



CORONATION

SUSTAINABLE INFRASTRUCTURE:

**THE INVESTMENT IMPERATIVE FOR
NIGERIA'S FUTURE**

CORONATION INFRASTRUCTURE FUND

Q2 2025 Newsletter

INTRODUCTION

The Coronation Infrastructure Fund (“CIF” or “the Fund”) is a closed-end infrastructure debt fund managed by Coronation Asset Management Limited and registered with the Securities and Exchange Commission (“SEC”). The Fund connects long-term investors, such as pension funds, sovereign wealth managers, and high-net-worth individuals, with infrastructure developers in need of stable and patient capital.

This structure gives investors access to long-term, risk-adjusted returns and sponsors access to capital to deliver large-scale projects with developmental impact.

In this Newsletter, we explore the critical role of sustainable infrastructure in Nigeria. This edition covers:

- The concept of sustainable development and infrastructure.
- The Nigerian Government's efforts to support sustainable infrastructure in the country.
- The challenges of sustainable infrastructure investments in Nigeria.
- Key sustainable infrastructure projects in Nigeria.
- New terms to learn.

SUSTAINABLE DEVELOPMENT

The concept of “sustainability” is not a new theme in human life. The United Nations defines sustainability as “meeting the needs of the present without compromising the ability of future generations to meet their own needs”. This calls for a concerted effort to preserve humanity while maintaining a high quality of life.

The United Nations (UN) introduced the Sustainable Development Goals (SDGs) in 2015 to emphasise the interconnection between economic, social, and environmental aspects of sustainable development. These 17 goals are bold and ambitious; however, the UN reckons that it is unlikely that any of the SDGs will be met by the target year, 2030.

Specifically, the annual Conference of Parties (COP) is a platform set up by the UN with over 190 countries to address the global climate crisis. Similarly, Nigeria signed the Paris Agreement in 2016, signaling its intention to take drastic action towards reducing carbon emissions and shift focus from economic development to sustainable development. The Nigeria Energy Transition Plan (ETP) re-echoes this goal by setting a target of carbon neutrality by 2060 while meeting the country's energy needs sustainably.

PILLARS OF SUSTAINABLE DEVELOPMENT

ECONOMIC

- Employment of labour
- Income generation
- Exports
- Contribution to GDP
- Foreign Direct Investments
- Technology advancement
- Tax revenue
- Trade



SOCIAL

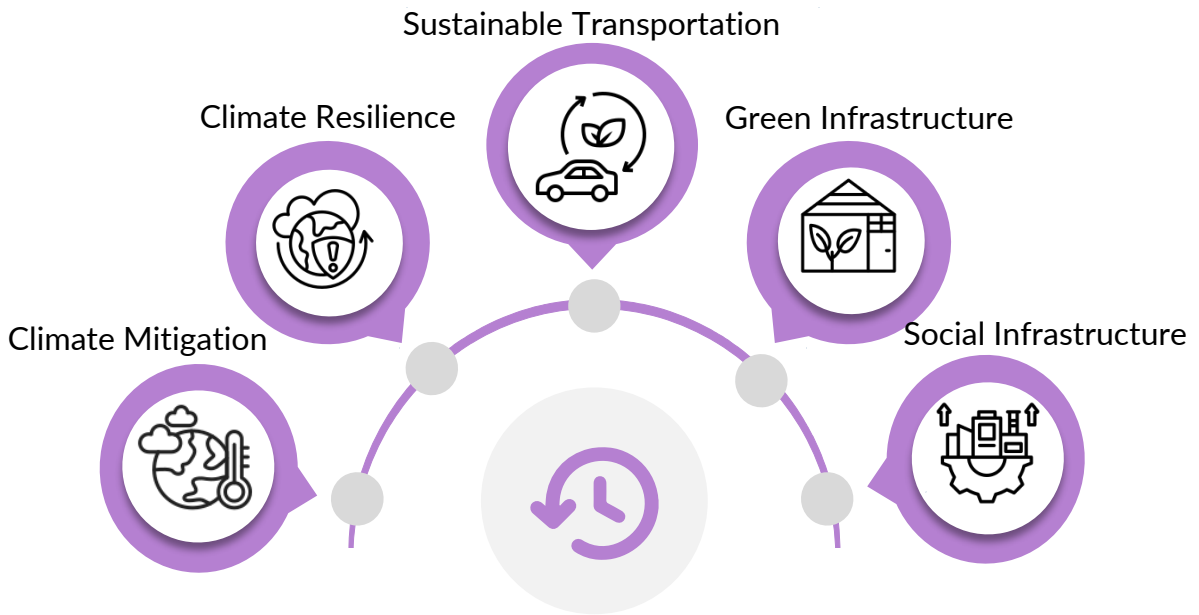
- Quality healthcare
- Improved education
- Transparency
- Social rights
- Urban management
- Satisfaction of basic human needs
- Gender equality



ENVIRONMENTAL

- Reduction of Co2 emission
- Preservation of human life and natural habitat
- Biodiversity
- Waste management
- Water management
- Noise management
- Air quality improvement





Sustainable Infrastructural Projects

Source: Cambridge Institute for Sustainability Leadership

The UN Environment Program defines sustainable infrastructure systems as those that are “planned, designed, constructed, operated and decommissioned in a manner that ensures economic and financial, social, environmental (including climate resilience), and institutional sustainability over the entire infrastructure life cycle”. Specifically, these projects are designed with the intent of contributing to one or more SDGs.

