



Climate Finance Workshop

Potential Financing Models for Climate-Smart Infrastructure Projects

8 December 2021

Who We Are



InfraCredit is a specialised financial guarantor established by the Nigeria Sovereign Investment Authority in collaboration with GuarantCo to provide guarantees to enhance the credit quality of local currency debt instruments issued to finance eligible infrastructure related assets in Nigeria.

For more information go to: <http://www.infracredit.ng/>



Credit Rating

Agusto

AAA (NG)
June 2022

GCR

AAA (NG)
June 2022



Capital Providers



Capital

US\$183m
Total Capital

Core Capital

US\$ 87 Million (NGN EQUIVALENT)

Subordinated Capital

US\$ 71 Million (NGN EQUIVALENT)

Callable Capital

US\$ 25 Million (NGN EQUIVALENT)



Eligibility Criteria

- › Naira Denominated Debt Issue
- › Eligible Infrastructure Activity
- › Debt Tenor of up to 20 years
- › Brownfield Asset
- › Acceptable Credit Profile
- › Pension (PENCOM) Compliant
- › Minimum BBB- Credit Rating
- › Adequate Security Package
- › Environmental & Social Standards



Development Partners



Our Track Record

InfraCredit has successfully closed six infrastructure financings, crowding-in about 17 institutional investors

		Off-grid power	NGN10.0 billion \$25.9million (USD Equivalent)	10 years	2017	12
		On-grid power	NGN8.5 billion \$22million (USD Equivalent)	15 years	2019	9
		Off-grid power	NGN13.0billion \$33.7million (USD Equivalent)	15 years	2019	10
		Transport & Logistics	NGN12.0 billion \$31.1million (USD Equivalent)	10 years	2020	11
		Inputs to Infrastructure	NGN10.5 billion \$26.3 million (USD Equivalent)	20 years	2021	11
		Transport & Logistics	NGN20 billion \$48.7million (USD Equivalent)	10 years	2021	9

InfraCredit is a Harvard Business School Case Study



HARVARD
BUSINESS SCHOOL



17 pension funds were represented which accounted for 61% of total number of PFAs and represented 75% of total Pension Assets.



Steady decrease in price of deals



Increased reduction in variance between price of deals and comparable FGN Bond rate.

- 82bps
 - 70bps
 - 66bps
- 

Key Highlights

Over the past 4 years of its initial operations, InfraCredit has facilitated first-time access to local currency finance of up to 20-year tenor from the domestic bond market for six infrastructure focused companies. Total value was NGN74 billion (USD180mn) which was oversubscribed by local pension fund investors, signifying strong investor appetite and confidence in its credit standing.

Introduction

InfraCredit has developed four (4) financing products that will unlock long-term local currency financing for climate-smart infrastructure projects in Nigeria...

