

Commending Nigeria's first project-financed IPP

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In West Africa, the Nigerian Azura-Edo independent power producer (IPP), who are developing Nigeria's first true project-financed independent power plant, achieved financial close on 28 December 2015.

This achievement was commended by investment bank, Fieldstone, who acted as financial advisor to the IPP. According to Fieldstone, much of the resulting financial structure can be used as a template for further investment in the power sector in Nigeria.

The power project includes the construction, operation and maintenance of a 450MW gas-fired open-cycle power plant situated in Edo State, Western Nigeria.

Project finance

A group of 20 international finance institutions and equity funders are estimated to commit \$900 million, the investment bank said in a company statement.

The financial lenders included the International Finance Corporation (IFC), Standard Chartered Bank, Rand Merchant Bank, Standard Bank, First City Monument Bank, Siemens Bank, FMO, KfW, DEG, Proparco, Emerging Africa Infrastructure Fund, ICF Debt Pool, Swedfund, CDC and OPIC.

According to the investment bank: "the debt facilities were divided across a commercial tranche of \$234 million [ZAR4 billion] (backed by a mixture of MIGA PRI and IBRD PRG products), a \$267 million [ZAR4 billion] DFI tranche, a Naira 24bn [\$120 million/ZAR2 billion] local bank tranche with a natural hedge and a \$65 million [ZAR1 billion] mezzanine facility from the DFIs."

The IPP is owned by Amaya Capital, the project's founder and lead sponsor and American Capital Energy & Infrastructure (ACEI).

The additional equity sponsors include the Africa Infrastructure Investment Fund 2, Aldwych International and the Asset & Resource Management Company.

"Trailblazer" project

Acting as financial advisor to Amaya Capital on its equity fundraising process, which birthed ACEI, Fieldstone noted in a statement: "this transaction included a commitment from ACEI to invest up to US\$130 million in Azura Power Holdings Ltd., the company responsible for developing the Azura-Edo IPP and focussed on becoming the leading power development company in West Africa."

Alan Muir the Managing Director in charge of the transaction said: "We are delighted to have advised on the Azura-Edo IPP and to have helped secure the debt and equity funding for the project.

"This project is a trailblazer that will light the path for other projects in Nigeria. Amaya Capital, the Federal Government of Nigeria, and all the other parties involved are to be congratulated for their vision and determination to create a world class project that has attracted finance from around the world."

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