

 Early Warning System

AFDB-P-NG-H00-011

Nigeria - Infrastructure Credit Guarantee Company Limited
(INFRACREDIT)



Quick Facts

Countries	Nigeria
Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	U
Voting Date	2019-04-05
Borrower	Infrastructure Credit Guarantee Company
Sectors	Finance
Investment Amount (USD)	\$ 7.90 million

Project Description

The proposed project is a \$15-million investment package to Infrastructure Credit Guarantee Company (InfraCredit), to support infrastructure financing through the domestic debt capital markets in Nigeria. InfraCredit is a private company, established in 2016 to enhance local currency debt instruments - mainly bonds, to finance eligible infrastructure projects in Nigeria. This is intended to uplift the credit rating of such bonds, allowing institutional investors to include them in their portfolios. InfraCredit aims to support up to \$1.25 billion in infrastructure financing over the next few years, by involving the private sector in infrastructure financing, essential to Nigeria's economic resilience. The investment package to InfraCredit is comprised of a subordinated loan of \$10 million and a risk sharing facility of up to \$5 million. The Bank's support will strengthen the capital base of InfraCredit, underpinning the expansion of the Company's core business of guaranteeing of bonds issued to fund infrastructure projects. This ultimately helps to increase private sector financing for critical infrastructure projects in key sectors including energy, agriculture, water, health and education, through local capital markets. The transaction will also result in the leverage and enhancement of the scope and impact of the Bank's interventions alongside private sector financing, especially from pension funds as well as from co-investment partners. This intervention adds to the Bank's existing initiatives to mobilize domestic institutional savings and stimulate non-sovereign local debt capital market development in Nigeria.

The investment boosts InfraCredit's qualifying capital base through the subordinated loan; it also improves its capacity to expand its guarantee business through the proposed risk sharing arrangement. This intervention will catalyze local institutional investor funds, including pension funds, into financing long-term infrastructure projects through the local bond markets.

The project activities directly promote the development of social and economic infrastructure. Improved infrastructure including more energy and better roads will generate more direct and indirect economic benefits, stimulating productivity and growth that will benefit private enterprises including SME's in the respective value chains and households. Job creation is mainly expected at the level of InfraCredit's sub-projects both during the construction and operation of the different infrastructure projects. The total number of incremental full-time equivalent jobs is estimated at 845 jobs.



Investment Description

- African Development Bank (AFDB)

Contact Information

private-sector@afdb.org

ACCOUNTABILITY MECHANISM OF AfDB

The Independent Review Mechanism (IRM), which is administered by the Compliance Review and Mediation Unit (CRMU), is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an African Development Bank (AfDB)-financed project. If you submit a complaint to the IRM, it may assist you by either seeking to address your problems by facilitating a dispute resolution dialogue between you and those implementing the project and/or investigating whether the AfDB complied with its policies to prevent environmental and social harms. You can submit a complaint electronically by emailing crmuinfo@afdb.org, b.kargougou@afdb.org, b.fall@afdb.org, and/or s.toure@afdb.org. You can learn more about the IRM and how to file a complaint at <https://www.afdb.org/en/independent-review-mechanism/>.



Bank Documents

- [PSN - Nigeria - InfraCredit - Infrastructure Credit Guarantee Company Limited](#) [Original Source]