1 Contingent Refinancing Guarantee Product/Model

2 Bridge to Bond Product/Model

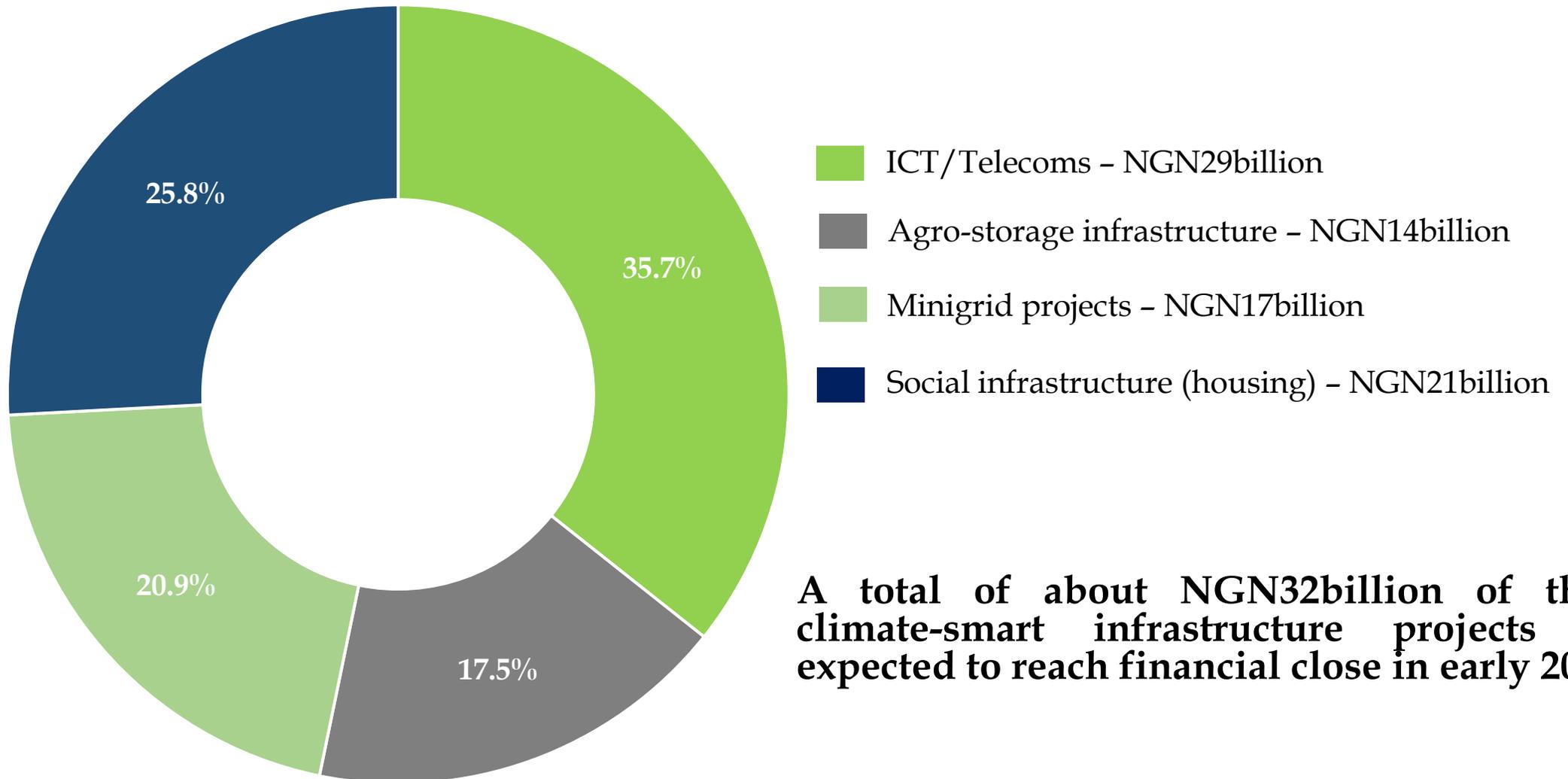
3 Blended Finance Product/Model

4 AssetCo (Leasing) Product/Model

InfraCredit Deal Pipeline

InfraCredit has a mandated deal pipeline of climate-smart infrastructure projects in excess of NGN80 billion...

