

AfDB and PEPT 2

Powering Côte d'Ivoire

How twelve years
of groundwork
unlocked a landmark
local currency bond

When the government of Côte d'Ivoire launched the **Programme Électricité Pour Tous (PEPT)** in 2014, it launched a novel-type financing transaction, and also a seed. A decade later, that seed has grown into one of the most innovative social bond structures in West African capital market history, and TCX's renewed partnership with the African Development Bank is part of why it could.

The problem PEPT was designed to solve



Côte d'Ivoire had made significant progress in building out its electricity infrastructure. Transmission lines, financed in part by AfDB, had reached communities that had never had power. By the end of 2021, AfDB's own reporting showed the national electricity coverage rate had improved. Yet coverage is not the same as connection. The cost of a grid hookup – around XOF 150,000, roughly \$250 – remained prohibitive for low-income households, who had to pay upfront before a single kilowatt hour reached their home.

The government stepped in to subsidize connections through the national utility, **Compagnie Ivoirienne d'Électricité (CIE)**, but with a rapidly growing population and a target of near-universal electrification by 2030, that fiscal model had a ceiling. The subsidy was crowding out other priorities, and it became clear that private capital would have to carry some of the burden.

The answer to this problem was to create a dedicated fund – the PEPT fund – that would front the cost of connections, recover it gradually through a small levy on each unit of electricity purchased by the household and then use that predictable revenue stream as the foundation for private capital market financing through securitization.¹ The concept was elegant, but execution took years.

AT A GLANCE

400,000

new household connections

2 million

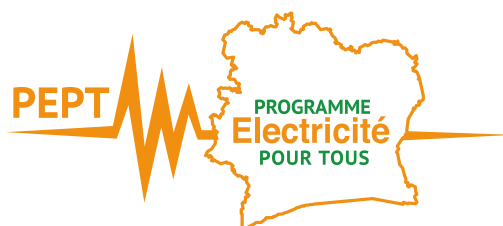
people reached, contributing to AfDB's **Mission 300**

XOF 120bn

social bond issued in two phases across 7, 10 and 15-year tranches

XOF

TCX hedge converting AfDB's hard currency exposure into local currency



1. Securitization is a financing technique commonly used by MDBs, DFIs, and impact funds to pool illiquid loans with predictable cash flows, such as SME credit or green infrastructure loans, and repackage them into tradable securities for sale to private investors. By converting these assets into marketable instruments, institutions can recycle capital and originate new loans beyond what their balance sheets would otherwise allow.

Ten years of building the case

Securitizations are an increasingly common way of drawing private capital into MDB and DFI-led projects, but what makes this transaction exceptional is the discipline behind it. One of the most persistent (and talked about) obstacles in development finance is the gap between perceived and actual risk: international capital stays away not because a project is genuinely unviable, but because the data to prove otherwise does not yet exist. PEPT is an answer to that problem.

Rather than rushing to market, the government of Côte d'Ivoire spent years collecting data on household consumption behavior – tracking how different customer profiles, urban versus rural, social tariff versus standard, repaid their connection costs over time. From that dataset, it built a credible receivables portfolio with a forecastable cash flow profile. Perceived risk, in other words, was replaced by evidence.

A RECORD LONG ENOUGH TO BE MEASURED

2014

PEPT launches as a subsidized connection program.

2014–24

A decade of household repayment data, by customer profile and tariff.

2021

AfDB-financed transmission lifts national coverage, but not connection.

2025

AfDB rejoins TCX as a shareholder.

PEPT 2

XOF 120bn social bond listed on the BRVM, hedged by TCX.

That record, developed patiently over more than a decade, is what made the transaction bankable – and what turned a government subsidy program into an instrument the capital markets could price, trust and buy.

"You cannot securitize a promise. It took the fiscal, institutional and operational groundwork – a repayment record long enough for the risk to be measured rather than assumed – and a development bank like AfDB willing to anchor the fifteen-year tranche. That is the model we intend to replicate beyond energy."

Lamine Robert Koné

Senior Investment Officer
at AfDB's Energy Financial
Solutions Department



AfDB's strategic logic

For AfDB, PEPT 2 represented the natural completion of a long arc of engagement in Côte d'Ivoire's power sector – from generation to transmission, and now to last-mile connection. The bank had financed the transmission lines that brought electricity to the doorstep. Financing the connections that brought it inside the home was the logical next step.

