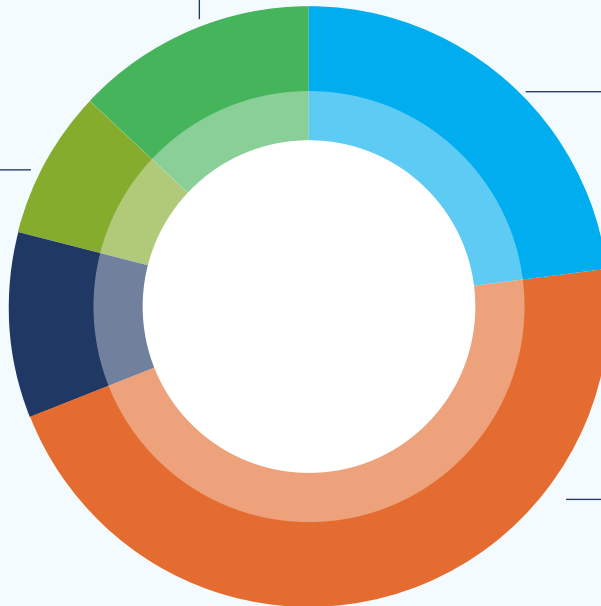
10%

OTHERS

23%

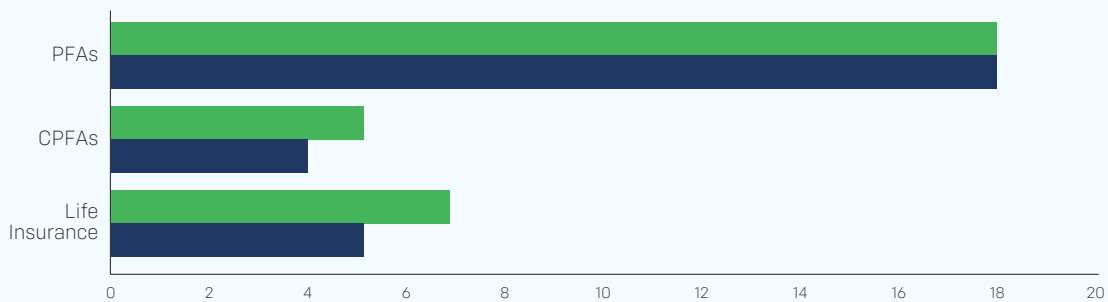
PFAs

46%



2023 Institutions by attendance

Investor Universe (Green) | Investor Coverage (Dark Blue)



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