G20
SOUTH AFRICA 2025

Solidarity
Equality
Sustainability

# Case Studies of Guarantees and Credit Enhancements for Sustainable Infrastructure

## Annexures

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# Annexure A

## Case Studies of Guarantees and Credit Enhancements

This annexure was compiled based on survey responses from multilateral development banks, national development banks, development finance institutions, and export credit agencies, as well as case studies from G20 members and invited countries.

*Table 1. Partial Credit Guarantee*

| INSTITUTION | CASE STUDY | KEY FEATURES | DETAILS |
|---|---|---|---|
| The Australia Infrastructure Finance Facility for the Pacific (AIFFP) & Australia and New Zealand Banking Group Limited (ANZ Fiji) | Upgrading Fiji's international and outer island airports | Amount guaranteed: FJD 96 million (~ AUD 61.9 million)<br><br>Private finance mobilised: FJD 106 million | The guarantee was designed to meet Airports Fiji Pty Ltd (AFL)'s requirement for a local currency loan. AFL required the debt to be in FJD to match revenue streams and was not willing to accept any foreign exchange risk, given the poor economic conditions during the COVID-19 pandemic. However, the AIFFP could not cost-effectively raise funds directly in FJD due to the limited depth of the capital markets in Fiji. The partnership with ANZ Fiji overcame this challenge, with ANZ Fiji providing the capital, conditional on an AIFFP guarantee.<br><br>The package enabled AFL to maintain and invest in its airport infrastructure despite reduced revenue owing to COVID-19 pandemic border closures and travel restrictions. The AIFFP's guarantee gave ANZ Fiji the required security to lend to AFL during this period, giving it critical liquidity to preserve its cash reserves, maintain its capital expenditure programme, and position it to quickly scale up operations once borders reopened. Once revenues returned to normal, AFL was able to refinance the loan and discharge the guarantee with ANZ on commercial terms. |
| Japanese Bank of International Cooperation (JBIC) | Third Credit Line for Türkiye Sınai Kalkınma Bankası A.Ş. under GREEN Operations | Amount guaranteed: USD 80 million<br><br>Private capital mobilised: USD 80 million (40%) | The JBIC's scheme combines lending through local partners with guarantees offered to co-financing banks, illustrating the critical role of public financial institutions in unlocking private investment for sustainable infrastructure.<br><br>The JBIC provided a credit line for USD 120 million and a guarantee for the USD 80 million co-financed by the private financial institutions (Sumitomo Mitsui Banking Corporation and The Nishi-Nippon City Bank, Ltd).<br><br>The JBIC's model demonstrates that combining public guarantees with local partnerships can effectively de-risk projects and attract private capital. |
| JBIC | Loan to the Government of the Republic of Benin under GREEN Operations | Amount guaranteed: EUR 0.5 million<br><br>Private capital mobilised: EUR 0.5 million (50%) | JBIC provided a loan for EUR 0.5 million and a guarantee for the EUR 0.5 million co-financed by private financial institutions (MUFG Bank, Ltd. and Joyo Bank, Ltd). |