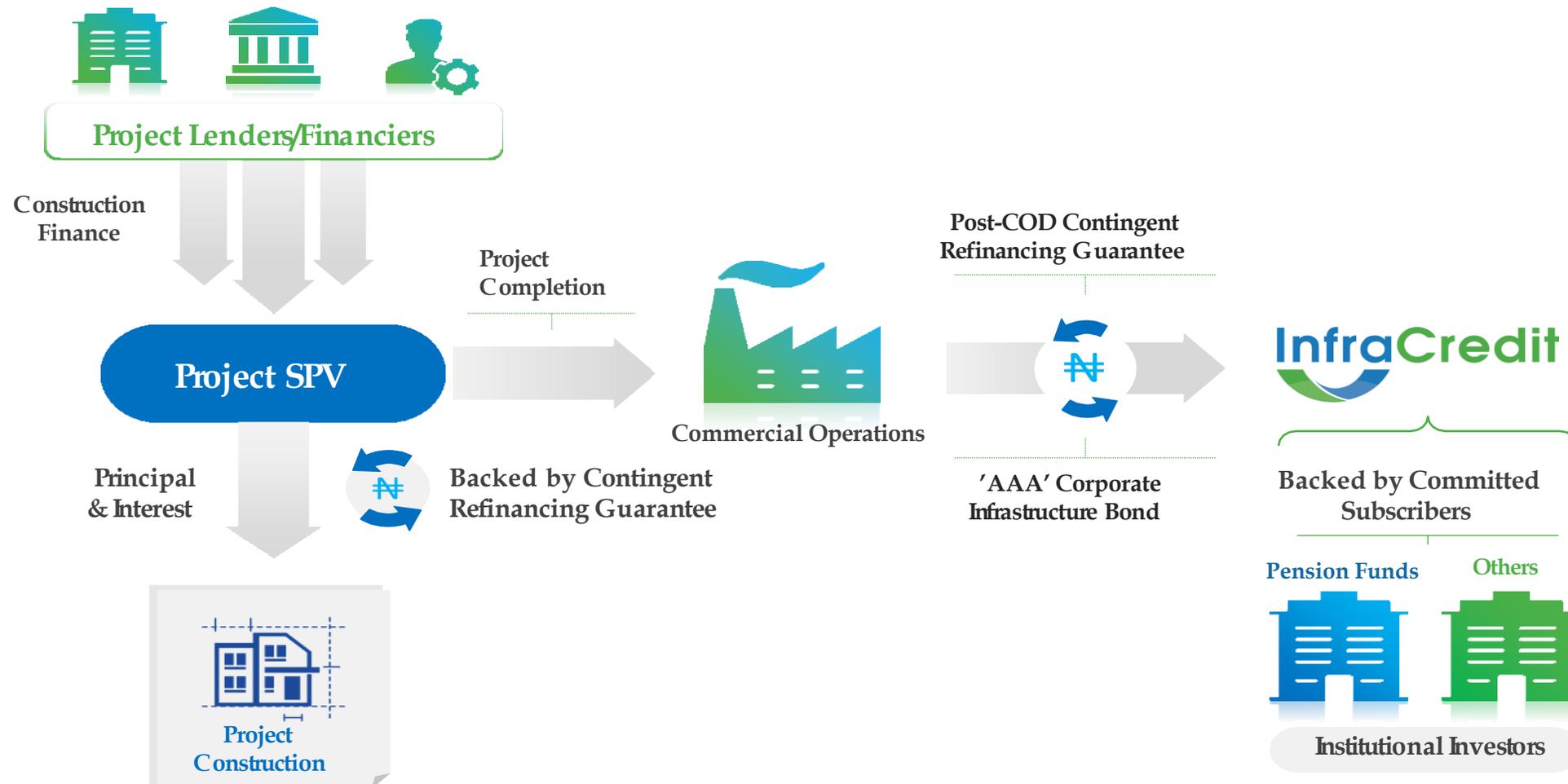
Mandated Deal Pipeline



A total of about NGN32billion of these climate-smart infrastructure projects are expected to reach financial close in early 2022

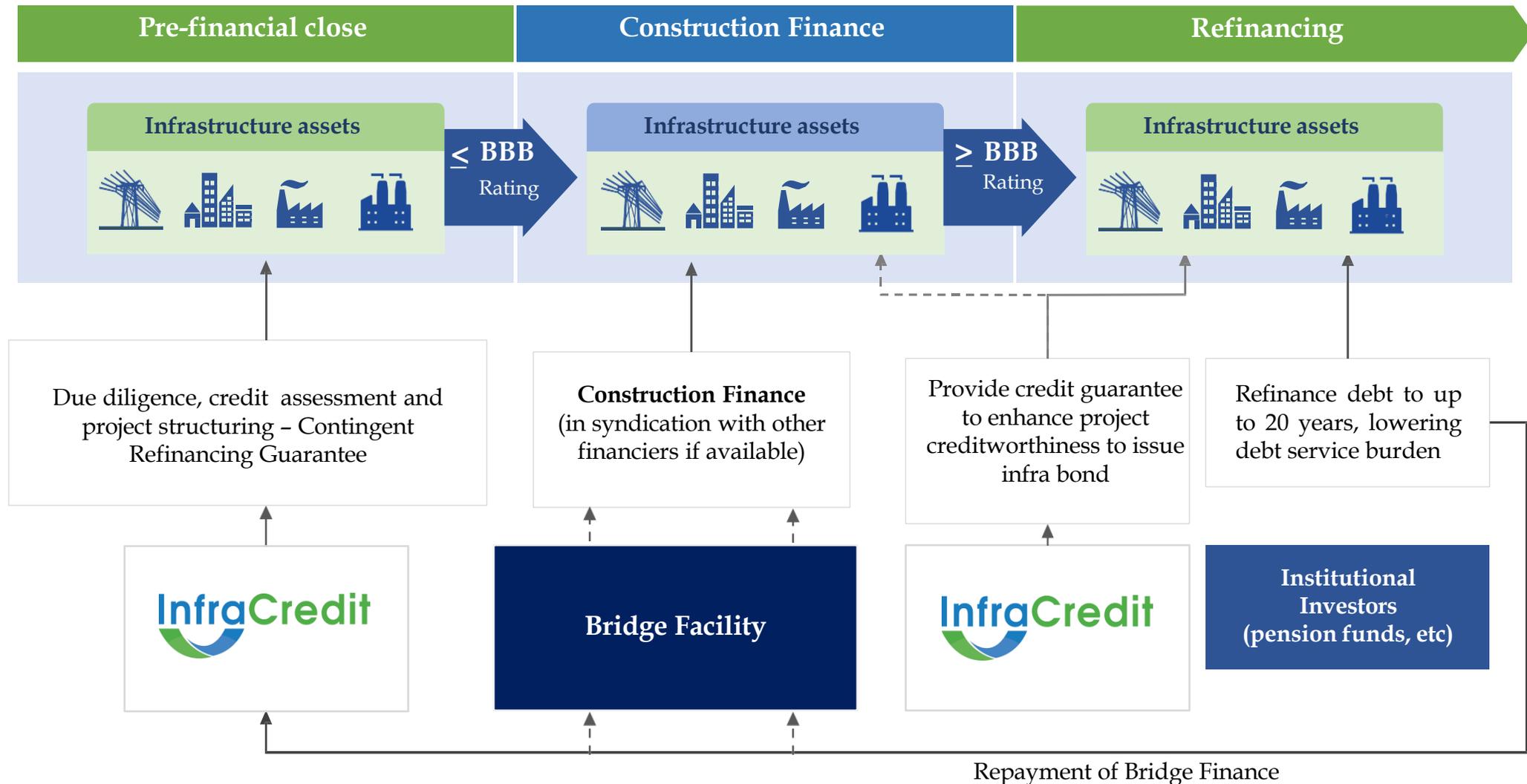
Contingent Refinance Guarantee Product/Model

