**AIB Corp Ltd**

AFRICAN INFRASTRUCTURE BUILDING CORPORATE LIMITED

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# The DFI Readiness Toolkit.

A practical guide for African project sponsors preparing for development finance.

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SECTION 1

# How DFI capital actually decides.

Africa does not have a capital problem; it has a readiness problem. More than a trillion dollars of notional project pipeline sits at concept or pre-feasibility stage, while development finance institutions (DFIs), sovereign investors, pension funds and specialist financiers hold mandates they struggle to deploy.

The funnel is unforgiving. Of every 100 projects entering consideration, roughly 20 survive feasibility — and about 10 reach Financial Close. The projects that close are rarely the ones with the best ideas; they are the ones prepared to the standard the capital requires.

Every credit committee, whatever its letterhead, is answering one underlying question:

> *"Can this project service senior debt reliably, on a non-recourse basis, over a 12–25 year tenor — and can everything we have been told be independently verified?"*

This toolkit breaks that question into six scoreable pillars, maps the journey from concept to close, and gives you a 20-question scorecard to locate your project honestly before a funder does.

## Who this toolkit is for

- **Project sponsors and developers** preparing infrastructure, energy, agro-industrial or social-infrastructure projects across Africa.
- **Government and parastatal project teams** packaging priority projects for DFI and institutional capital.
- **Advisers and lenders** seeking a shared readiness language with sponsors.

SECTION 2

# The Six Pillars of a fundable project.

### Pillar 1 — Contracted, credit-enhanced revenue

Lenders fund cash flows, not assets. A bankable project shows who buys the output, at what price, under what contract — and what happens if they stop paying. The test: strip out all uncontracted revenue; if what remains still services debt at a DSCR above 1.30x, the project is beginning to look fundable. Typical structures include long-tenor PPAs wrapped by government support agreements, bulk water purchase agreements, availability-payment concessions and anchor-tenant contracts.

### Pillar 2 — A sponsor team lenders can underwrite

Lenders fund teams that have delivered before. They look for: a track record on comparable projects; demonstrable equity of 20–30% of project cost; clean KYC, AML and sanctions screening on every entity and beneficial owner; and committed equity that cannot be flipped before commercial operations. Where one sponsor cannot carry all four, the answer is a deliberately structured consortium — strategic, financial and local sponsors together.

### Pillar 3 — A funder-grade financial model

A bankable model is a decision tool, not a spreadsheet: transparent, auditable, no hardcoded plugs, every assumption sourced. It produces the metrics DFIs price against — DSCR, LLCR, PLCR, equity IRR, NPV — and sensitivity analysis on tariff, volume, capex overrun, delay and FX. It is built expecting an independent model audit, because there will be one.

### Pillar 4 — Regulatory & ESG compliance

Licences, permits and land rights secured or on a documented critical path; the project categorised (A/B/C) and the ESIA scoped against the IFC Performance Standards; stakeholder engagement done and documented, with land acquisition and resettlement exposure quantified. DFI screening teams read this section first. An honest gap analysis with a costed action plan outperforms claimed perfection every time.

### Pillar 5 — Disciplined risk allocation

Every material risk has a named owner and a contracted mitigant: fixed-price date-certain EPC with liquidated damages for construction; take-or-pay and indexation for demand and price; political risk insurance and MIGA guarantees for sovereign exposure; hedging for FX. The sentence that ends credit discussions is "we do not consider this a risk."

### Pillar 6 — Independent confidence

The newest pillar, and increasingly the decisive one. A project can satisfy the first five on paper and still fail the question committees now ask first: can these representations be independently verified? Independent confidence is built through model audits, lenders' technical advisers, independent market and resource studies, verified ESG performance, legal opinions and governance discipline — maintained through the operating period, not just to close.

SECTION 3

# The 6-stage journey: concept to Financial Close.

A well-prepared project takes 18–30 months from structured concept to first drawdown. Each stage has a defined deliverable and a gate that must be passed before spending on the next. Most failures are simply skipped stages.

| Stage | Focus | Key deliverable / gate |
|---|---|---|
| **01 · Concept** | Answer the six foundational questions: what, why here, who pays, who builds, who funds, what risks. | Concept note & go/no-go review |
| **02 · Feasibility** | DFI-quality feasibility across technical, market, financial, legal, ESG and risk components. | Bankable feasibility study |
| **03 · Structuring** | SPV formation, offtake and EPC term sheets, security architecture, full financial model. | Auditable model & structure chart |
| **04 · Information Memorandum** | The 7-component IM, teaser, numbered data room, investor Q&A handbook. | IM released to market |
| **05 · Engagement** | Structured DFI & investor outreach: concept screens, management presentations, due diligence, term sheet. | Signed term sheet |
| **06 · Close** | Conditions precedent, documentation, signing, first drawdown. | Financial Close |

Development budget and timeline are the two biggest predictors of close. Development costs are typically recovered at Financial Close through a development fee or sponsor equity carry — structured transparently with funders at term-sheet stage.

