

FINDEV CANADA TRANSACTION SUMMARY

Africa Finance Corporation

This document provides an overview of the FinDev Canada transaction, including a summary of the anticipated development impacts and of the environmental and social (E&S) risk assessment performed, potential risks identified, and related mitigation measures to be implemented.



Transaction Description

AFC was established in 2007 to be the catalyst for pragmatic infrastructure and industrial investments across Africa. AFC's approach combines specialist industry expertise with a focus on financial and technical advisory, project structuring, project development, and risk capital to address Africa's infrastructure development needs and drive sustainable economic growth. Eighteen years on, AFC has developed a track record as the partner of choice in Africa for investing and delivering instrumental, high-quality infrastructure assets that provide essential services in core infrastructure sectors. AFC has 48 member countries and has invested over US\$15 billion since its inception.

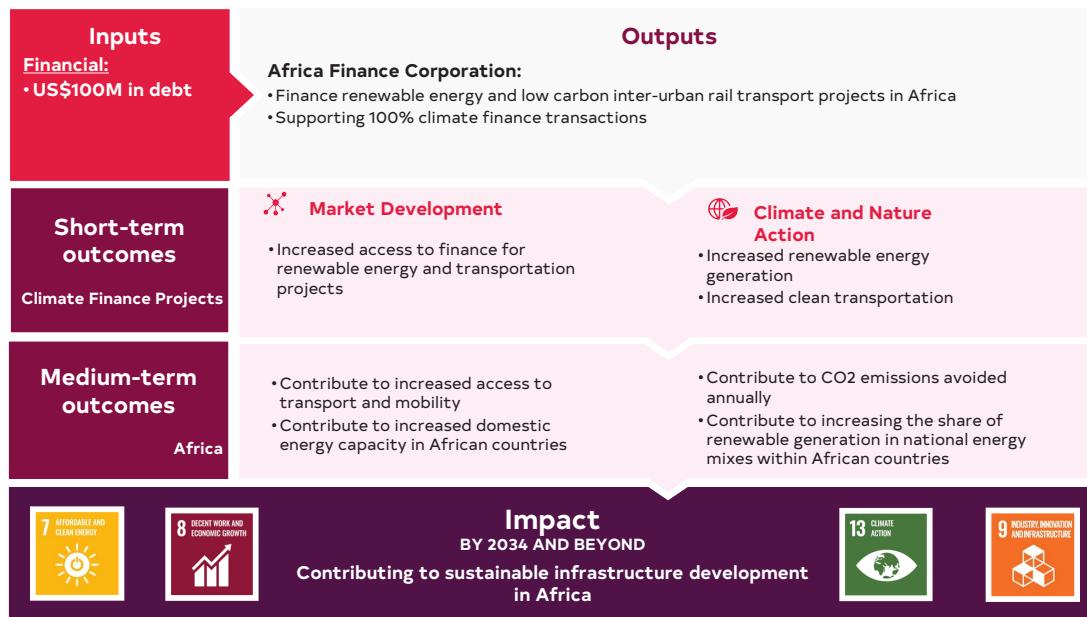
Transaction Details

COUNTERPARTY	Africa Finance Corporation ("AFC")
DOMICILE	Nigeria
COUNTRY(IES) OF OPERATION	Sub-Saharan Africa
TERM OF FINANCING	10 years
SECTOR	Financial Intermediary
E&S CATEGORY	FI-1
FINANCING PRODUCT	Debt
FINDEV CANADA TRANSACTION AMOUNT	USD 100 million
DATE OF TRANSACTION DISCLOSURE	16 January 2026
DATE OF TRANSACTION SIGNING	29 September 2025
DATE OF TRANSACTION SUMMARY PUBLICATION	2 February 2026

Summary of Anticipated Development Impacts

The development impact value proposition of this transaction is to contribute to bridging the infrastructure financing gap on the continent by partnering with a leading African infrastructure financier. FinDev Canada's use of proceeds will be deployed to two categories of eligible climate finance investments in Africa: (i) renewable energy projects and (ii) low-carbon inter-urban rail transport.

The impact theory of change below summarizes how AFC will contribute to FinDev Canada's long-term development impact goals and the Sustainable Development Goals.



MARKET DEVELOPMENT

- **Increase access to finance for renewable energy and transportation projects:** With the African population growing by 3.5% annually and expected to double by 2050, the need to provide infrastructure services for economic development is immense¹. In Africa, the infrastructure financing gap is estimated to be between \$68–108B annually and will require more than a doubling of existing investment to \$130–170 billion annually². The transaction is expected to provide tailored debt services to support projects and companies that develop and provide essential power and transportation infrastructure.

CLIMATE & NATURE ACTION

- **Support climate change mitigation projects:** The climate finance gap poses an imminent threat to Africa's ability to adapt, mitigate, and build resilience against the adverse impacts of climate change. It is estimated that \$2.5 trillion in climate finance will be required between 2020 and 2030 for African countries to meet their NDCs.³ This transaction is expected to support climate finance initiatives by investing in renewable energy projects and low-carbon interurban rail transport, contributing to avoided GHG emissions and the transition to a low-carbon economy.

¹Haas, A. Cartwright, A., Garang, A., and Songwe, V. 2023. From Millions to Billions: Financing the Development of African Cities.

²AfDB. 2023. Public-Private Partnerships Needed to Bridge Africa's Infrastructure Development Gap.

³Climate Policy Initiative. Dec 2022. Climate Finance Needs of African Countries.

Summary of Environmental and Social Assessment and Related Risk Mitigation Measures

This review has been completed in accordance with FinDev Canada's E&S Risk Policy. The transaction is a Category FI-1, given the characteristics of AFC's investment pipeline to be supported with FinDev Canada's financing. The following International Finance Corporation (IFC) Performance Standards (IFC PS) were applied in FinDev Canada's assessment, in addition to host country requirements:

- IFC Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts.
- IFC Performance Standard 2: Labour and Working Conditions.

AFC has established an E&S risk management framework that is consistent with IFC PS1 requirements. The framework is defined in an environmental and social management system (ESMS), and includes commitments to identify, avoid and manage risks or impacts associated with their credit extensions. AFC has developed and implements an overarching human resource framework that is consistent with IFC PS2 requirements. A transaction environmental and social action plan (ESAP) has been implemented, which will serve to further strengthen AFC's labour and working conditions policy framework in line with the objectives of IFC PS2. Identified mitigants are anticipated to support the identification and management of environmental, social or human rights risks associated with AFC's credit extensions in a manner that aligns with FinDev Canada's E&S Risk Policy requirements.