The Contingent Refinancing Guarantee (CRG) model will accelerate the development of much-needed greenfield climate-smart infrastructure projects and facilitate capital recycling further lending to the real economy and leading to job growth/innovation...



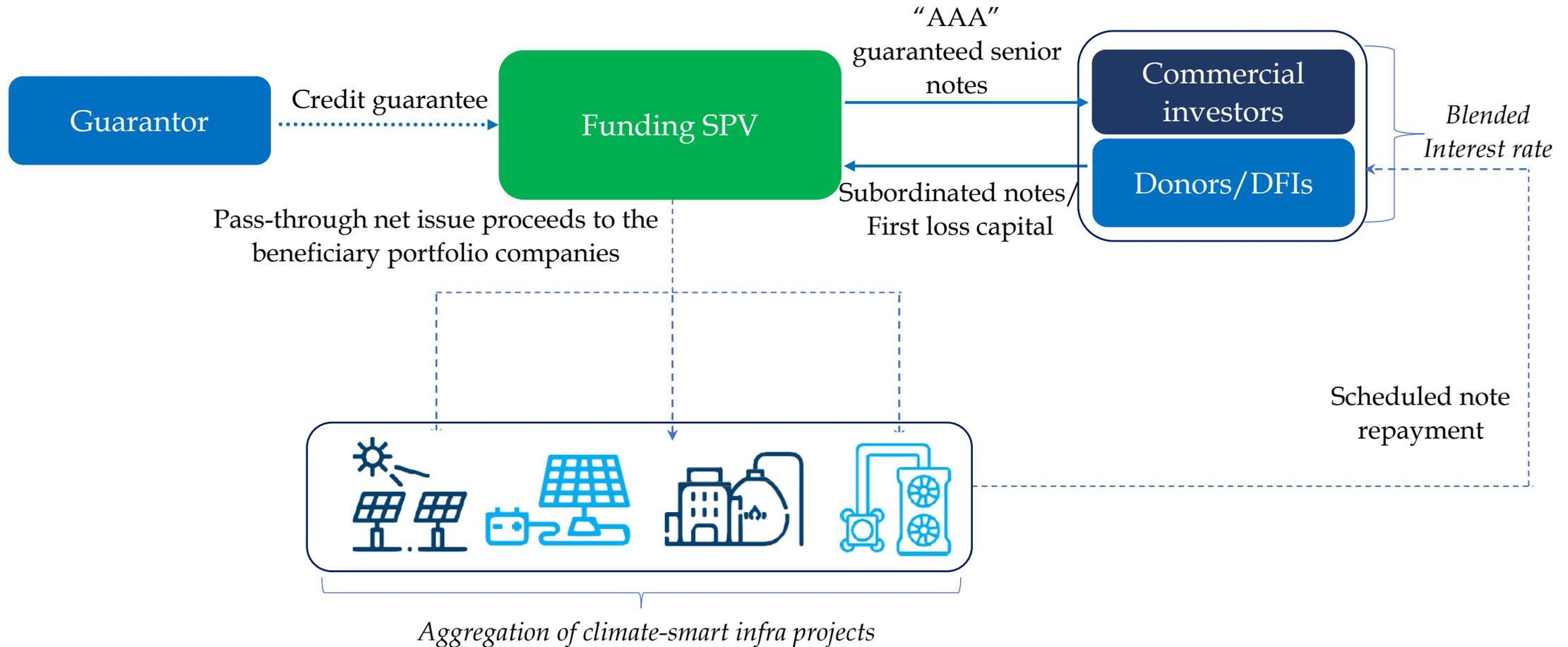
Bridge-to-Bond Product/Model

The proposed bridge facility to be funded by donors and DFIs will enable climate-smart infrastructure projects with perceived and hard-to-mitigate risks in the construction phase, access long-term institutional capital...



