

 Early Warning System

DFC-2024-AFRICAFINANCE

Africa Finance Corporation



Quick Facts

Financial Institutions	US International Development Finance Corporation (DFC)
Status	Active
Bank Risk Rating	C
Borrower	Africa Finance Corporation ("AFC")
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	\$ 250.00 million
Project Cost (USD)	\$ 417.00 million



Project Description

According to the Bank's website, the project consists of a corporate loan of up to \$250 million that is expected to qualify as Tier 2 capital for the purpose of (i) strengthening the Borrower's capital position, (ii) maintaining its prudential ratios, and (iii) supporting the economic recovery across member states in Africa amid high inflation, interest rates, and geopolitical instability.

The Project seeks to provide relatively uncommon patient long-term and less pro-cyclical capital to the Borrower's Tier 2 financing layer to address its liquidity requirements. More specifically, as a Nigerian-based development finance institution operating across the continent, the Project will enable the Borrower to strengthen its balance sheet, increase its asset base, potentially raise and/or otherwise mobilize additional private capital, and effectively achieve and maintain internal regulatory capital adequacy ratios above Basel guidelines in a regional macroeconomic environment characterized by instability, shallow financial markets, high interest rates, and inflation.



Early Warning System Project Analysis

DFC Tier 2 capital loans to financial institutions for the expansion of leveraging capital to increase investment potential are screened as a Financial Intermediary C (FI-C) for environmental and social assessment.



Investment Description

- US International Development Finance Corporation (DFC)

A corporate loan of up to \$250 million.

All-Source Funding Total: \$417,000,000

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- [Africa Finance Corporation](#) (Financial Intermediary)



Private Actors Description

Africa Finance Corporation is a pan-African Multilateral Development Financial Institution established in 2007 by sovereign African states to provide pragmatic solutions to Africa's infrastructure deficit and challenging operating environment.



Contact Information

No contacts available at the time of disclosure.

ACCESS TO INFORMATION

Unlike many other development finance institutions, DFC does not currently have an access to information policy.

Under the United States Freedom of Information Act (FOIA), DFC is obliged to respond to reasonably formulated requests for Agency records. However, DFC may apply exemptions from release to certain types of information and may charge fees in responding to requests. DFC has a designated FOIA officer who is trained in how to respond to requests and implement the law. You can learn more about filing a FOIA request at: <https://www.dfc.gov/foia>

ACCOUNTABILITY MECHANISM OF THE UNITED STATES INTERNATIONAL DEVELOPMENT FINANCE CORPORATION (DFC)

The Office of Accountability is an independent office that addresses complaints about environmental or social issues related to DFC-supported projects. The office provides communities an opportunity to have concerns independently reviewed and addressed. If you submit a complaint to the Office of Accountability, it may assist you by either seeking to address your problems by facilitating a problem solving dialogue between you and those implementing the project and/or investigating whether the DFC complied with its policies to prevent environmental, social, human rights, and labor harms.

You can find more information about the Office of Accountability at: <https://www.dfc.gov/who-we-are/office-accountability>



Bank Documents

- [Project Disclosure](#) [\[Original Source\]](#)