| INSTITUTION | CASE STUDY | KEY FEATURES | DETAILS |
|---|---|---|---|
| JBIC | Sixth Credit Line for the Brazilian National Development Bank under GREEN Operations | Amount guaranteed: USD 95 million<br><br>Private capital mobilised: USD 95 million (50%) | The JBIC provided a credit line for USD 95 million and a guarantee for the USD 95 million co-financed by private financial institutions (Citibank, N.A., Tokyo Branch, and The Nishi-Nippon City Bank, Ltd). |
| JBIC | Loan for Power Finance Corporation Limited of India, Based on Credit Line | Amount guaranteed: JPY 0.7 billion.<br><br>Private capital mobilised: USD 0.7 million (39%) | The JBIC provided a credit line for JPY 1.1 billion and a guarantee for the JPY 0.7 billion co-financed by a private financial institution (Sumitomo Mitsui Banking Corporation). |
| Asian Infrastructure Investment Bank (AIIB) | Egypt Sustainable Transport and Digital Infrastructure Guarantee | Amount guaranteed: USD 200 million<br><br>Tenor: 3 years<br><br>Private finance mobilised: USD 500 million | This was Egypt's first bond issuance in China's capital market and it opened a new financing avenue for the Government of Egypt (GOE), while broadening the country's access to the international capital markets.<br><br>The successful experience from AIIB's partial credit guarantee in supporting Egypt has opened other similar opportunities. AIIB has already received similar requests from some members. |
| Inter-American Development Bank (IDB) Invest | Santa Vitoria Do Palmar, Wind Farm, 2018 | Amount guaranteed: Reais 125 million<br><br>Tenor: 13.5 years<br><br>Private finance mobilised: USD 358.5 million | With this full credit guarantee, IDB Invest provided, for the first time, a guarantee in Reais for an energy project, as well as a guarantee of an infrastructure debenture in the local capital market. By providing an international AAA guarantee, IDB Invest fostered the growth of capital markets in Brazil, which enabled the mobilisation of new sources of liquidity, such as the domestic multi-family offices. |
| IDB | Energy Power Plant in Ecuador | Amount guaranteed: USD 77 million<br><br>Tenor: 25 years<br><br>Private financed mobilised: USD 1 billion | **Guarantee Structure**<br>*Level I*: Contractual payment prioritisation in favour of power generators.<br>*Level II*: The Government of Ecuador's commitment to assume payment in case of distributor default.<br>*Level III*: IDB partial credit guarantee triggered when *Levels I* and *II* fail, with disbursement managed through a private trust.<br><br>**Important features**<br>*Risk Mitigation Unlocks Private Capital*: Effective risk-sharing mechanisms were essential to mobilise investment in countries with limited creditworthiness.<br><br>*Integrated Financial and Institutional Support*: Combining credit guarantees with technical assistance to strengthen regulatory capacity enhanced project viability and long-term sustainability.<br><br>*Flexibility Enhances Impact*: The reinstatement mechanism and layered structure provided adaptability for changing conditions without undermining investor confidence. |

| INSTITUTION | CASE STUDY | KEY FEATURES | DETAILS |
|---|---|---|---|
| Atradius Dutch State Business (ADSB) | Support to Climate Investors 2 (CI2) managed by Climate Fund Managers (CFM): the issue of public financial guarantees to institutional investors | Amount guaranteed: USD 70 million<br><br>Tenor: 25 years | In 2022, ADSB issued a promise of cover for 25 years for a total of USD 400 million. The guarantees cover 100% of the repayments to institutional investors' equity investment into a climate-related infrastructure project. Each policy issue to CFM includes the issue of a guarantee for the same amount to the institutional investors. Currently, 5 projects have been covered under the guarantee/financing policy, for a total amount of appr. USD 70 million.<br><br>**Innovation**<br>- It attracts private investors that otherwise would not invest due to a lack of risk appetite or experience in higher-risk countries (Latin America, Africa and Asia). Thus, it enlarges the pool of investors willing to enter higher-risk markets.<br>- The public guarantee reduces the return rate of the institutional investors, allowing a higher rate of return for the private investors (without public support).<br><br>**Challenges**<br>- Risk analysis is very different from single risk underwriting and requires specific expertise. |

Note: Some values under "Private finance mobilised" in the Key Features column may include public capital, depending on the available information.
Source: Minister of Finance of Japan, Government of Australia, Government of the Netherlands, AIIB, IDB, and IDB Invest

## *Table 2. Political Risk Insurance*

| INSTITUTION | CASE STUDY | KEY FEATURES | DETAILS |
|---|---|---|---|
| Multilateral Investment Guarantee Agency (MIGA) | Illuminating Congo's Future: A Collaborative Approach to Energy Access | Amount guaranteed: USD 50.3 million<br><br>Tenor: 15 years | The key to private sector mobilisation in mini-grids in the fragility and conflict-affected Democratic Republic of the Congo was the 'One World Bank Group approach', where MIGA, the International Finance Corporation (IFC), and World Bank work together to innovate and leverage partnerships. MIGA provided the guarantee to Congo Energy Solutions Limited, mobilising the support of the International Development Association (IDA) Private Sector Window and MIGA's Renewable Energy Catalyst Trust Fund for the guarantee. The IFC provided upstream advisory services on scaling mini grids as well as a financing package of USD10 million of subordinated quasi-equity investment in Nuru. Furthermore, the International Solar Alliance, which established a partnership with MIGA in 2024, provided grant support to the project.<br><br>MIGA was instrumental in encouraging private sector participation in addressing the DRC's power deficits in an environmentally and financially sustainable manner. |

Note: Some values under "Private finance mobilised" in the Key Features column may include public capital, depending on the available information.
Source: MIGA