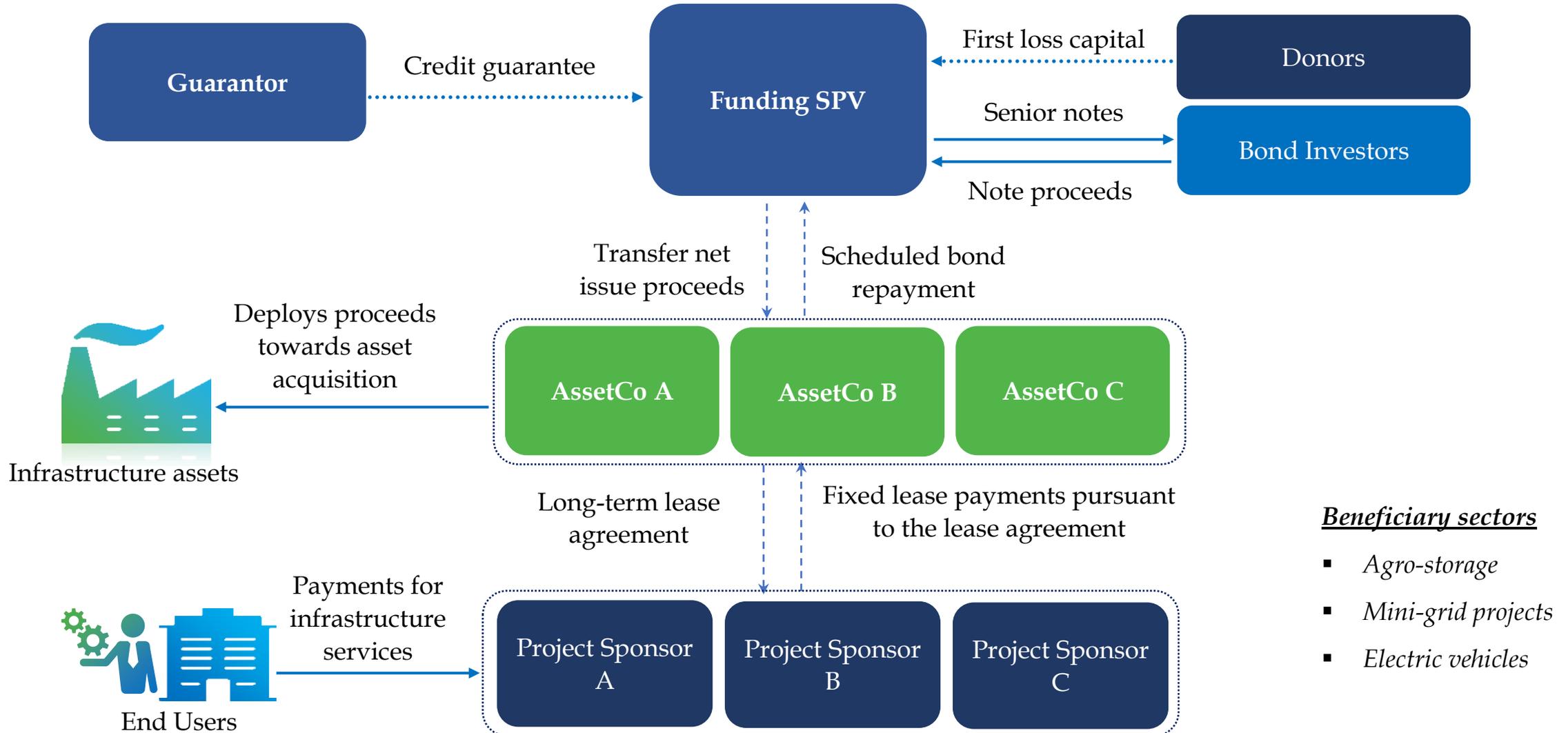
Blended Finance Product/Model

Unlocking blended finance to the required scale demands actively exploring financial intermediation models using local currency debt instruments with first loss risk capital from donors and DFIs playing a critical role...



AssetCo (Lease) Product/Model

The fixed lease payments model will address the lack of contractual cashflows and huge upfront CAPEX requirements which impedes climate-smart infrastructure projects' ability to scale...



Beneficiary sectors

- *Agro-storage*
- *Mini-grid projects*
- *Electric vehicles*



Thank you

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