Traditionally, infrastructure projects were justified on economic terms without a deliberate attempt to structure them to have a significant social and environmental impact. This neglect over the years has led to the execution of projects that have contributed negatively to the future of the next generation.

For example;

1. Mining projects can lead to the release of toxic chemicals and the disruption of wildlife and ecosystems.
2. Hydroelectric dams can reduce biodiversity, disrupt human life, and agricultural activities.
3. Oil drilling projects can lead to oil spills and gas flaring.
4. Railway and road highway projects can lead to the destruction of properties and unplanned resettlement.
5. Construction activities can contribute to high noise, air, and waste pollution.

Sustainable infrastructure represents a crucial investment in our planet's future and its ability to support human life in the long-term. The ability to reuse and reconfigure this type of infrastructure over time makes it a cornerstone of sustainable development.

Major themes in sustainable infrastructure include:

1. **Climate Mitigation:** Projects that drive the reduction of carbon emissions to reduce the risk of climate change. This is especially relevant to the energy and transportation sector.
2. **Climate Resilience:** Projects that reduce the negative impact of climate change on communities by infusing adaptation abilities into infrastructure.
3. **Sustainable Transportation:** Projects that seek to link people, facilitate trade, and connect local communities in a safe, affordable, and accessible way while minimising negative environmental impacts.
4. **Green Infrastructure:** Projects that use natural systems or engineered systems to enhance overall environmental quality and provide utility services.
5. **Social-impact Infrastructure:** Projects that uphold social and cultural values in communities. Additionally, they strengthen relationships, instill trust and equity.

SUSTAINABLE INFRASTRUCTURE IN NIGERIA: EFFORTS AND CHALLENGES

The Federal Government has an integral role to play in driving sustainable infrastructure investments in Nigeria. Some notable actions include:

1. **Gas Initiatives:** The Federal Government has put several policies and laws in place to promote the monetisation of flared gas and support the adoption of gas as a transition fuel in Nigeria's net-zero pathway. Examples include the Decade of Gas initiative, National Gas Expansion Programme, Midstream and Downstream Gas Infrastructure Fund, Nigerian Gas Flare Commercialisation Programme etc.
2. **The Climate Change Fund:** The National Council on Climate Change (NCCC) has moved for the operationalisation of the Climate Change Fund to finance critical climate initiatives and enable regulatory functions under the Climate Change Act. Once operational, the Fund will attract green investment from local and international sources to unlock a new era of climate resilience and sustainable development investments.
3. **NERC requirement for Disco:** The Nigerian Electricity Regulatory Commission (NERC) requires electricity distribution companies (Discos) to procure a minimum of 10% of their energy from embedded generation sources, with half of this mandated to be sourced from renewable energy. This marks a push towards an environmentally friendly approach to electricity generation and distribution.
4. **Sustainable Transport:** The Federal Government has identified the current transportation system in the country as a drawback to achieving its sustainability goals. The major fuel sources are petrol and diesel, and these are more expensive and less eco-friendly when compared to gas. Therefore, the Government has moved for a major transformation in the sector with the adoption of Compressed Natural Gas (CNG) as an alternative fuel through the Presidential CNG Initiative (Pi-CNG).
5. **Renewable Energy:** The Distributed Access through Renewable Energy Scale-up (DARES) project with the World Bank is a key catalyst in this sector. Additionally, there is a duty-free support for solar panel imports. This aims to boost the affordability and supply of renewable energy.

Despite these efforts, substantial challenges persist in the actualisation of the country's sustainable infrastructure investment goals. This includes:

1. **Public Perception:** There is a perception that sustainability is an imported ideology from developed countries to slow down Africa's pace of growth. For instance, advanced countries grew their economies by depending heavily on industrialisation, which is characterised by high carbon emissions. The African Development Bank (AfDB) posits that the continent has contributed the least to global warming and has the lowest emissions. Therefore, many Nigerians have met the topic of sustainable infrastructure investment with scepticism, given that the country's economic realities make profitability a more urgent priority than sustainability.
2. **Weak Planning & Policy Process:** Sustainable infrastructure requires intensive planning and stakeholder engagement; however, many infrastructure projects in Nigeria are conceptualised without thorough feasibility studies and environmental and social planning. Additionally, multiplicity of policies, issues in policy implementation, and sequencing constitute a major setback in the actualisation of Nigeria's sustainable infrastructure plans.
3. **Inadequate Funding:** Sustainable infrastructure requires a huge capital outlay due to its long-term nature, large stakeholder participation, and sustainability considerations. The government's infrastructure funding remains inadequate, and private participation is constrained by the slow deployment of domestic capital. While Nigeria continues to attract bilateral and multilateral funding, the population growth and rising cost of living continue to increase the infrastructure needs and consequently the infrastructure deficit.
4. **Technical Knowledge Gap:** Sustainability is a broad and pervasive topic that cuts across every sector of the economy; however, there is a huge knowledge gap among professionals. Company Boards still lack the requisite skills to proactively integrate ESG into their corporate strategy, project sponsors might not see the ESG opportunities that lie in their projects and Fund managers need more training on how to assess projects for ESG impact and track indicators.

