

MEDIA RELEASE

## **LAUNCH OF GREEN GUARANTEE COMPANY TO MOBILISE BILLIONS IN CLIMATE FINANCING**

**5 February, London.** The world's first climate-focused guarantee company is set to unlock billions in climate finance for developing countries by providing guarantees for institutional investors buying green bonds issued and listed on the London Stock Exchange (LSE) and green loans issued in the private credit market.

The Green Guarantee Company (GGC), developed by the Development Guarantee Group, which was co-founded with Cardano Development, celebrated the launch of its operations with a Market Closing Ceremony at the LSE this past Friday. GGC will use guarantees to help borrowers in developing countries improve their credit ratings to access global capital markets like the LSE.

The company is receiving capital from the United Kingdom's Foreign Commonwealth & Development Office (FCDO) through its MOBILIST programme, the Green Climate Fund, the Nigeria Sovereign Investment Authority (NSIA), the United States Agency for International Development (USAID) with Prosper Africa, and Norfund.

GGC will leverage an initial \$100 million from these investors to provide up to \$1 billion of guarantees underpinned by an investment grade rating of BBB/Stable from Fitch Ratings. Initially, it will focus on private credit and the LSE green bond market but plans to expand to other major exchanges. It will seek to raise additional capital from the private sector as it scales its operations, targeting a guarantee capacity of \$5 billion or more by 2035.

GGC's cover will prioritise green infrastructure, renewable resources, alternative energy, and clean transportation. Guarantees will be prioritised for issuers from countries eligible for official development assistance in Africa, Asia and Latin America, including India, Indonesia, Brazil, Bangladesh, Philippines, Egypt, Vietnam, and Kenya.

Guarantees are pivotal to enable developing countries to access long-term hard currency debt financing to combat climate change. By helping to improve the credit ratings of assets to above investment grade, guarantees enable borrowers in developing countries to access a far bigger pool of capital at a lower cost.

GGC also plans to support borrowers in delivering a high standard of reporting on the climate impact of the green bonds and loans it guarantees. The company will work with issuers to build their capacity to deliver quality and consistent reporting to help make green bonds and loans from developing countries an attractive asset class deserving of larger allocations in global climate debt portfolios.

**Christopher Marks, Director at GGC, says:** "GGC will provide pivotal support to enable issuers from developing countries to gain the financing they need to combat the impact of climate change on their populations, particularly the poorest. This support is critical as both increased fiscal pressure post-pandemic and downward pressure of sovereign ratings of developing countries will limit their private sectors' access to global debt capital markets at a time when climate action is becoming increasingly urgent."

**Andrew Mitchell, UK Minister of State in the FCDO, says:** GGC's ambition to unlock \$1 billion in climate finance is a clear illustration of the powerful role that public markets can play in mobilising the capital needed to realise the climate transition in emerging markets. The UK's recent International Development White Paper highlighted the need for greater investment in these markets, including from the private sector. MOBILIST's investment in GGC delivers that vision by mobilising new sources of finance through new vehicles that can crowd in new investors at scale. The UK is proud to support GGC through MOBILIST and as one of the largest donors to the GCF.

**Henry Gonzalez, Deputy Executive Director of GCF, says:** “GGC will make a fundamental contribution to GCF’s mission to mobilise global capital at scale for climate finance. GCF is proud to be an anchor investor in this unique institution. This will further unlock global debt and guarantee markets for climate action, supporting the most vulnerable communities across the developing world.”

**Gillian Caldwell, USAID’s Chief Climate Officer, says:** “We need to use all of the tools available to us to crowd in climate finance to the places that need it the most, and investment grade guarantees are one of the most powerful tools we have. USAID is proud to be supporting GGC in catalysing climate finance into developing economies.”

**British Robinson, Coordinator of Prosper Africa, says:** “GGC – an example of the kind of systemic change the development finance system needs to meet our global climate responsibilities – a privately-run company entirely focused on accelerating the de-risking of climate investments. GGC crowds in large pools of capital that can fund adaptation and mitigation projects needed across Africa.”

**Aminu Umar-Sadiq, Managing Director and CEO of NSIA, says:** “As a long-term investor of Nigeria’s sovereign wealth, our strategy is underpinned by our adoption of sustainable investment opportunities that uphold environmental stewardship. Given the global urgency of positive climate action, our alignment with GGC will further expand access to climate adaptive solutions, particularly within emerging markets. This re-affirms our focus on creating shared value for the people and the planet.”

**Cathrine Kaasen Conradi, Investment Director at Norfund, the Norwegian Government’s Investment Fund for Developing Countries, says:** “Norfund is proud to play a role in establishing GGC. We believe this model has the ability to mobilise considerable capital for investments that mitigate or adapt to climate risks. GGC has the right team, the right instrument, and a promising capital structure to achieve their ambitious goals.”

**Boo Hock Khoo, Chairman of The Development Guarantee Group, says:** “Climate financing from developed to developing countries will be central to the success of the world’s collective efforts to keep global warming to 1.5 degrees. Greater mobilisation of long-term pension, insurance, and other global institutional capital will be needed. This makes the creation of an investment grade guarantor backing climate-focused debt instruments to these investors via the world’s major financial markets is both timely and critical.”

**Joost Zuidberg, CEO of Cardano Development, says:** “Cardano Development is delighted to mark the launch of GGC, established by the Development Guarantee Group, which was co-founded with Cardano Development. At Cardano Development, we recognise the indispensable role that guarantees play in facilitating access to long-term debt financing, in particular to mobilise the much-needed additional private capital resources required to tackle climate change in developing countries and contribute to enhanced capital market interest and ultimately ensure lasting economic growth in these regions.”

**[END]**

#### **Note to Editors: How do guarantees work?**

Developing countries are often assigned credit ratings below investment grade. This increases the cost of raising capital to finance climate mitigation and adaptation projects and prevents issuers in these markets from accessing institutional capital with investment-grade mandates. As a result, the global market for green bonds remains dominated by developed markets. Guarantees can help to overcome this by providing investors with loss protection to improve the credit rating of assets to above investment grade. As a result, developing country borrowers can access a far bigger pool of capital at a lower cost.

## **ABOUT DEVELOPMENT GUARANTEE GROUP**

The Development Guarantee Group was established in 2021 by Boo Hock Khoo, Lasitha Perera and Dale Petrie, and co-founded with Cardano Development, thereby uniting the collective experience of a global network of experts in setting up and running guarantee companies and programmes focused on addressing development challenges globally. The Development Guarantee Group is the world's first dedicated guarantee platform with the mission to design, develop and operate guarantee solutions and companies that can effectively mobilise private sector capital towards funding development and sustainability challenges.

Established in 2007 Cardano Development is an incubator and fund manager that identifies scalable solutions to make frontier financial markets more inclusive, investible, and sustainable to unlock lasting economic value. Cardano Development creates solutions for local currency, credit, and liquidity risks in these markets.