*Table 3. Partial Risk Guarantee*

| INSTITUTION | CASE STUDY | KEY FEATURES | DETAILS |
| --- | --- | --- | --- |
| IFC | Boosting clean and affordable power generation in Africa: Africa Release | Amount guaranteed:<br><br>Private financed mobilised: USD 100 million | IFC structured a USD 65 million Liquidity Support Guarantee to backstop off-taker payment obligations in the event of an early termination, including a contingent debt facility in case the termination is disputed. This structure ensures that the borrower has the necessary liquidity to re-deploy the solar assets in case of an early termination event and can move those assets to a new site (under a new lease agreement) with a different utility, therefore mitigating the liquidity risk of the borrower and an eventual default on the IFC debt package.<br><br>The streamlined documentation, the upfront availability of the debt financing through an innovative portfolio financing approach, and the use of modular technology are expected to significantly reduce deployment timelines to approximately 9 months from negotiations to the first production of electricity. This accelerated timeline enhances the scalability of the concept, enabling governments to make swift decisions and gain access to competitively priced renewable energy. |
| Investment Protection and Promotion Agreement (IPPA) - Russia | Airport complex, located in the Kemerovo Region – Kuzbass | Amount guaranteed: Flexible<br><br>Tenor: 6 years | The IPPA mechanism in the project made it possible to reduce the long-term risks of investors by increasing the predictability of project implementation conditions and related costs, as well as increasing the economic viability of the project.<br><br>The use of the IPPA mechanism in a project distributed risks between the investor and public law entities, which in turn, resulted in a reduction in the cost of borrowed capital for the investor and an increase in the attractiveness of the project. Such a distribution was implemented through the enshrinement of the invariability of the laws and regulations (stabilisation clause), ensured by the state bodies, in the IPPA.<br><br>The IPPA was effective in improving the business climate by ensuring stable and conducive conditions for a wide scope of investment projects, without shrinking fiscal space. |

Note: Some values under "Private finance mobilised" in the Key Features column may include public capital, depending on the available information.
Source: IFC, Minister of Finance of the Russian Federation

*Table 4. Political Risk Insurance & Partial Credit Guarantee*

| INSTITUTION | CASE STUDY | KEY FEATURES | DETAILS |
|---|---|---|---|
| Nippon Export and Investment Insurance (NEXI) – Japan | Gulf of Suez 2 Wind Power Project | Amount guaranteed: USD 163 million<br><br>Tenor: 21 years<br><br>Coverage: Political risk 100%, Commercial risk 97.5%<br><br>Private finance mobilised: USD 123 million | The objective was to ensure access to necessary financing from commercial lenders by offering robust risk coverage.<br><br>To realise sustainable infrastructure development over the medium to long term, mobilising private financial institutions and investors was crucial to establish legal and regulatory frameworks that align with international standards and ensure appropriate risk allocation.<br><br>Creating such an enabling investment environment required continuous dialogue with private sector stakeholders. |

Note: Some values under "Private finance mobilised" in the Key Features column may include public capital, depending on the available information.
Source: Minister of Finance of Japan

*Table 5. Partial Risk Guarantee & Partial Credit Guarantee*

| INSTITUTION | CASE STUDY | KEY FEATURES | DETAILS |
|---|---|---|---|
| SINOSURE (China Export & Credit Insurance Corporation) | Covered Palembang Waste to Energy Project in Indonesia: Turning Trash into Sustainable Power | - | SINOSURE's insurance policy provides "double-95" coverage (maximum indemnity ratio of up to 95% for both political and commercial risks). The Development Bank of Singapore and Bank Negara Indonesia also provide a parallel loan tranche, reflecting risk-sharing among lenders. A dual-currency structure was adopted to hedge against exchange rate risks, with the financing currency tied to the project's revenue streams. These arrangements effectively mitigate risks while further reducing the financial burden on the project sponsor. |

Note: Some values under "Private finance mobilised" in the Key Features column may include public capital, depending on the available information.
Source: Ministry of Finance of China

*Table 6. Credit Enhancement for Non-honouring Financial Obligations*

| INSTITUTION | CASE STUDY | KEY FEATURES | DETAILS |
|---|---|---|---|
| State Secretariat for Economic Affairs – Switzerland | The Private Infrastructure Development Group (PIDG) - InfraCredit | Amount guaranteed: USD 120 million<br><br>Tenor: up to 20 years | First local currency guarantee facility for infrastructure in frontier markets – first certified green bond in Nigeria. Local currency financing for up to 20 years – 2023: USD 25 million counter-guarantee for 16 years (Lagos Free Zone).<br><br>The facility was used to enable renewable energy in many cases, and allowed for North South Power to issue local capital market sustainable bonds in local currency for the first time. |