## The documentation stack

- **Teaser** — 2–4 anonymised pages that get the NDA signed.
- **Information Memorandum** — the 7 components: executive summary; market & demand; technical solution; ESG & IFC PS alignment; financial analysis; risk matrix; legal & contractual structure. Typically 40–80 pages plus appendices.
- **Numbered data room** — every claim in the IM traces to a document here. Traceable, consistent, honest about gaps.
- **Investor Q&A handbook** — the first hundred questions, answered before they are asked.

SECTION 4

# The DFI Readiness Scorecard.

Score each question as a credit committee would see the project today — not as you intend it to be. **Not yet = 0. In progress = 3. Complete & independently verifiable = 5.** Maximum 100. An interactive version with instant per-pillar results is at **aibcorpltd.com/dfi-readiness-toolkit**.

| Pillar 1 — Contracted Revenue (20 pts) | Score |
|---|---|
| 1. Signed off-take agreement — or at minimum a term sheet with a named, creditworthy counterparty? | ____ |
| 2. With all uncontracted revenue stripped out, does remaining cash flow service debt at DSCR above 1.30x? | ____ |
| 3. Off-taker creditworthiness and payment history independently assessed? | ____ |
| 4. Credit enhancement in place or identified (sovereign support, PRG, escrow, LCs)? | ____ |

| Pillar 2 — Sponsor Team (15 pts) | Score |
|---|---|
| 5. Team has delivered at least one project of comparable scale, sector and geography? | ____ |
| 6. Sponsors can evidence 20–30% equity from balance sheet or committed co-sponsors? | ____ |
| 7. Every sponsor entity and beneficial owner passes DFI-grade KYC/AML/sanctions screening today? | ____ |

| Pillar 3 — Financial Model (15 pts) | Score |
|---|---|
| 8. Full project finance model with DSCR, LLCR, PLCR, equity IRR and NPV outputs? | ____ |
| 9. Model transparent and auditable — no hardcoded plugs, every assumption sourced? | ____ |
| 10. Sensitivities run on tariff, volume, capex overrun, delay and FX? | ____ |

| Pillar 4 — Regulatory & ESG (15 pts) | Score |
|---|---|
| 11. All material licences, permits and land rights secured or on a documented critical path? | ____ |
| 12. Project categorised (A/B/C); ESIA scoped or completed against IFC Performance Standards? | ____ |
| 13. Stakeholder engagement conducted and documented, incl. land acquisition / resettlement exposure? | ____ |

| Pillar 5 — Risk Allocation (15 pts) | Score |
|---|---|
| 14. Risk matrix in which every material risk has a named owner and contracted mitigant? | ____ |
| 15. Construction risk wrapped — fixed-price date-certain EPC with liquidated damages, or equivalent? | ____ |
| 16. Political and sovereign risk addressed through identified instruments (PRI, MIGA, GSA)? | ____ |

| Pillar 6 — Independent Confidence (20 pts) | Score |
|---|---|
| 17. Every material claim in investor documentation traceable to a numbered data room document? | ____ |
| 18. Independent studies commissioned to lender-recognisable terms of reference? | ____ |
| 19. Model built for — or passed — an independent model audit? | ____ |
| 20. SPV governance an institutional investor could rely on: audited accounts, board, delegations? | ____ |

| Score | Reading | Next step |
|---|---|---|
| 0–35 | Concept stage — vision exists, evidence does not. | Stages 1–2: feasibility before any DFI approach. |
| 36–60 | Development gaps — real project, unfinanceable as presented. | Stages 2–3: close the weakest pillars first. |
| 61–80 | Structurally sound — will pass a first screen, stall in diligence. | Stages 3–4: IM and verification architecture. |
| 81–100 | Engagement ready — take it to market. | Stage 5: structured DFI outreach to term sheet. |

SECTION 5

# Common failure patterns.

Across appraisals, the same patterns recur. If any of these describe your project, the scorecard has already told you — this is what they look like in practice.