KEY SUSTAINABLE INFRASTRUCTURE PROJECTS IN NIGERIA

S/N	Project Name	Sector	Description	Sustainability Impact
1	Gurara II Hydropower Station	Renewable Energy	360 MW hydro project in Kaduna	Provides clean, stable electricity
2	400 Mini-Grids & 50 MetroGrids	Renewable Energy	Off-grid solar power rollout to rural/peri-urban areas	Clean electricity for 2M+ Nigerians
3	Lagos-Calabar Coastal Highway	Transport	700 km road corridor linking South-West to South-East	Efficient logistics, reduced emissions
4	Lagos Metro Green Line	Urban Transit	68 km electrified metro system	Cuts urban congestion, improves air quality
5	Sustainable Power & Irrigation Program	Energy/Agriculture	Off-grid solar + irrigation infrastructure	Clean energy and improved food security
6	Sovereign Green Bond Programme	Climate Finance	FG bond issuance to fund green infrastructure	Climate-aligned capital mobilisation
7	Green Gombe Go + Erosion Control	Forestry/Urban Dev	Tree planting + erosion prevention	Carbon sequestration, land stability
8	Smart Irrigation & Solar Agri (Oyo, Kebbi, etc.)	Agriculture/Energy	Solar-powered irrigation and agri tech	Enhances yields, climate resilience
9	Shiroro Hydropower Station (600 MW)	Renewable Energy	Major hydro plant in Niger State (existing asset)	Stable baseload power, climate-friendly generation
10	Elektron SPV – N17bn Green Bond	Climate Finance / Energy	InfraCredit-wrapped bond to finance embedded gas power	Green finance deployment, gas-to-power transition
11	Federal	Renewable Energy	Road Corridor to Lekki Port & Refinery, Lagos	Improves logistics, reduces emissions via efficiency
12	Wande Nexus (Enugu State)	Water	Sustainable Last Mile Connectivity and Advanced Metering Infrastructure Water Project	To provide clean water supply to residents
13	Gombe State	Urban Infrastructure	Solar streetlights, industrial park, Green Bond preparations	Green infrastructure push; potential Green Bond issuer
14	Akwa Ibom State	Energy, Urban Dev	Nkari Dam, Itu Irrigation, Water, Sanitation and Hygiene (WASH) upgrades	Improves climate resilience, hygiene, and flood control
15	Plateau State	Water & Sanitation	Solar for Health (25 health facilities)	Clean energy access for rural clinics



NEW TERMS

The following terms have been defined for learning purposes:

1. **Biodiversity:** This refers to the variety of life within species, genetics, and ecosystems on earth.
2. **Carbon Footprint:** This refers to the total greenhouse gas emissions from a company or activity, measured in Co2 -equivalent.
3. **Flared Gas:** This refers to the burning of natural gas associated with the extraction of crude oil. This leads to air pollution and harms the environment.
4. **Infrastructure Deficit:** This is the funding gap in the optimal capital investment a country requires to maintain and improve its infrastructure.
5. **SPV:** A Special Purpose Vehicle (SPV) is a separate legal entity created by project sponsors to achieve a specific business purpose.

CONCLUSION

The Government has a lead role to play in driving sustainable infrastructure investments in Nigeria. This can be achieved through stakeholder engagement, sound policy-making, ensuring economic stability, adequate project planning, enhancing domestic capital mobilization, and creating an enabling environment for private sector participation.

With a growing Nigerian population made up mostly of youths and children, there is little room for failure to achieve set sustainability infrastructure objectives because the future of the next generation depends on the success of these policies and projects.

The Coronation Infrastructure Fund is well-positioned to play a crucial role in driving sustainability in Nigeria by mobilizing patient local currency capital to de-risked, long-term, and viable infrastructure projects across its diversified portfolio

ABOUT CORONATION INFRASTRUCTURE FUND

Quick Summary

- The Coronation Infrastructure Fund ("CIF" or the "Fund") is an actively managed closed-end debt fund that focuses on making long-term investments within specific sectors in Nigeria.
- The Fund has a diversified investor base, including PFAs, financial institutions, and high-net-worth individuals.

Performance

- CIF offers a structured and transparent way to gain exposure to Nigeria's infrastructure transformation while targeting a 3% premium above the benchmark 10-year FGN bond yield.

Did You Know?

- The Coronation Infrastructure Fund has made a total distribution of ₦1.7bn since it raised ₦8.79bn from its Series 1 launch in May 2024.
- The Fund's Series II is planned for Q3 2025 with opportunities for diversification into more sustainable projects.

Contacts

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