Note: Some values under "Private finance mobilised" in the Key Features column may include public capital, depending on the available information.
Source: Government of Switzerland

*Table 7. Programmes and Initiatives to Implement Guarantees and Credit Enhancement Instruments to Mobilise Private Capital*

| INSTITUTION | CASE STUDY | KEY FEATURES | DETAILS |
|---|---|---|---|
| Fundo de Desenvolvimento da Infraestrutura Regional Sustentável – FDIRS (Sustainable Regional Infrastructure Development Fund) – Brazil | N.a. | N.a. | The fund offers risk coverage through guarantee instruments, including participation in guarantee funds.<br><br>**Types of risks covered**<br>Compensation risk and other financial obligations of the public partner; credit risk in long-term financing operations in the financial or capital markets, including through credit enhancement mechanisms; demand risk; foreign exchange risk; completion risk related to construction works or investments in assets or infrastructure required for service provision; and other risks as may be approved in the Investment Policy.<br><br>The FDIRS framework requires the Administrator to demand counter-guarantees. The vehicle would be privately and discretionarily managed, enabling faster implementation of initiatives. The integration of the different financial instruments offered with the guarantees would support risk modelling and coverage to attract private financing and improve project bankability. |
| Alternative Fuels Infrastructure Facility from the Connecting Europe Facility (CEF – AFIF) – EU | Expand-E Cohesion: Expanding Performance and Network Density – Electric across Europe | EU Contribution: EUR 40.95 million | The support provided by the CEF-AFIF programme de-risks implementing partners' financing through a credit enhancement mechanism, where a grant is blended with a financing component by a financing institution (implementing partner or other), thus ensuring 'skin in the game'. Support by the financing institution to the final beneficiaries can then be provided by way of, e.g. loans, bonds, guarantees or equity. When the financing takes the form of debt, the size of the financing covering the project shall be at least 10% of the total project investment cost. |
| Credit Guarantee Vehicle (CGV) – South Africa | N.a. | N.a. | The use of credit guarantees shifts the burden of the full financial due diligence from the institutional investor to the credit risk insurance company, contributing to the standardisation of the infrastructure/project bond as an asset class. The South African capital markets will be used to test the "value" of the credit guarantee instrument as a catalyst to develop a new standardised infrastructure bond that could help increase the current asset base allocation to sustainable infrastructure, at the national and sub-national level.<br><br>As a way of expanding the equity base with stakeholders from the local capital markets, the CGV could consider including, in its capital base, beneficiaries of the credit risk guarantee. Such a move has been seen in similar credit guarantee vehicles in other markets since their participation improves capital adequacy, adds market information, and mitigates regulatory and political risk. However, these types of investors should only be considered once there is a strong track record of no major events of default and attractive returns. |

| INSTITUTION | CASE STUDY | KEY FEATURES | DETAILS |
|---|---|---|---|
| Project Finance Factory – Russia | N.a. | N.a. | Project Finance Factory, launched in 2018, is a strategic blended finance initiative to support long-term investment in priority sectors of the Russian economy, including infrastructure and industry. Under this program, VEB.RF, Russia's state development corporation, collaborates with local commercial banks to provide long-term project financing through syndicated loans denominated in Russian rubles and based on floating interest rates tied to the Central Bank of Russia's key rate. To protect borrowers from sudden increases in the key rate, the government offers a special guarantee in the form of a subsidy, which serves as a financial hedge.<br><br>The mechanism ensures that if the Central Bank's key rate rises above a certain threshold, the borrower receives compensation from the government via VEB.RF, reducing the burden of increased loan costs. Currently, the Project Finance Factory supports 40 ongoing projects with a total investment volume of USD 65 billion, including USD 32 billion mobilised through syndicated loans (USD 11 billion of which involves VEB.RF). Additional funding sources include private equity, subordinated loans, and budget grants. Loans are long-term, aligned with the lifecycle of infrastructure and industrial projects. |
| Airport complex in the Kemerovo Region: IPPA – Russia | N.a. | N.a. | IPPA is an effective blended finance de-risking measure to play a significant role in the modernisation of transport infrastructure, such as the airport complex in Novokuznetsk, located in the Kemerovo Region – Kuzbass, which began in 2021.<br><br>The use of the IPPA mechanism is a way of distributing risks between the investor and public law entities, which in turn, will result in a reduction in the cost of borrowed capital for the investor and an increase in the attractiveness of the project to external creditors. The IPPA mechanism guarantees the invariability of the conditions for the implementation of investment projects, as well as provides an opportunity to reimburse infrastructure construction costs (50 or 100%, depending on the type of infrastructure) and to pay interest on loans and borrowings. The stabilisation clause guarantees the immutability of tax legislation, customs regulation, conditions of land use, urban development, etc. |