### The skipped stage

Sponsors jump from concept to fundraising, treating feasibility and structuring as bureaucracy. Funders read the gap instantly: no development budget, no timeline to close, no gate discipline.

### The narrative IM

Forty pages of vision, no funding ask, no metrics, nothing traceable to a data room. Screened out in minutes.

### Sponsor-authored evidence

Demand forecasts, resource estimates and tariffs produced in-house. A hypothesis is not evidence; committees discount it to zero.

### Uncontracted revenue presented as contracted

MOUs and letters of intent described as off-take. Discovered in diligence, it costs the institution’s trust permanently.

### ESG as a paragraph

IFC Performance Standards treated as a compliance afterthought. DFI screening teams read this section first, not last.

### The unauditable model

Hardcoded plugs, circular logic, unsourced assumptions. The model audit fails, and close slips by months at the most expensive stage.

### Governance assembled at diligence

No audited accounts, no board, no delegations — put together hastily when the operational due diligence questionnaire arrives. It shows.

SECTION 6

# Glossary.

| | |
|---|---|
| **DFI** | Development Finance Institution — e.g. IFC, AfDB, DEG, Proparco, BII, FMO. Deploys public or institutional capital with development mandates. |
| **DSCR** | Debt Service Coverage Ratio — cash available for debt service divided by debt service due. DFIs typically look for a minimum of 1.30x on contracted revenue. |
| **LLCR / PLCR** | Loan Life / Project Life Coverage Ratio — net present value of cash flows over the loan (or project) life relative to outstanding debt. |
| **SPV** | Special Purpose Vehicle — the single-purpose project company that owns, builds and operates the project, enabling non-recourse finance. |
| **IM** | Information Memorandum — the primary investment document; seven components from executive summary to legal structure. |
| **PPA / WPA** | Power / Water Purchase Agreement — long-tenor off-take contracts that anchor contracted revenue. |
| **EPC** | Engineering, Procurement and Construction contract — ideally fixed-price and date-certain with liquidated damages ("wrapped"). |
| **LTA / Independent Engineer** | Lenders' Technical Adviser — independent engineering firm that reviews the technical solution and certifies construction progress and drawdowns. |
| **Model audit** | Independent review of the financial model's integrity and consistency with project agreements; routinely a condition precedent to close. |
| **IFC Performance Standards** | The eight environmental and social standards (PS 1–8) most DFIs use to benchmark E&S; risk. |
| **PRI / MIGA** | Political Risk Insurance; the World Bank's Multilateral Investment Guarantee Agency — primary instruments for sovereign exposure. |
| **PRG / GSA** | Partial Risk Guarantee; Government Support Agreement — credit enhancement instruments for off-taker or sovereign risk. |
| **CP** | Conditions Precedent — the checklist of requirements that must be satisfied before financing becomes effective at close. |
| **Step-in rights** | Lenders' contractual right (via direct agreements) to step into the SPV's position if the sponsor defaults. |
| **Financial Close** | The point at which all agreements are signed, all CPs satisfied, and first drawdown can occur. |

SECTION 7

# About AIB Corp Ltd — and the next step.

AIB Corp Ltd (African Infrastructure Building Corporate Limited) is a London-based specialist advisory firm. We appraise, structure and promote African infrastructure projects to a trusted network of DFIs, institutional investors and specialist financiers — taking projects from concept to Financial Close.

## Our four disciplines

- **Advisory & appraisal** — viability, market sizing, sponsor validation, bankability gap diagnostics.
- **SPV & transaction structuring** — BOT, PPP, blended finance and EPC+F structures; jurisdiction, security packages.
- **Financial modelling & the IM** — DFI-grade models built for audit; the full documentation stack.
- **Capital mobilisation** — DFI and institutional engagement, due diligence coordination, term sheet to first drawdown.

## How an engagement starts

A confidential initial consultation for qualifying projects — typically a 30-minute call followed by an NDA and a preliminary assessment against the six pillars. Your scorecard result is a useful starting point for that conversation.

**Engage AIB Corp Ltd**

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Further reading — the frameworks in this toolkit are published in full at aibcorpltd.com/insights: The 5 Pillars of a Bankable Project · The Sixth Pillar: Independent Confidence · What DFIs Require in an Information Memorandum · SPV Formation & Security Packages · From Concept to Financial Close.