What made the transaction structurally distinctive was that it pursued two mutually reinforcing innovations:

INNOVATION ONE

01

Energy delivery

400,000 new connections, reaching an estimated two million people, contributing directly to AfDB's Mission 300 commitment to connect 50 million Africans to electricity by 2030.

INNOVATION TWO

02

Capital market development

The XOF 120 billion bond – structured in tranches of seven, ten and fifteen years and issued in two phases – was the first social bond in the energy sector to be listed on the Bourse Régionale des Valeurs Mobilières (BRVM), the regional securities exchange serving the WAEMU zone.

The bond structure only worked because the energy program had generated the underlying receivables. The energy program could only scale because the bond structure mobilized the capital.

AfDB's role sat at the intersection of both.

The fifteen-year tranche – the one whose duration most closely matched the revenue profile of household electricity repayments – required an anchor with a mandate no commercial investor could offer. AfDB, alongside the Emerging Africa & Asia Infrastructure Fund (EAAIF) and Norfund, provided it.



AFRICAN DEVELOPMENT BANK GROUP



TCX's role

Closing the currency gap

Electricity infrastructure in developing markets carries an inherent currency tension. The capital that finances it is often raised from abroad in hard currency (e.g. US dollar, euros). But the revenue it generates comes in local currency from ordinary households paying their electricity bills. When left unhedged, that mismatch can destabilize the setup if repayment becomes more expensive due to depreciation.

On PEPT 2, TCX absorbed that risk – converting AfDB's hard currency exposure into XOF and allowing the bank to participate in the bond without carrying the currency mismatch onto its own balance sheet. As part of its strategic partnership with AfDB, TCX ensures this mismatch is nulled, meaning cash flows become predictable and do not hinge on uncontrollable currency fluctuations.

The significance of this collaboration goes beyond the mechanics. PEPT 2 was AfDB's first deal with TCX since rejoining as a shareholder in 2025, and as Abdoul Aziz Ba noted:

"Rejoining TCX as a shareholder reflects our ambition to scale FX risk protection across the continent. PEPT 2 is exactly the kind of transaction that shows what becomes possible when that commitment is put to work."

Abdoul Aziz Ba
Senior Investment Officer · AfDB



For AfDB, the hedge and the shareholding are expressions of the same commitment: a conviction that local currency finance is a cornerstone of sustainable development.

A blueprint for future structures

PEPT 2 is the latest in a series of securitizations on the BRVM – but the first to combine a social label, an energy underlying and a local currency hedge into a single structure. It is intended to be the first of many. The model – energy infrastructure patient enough to generate data, capital markets deep enough to absorb a social bond, DFI support long enough in tenor to anchor the structure and a currency hedge to bridge the hard-to-local currency gap – is one AfDB intends to replicate. Energy

is the immediate priority, but the ambition extends to housing, transport and telecommunications.



What replication requires is exactly what Côte d'Ivoire had: stable local institutions, data gathered with patience and global partnerships willing to absorb the currency risk that would otherwise keep international, hard currency capital on the sidelines.

Transaction snapshot

TRANSACTION

PEPT 2

AMOUNT

XOF 120 billion

LISTING

BRVM, the regional securities exchange for the WAEMU zone

TCX ROLE

Hedge converting AfDB's hard currency exposure into XOF

STRUCTURE

Securitization of household connection receivables; social bond, issued in two phases

TENORS

7, 10 and 15-year tranches

ANCHOR INVESTORS

AfDB, EAAIF and Norfund on fifteen-year tranche

USE OF PROCEEDS

400,000 household connections, reaching an estimated 2 million people

TCX INVESTMENT MANAGEMENT COMPANY

Mauritskade 63 · 1092 AD Amsterdam · The Netherlands
info@tcxfund.com | +31 20 531 4851 | tcxfund.com

DISCLAIMER

The Currency Exchange Fund N.V. ("TCX" or "the Fund") is an Alternative Investment Fund The Currency Exchange Fund N.V. ("TCX" or "the Fund") is an Alternative Investment Fund within the meaning of article 4:1 of the European Alternative Investment Fund Managers Directive. TCX's fund manager is TCX Investment Management Company B.V. ("TIM"), a company based in Amsterdam, The Netherlands, that is licensed as an Alternative Investment Fund Manager by the Financial Markets Authority of The Netherlands. Information distributed by TCX or TIM is not to be considered as independent advice, recommendation or offer to invest in TCX. For more information, please visit the [disclaimer](#) page at tcxfund.com.