| INSTITUTION | CASE STUDY | KEY FEATURES | DETAILS |
|---|---|---|---|
| | | | Reimbursement of costs for the construction of transport, utility, energy, social, and digital infrastructure facilities, as well as for the payment of interest on loans and borrowings, is carried out in the form of a tax deduction or subsidy from taxes paid by the investor from the implementation of the investment project. The validity period of the IPPA is from 6 to 20 years, depending on the volume of investments – in relation to Novokuznetsk Airport, the tenor of the IPPA is 6 years. The IPPA mechanism is free for the investor. The condition for entering into the IPPA agreement is compliance of the project and investor with the requirements set by legislation. Legislation stipulates that the cost of the IPPA project should be at least 4.5 billion rubles (equivalent to USD 53 million). |

Note: Some values under "Private finance mobilised" in the Key Features column may include public capital, depending on the available information.
Source: Government of Brazil, DG ECFIN - European Commission, Ministry of Finance of South Africa, Ministry of Finance of the Russian Federation

# Annexure B

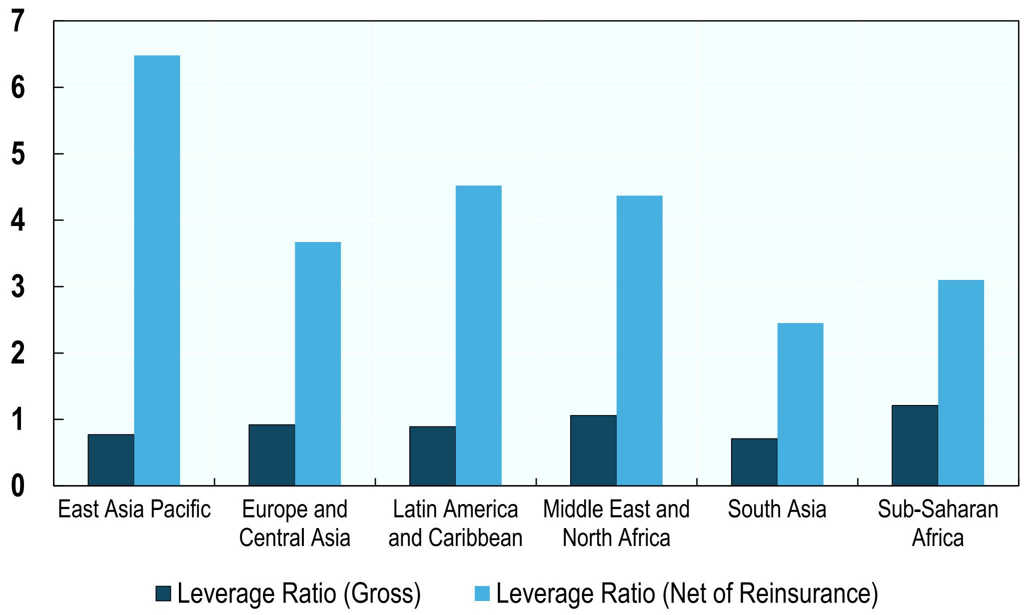
## MIGA and IDB's guarantee features

### 1. Key features of MIGAs guarantees

As the only specialised multilateral guarantee provider in the global ecosystem, MIGA's role in contributing to the de-risking of sustainable infrastructure in EMDEs is significant. MIGA focuses its strategy on political risk insurance for private investors or lenders, covering non-commercial political risks, and non-honouring of financial obligations for the risk of non-payment by public sector entities such as sovereigns, sub-sovereigns, state-owned enterprises, with the insured party being a private lender. As discussed above, MIGA, along with the IFC, International Bank for Reconstruction and Development and IDA, is convening the World Bank Group guarantees platform to bring all the World Bank institutions under a common roof, to streamline processes across institutions, processed by MIGA. With specific respect to their own operations, MIGA's survey response provided several key insights for the report:

- Their operating capital is around USD 2.1 billion, yet supported USD 31.5 billion in total exposure in 2024, demonstrating **high leverage and capital efficiency**. MIGA's products do not require sovereign counter-guarantees.
- All instruments are **unfunded** and can cover up to 90% of equity, and 95% for loans or debt service, for terms up to 15 years and up to 20 in exceptional cases.
- **Private capital leverage ratios between 2022 and 2024 are around 1:1** (before reinsurance) and between 2.5 - 6.5, depending on the World Bank region, after reinsurance is considered.

*Figure 1. MIGA's private capital ratios (FY22-24)*




Source: Multilateral Investment Guarantee Agency

- While **tight capital buffers** ensure strong internal governance, these may constrain flexibility in high-demand or fragile situations.
- MIGA prioritises investments in **fragile and conflict-affected settings**, aligning with its development mandate, though regional targets for infrastructure guarantees are not specified.
- Barriers to use include **limited knowledge and awareness of available instruments, processing costs and operational complexity,** and **policy and regulatory environments** in host countries being insufficiently supportive of private investment in infrastructure.
- Factors that could facilitate more effective use of risk mitigation instruments include an improved understanding of guarantee products among beneficiaries, aligning standards and products within the World Bank Group and harmonising standards with other MDBs, as well as additional incentives to further collaborate with other MDBs.

## 2. Key features of IDB and IDB Invest's guarantees

The IDB offers a range of unfunded guarantee instruments and is mandated to provide these across 26 countries in Latin America and the Caribbean, with a particular focus on integration across regions. The IDB approved USD 510 million in guarantees in 2024, of which USD 150 million were dedicated to infrastructure. Their instrument offerings are partial risk guarantees, partial credit guarantees, and policy-based guarantees.

- Unlike MIGA, the IDBs' instruments require sovereign counter-guarantees.
- Guarantees are treated similarly to loans in capital adequacy terms, and there is no separation of guarantee capital from general risk-weighted assets.
- Across their PCG partial credit guarantee and policy-based guarantees issuance from 2018-2022, the IDB saw a private sector leverage ratio of 1.8, all within Latin America.
- The IDB submitted a detailed list of factors to facilitate the more effective use of guarantees:
  - **Recognition of credit uplift by rating agencies**: Rating agencies often do not grant full credit uplift for partial guarantees unless 100% of the exposure is covered. This limits their impact on reducing borrowing costs and diminishes client interest, especially in countries with narrow spreads.
  - **Strengthening internal capacity and incentives**: Lack of internal technical expertise within both client countries and IDB teams hampers the structuring and monitoring of guarantees. Strengthening internal capabilities and aligning incentives could support broader use.
  - **Simplification of internal procedures**: The IDB's systems were originally designed for standard loans and are not well-suited for the specific features of guarantees (e.g., contingent liabilities, third-party roles, disbursement flows). Misalignment creates operational inefficiencies.
  - **Lower transaction costs**: Guarantee structures often involve multiple stakeholders and higher legal, environmental, and administrative costs than loans. Streamlining processes and simplifying internal rules could reduce these burdens.
  - **Increase client awareness**: Many government counterparts and implementing agencies lack understanding of IDB guarantee instruments, including their structuring and benefits. This lack of familiarity limits demand and uptake.
  - **Focus on high-risk and less developed markets**: Guarantees are especially useful in contexts with higher risk or weaker creditworthiness. However, in markets with strong institutions and capital markets, such as Brazil or Chile, guarantees may be less attractive. They remain valuable, however, at the subnational level where access is more limited.
  - **Adjustment of pricing policy**: Current guarantee pricing mirrors that of loans, offering little cost advantage. Shifting to tenor-based or risk-adjusted pricing could make guarantees more competitive and client-friendly.

IDB Invest is the private-sector arm of the IDB and operates within the broader context of the IDB Group. When compared to the IDB, IDB Invest's offerings are more market-oriented and do not require sovereign counter-guarantees, allowing for more flexibility in private markets. IDB Invest's guarantees are typically used to support short-term structured transactions and bond issuances, helping improve credit ratings and market access. Although not mandated, infrastructure-related sectors are relevant given the scope of projects covered.