

## InfraCo Africa to invest US\$15m to anchor pioneering new guarantee company

7<sup>th</sup> November 2022

**Sharm El Sheikh, Egypt:** On the opening day of COP27, InfraCo Africa, part of the Private Infrastructure Development Group (PIDG) has announced that it will invest US\$15m into a newly established guarantee company, alongside a US\$5m commitment from Cardano Development. The announcement was made as part of a KES 500bn package of new investment from the UK to support Kenya's leadership on climate change.<sup>i</sup>

Established by InfraCo Africa and Cardano Development with support from PIDG and FSD Africa, the new company is modelled on InfraCredit Nigeria and InfraZamin Pakistan, aiming to unlock local capital into sustainable infrastructure and projects that improve climate mitigation and adaptation and deliver on the SDGs. InfraCredit Nigeria is an infrastructure guarantee facility established in 2017 by PIDG company GuarantCo and the Nigeria Sovereign Investment Authority. InfraCo Africa became InfraCredit's third investor in 2020. PIDG has sought opportunities to replicate this innovative model in other geographies, including establishing InfraZamin Pakistan. FSD Africa has also extended grant funding to Cardano Development valued at nearly US\$297,000 for the establishment of the new company, and GuarantCo is exploring the possibility of providing a contingent capital facility to the company in the near future.

PIDG's CEO Philippe Valahu said, ***"We are pleased to announce our anchor investment into this new guarantee company during the important COP27 summit. As well as addressing Kenya's and East Africa's infrastructure access gap, the new company will issue guarantees to projects that are Paris aligned, helping to link flows of finance with global efforts to mitigate and adapt to the climate crisis."*** He continued, ***"This innovative model of local currency guarantees has proven to be successful in Nigeria - where InfraCredit Nigeria has issued circa NGN 114 bn worth of local currency guarantees in its first five years of operations - and also in Pakistan, where InfraZamin Pakistan recently issued its first guarantee."***

The initial focus of operations will be in Kenya. Kenya holds significant wealth in pension,<sup>ii</sup> life insurance and private wealth funds. However, Kenyan infrastructure projects and other cash-flow based investments are largely reliant on US dollar denominated bank loans, loans which seldom offer the length of tenor required for successful developments and which expose borrowers to currency exchange risk.

InfraCo Africa's Chief Investment Officer, Claire Jarrett said, ***"The new guarantee company seeks to issue up to US\$100m of local currency guarantees in its first few years of operations. Kenya's capital markets are developing quickly and it is hoped that access to local currency guarantees will enable institutional investors such as pensions and insurance funds to invest into high-quality assets whilst also supporting businesses to secure the finance needed for them to deliver vital new infrastructure, underpinning economic development across the country."***

InfraCo Africa is supported by

Joost Zuidberg, CEO Cardano Development added, ***“Cardano Development is proud to act as a catalyst for making emerging and frontier markets more investible, through our incubating activity and investment into the new guarantee company. With climate change at the top of the global agenda, our expertise, alongside our partners InfraCo Africa and PIDG, will help fast-track the flow of climate friendly finance into key sectors, through local currency guarantees.”***

Mark Napier, CEO FSD Africa, and Board Member of the GFANZ Africa Advisory Board said, ***“The mandate of the new guarantee company is well aligned to critical climate finance initiatives such as the Glasgow Financial Alliance for Net Zero’s (GFANZ) objective of addressing sector-wide challenges associated with the net-zero transition helping to ensure high levels of ambition are met with credible action. FSD Africa is committed to supporting local currency bond markets in Africa as well as local currency credit enhancement facilities as they play an important de-risking role. This role is pivotal in the mobilisation of climate finance from both local and international owners of capital to African economies that require different sources of capital to fund their green growth.”***

#### Notes to Editors:

- PIDG, Cardano Development and FSD Africa are committed to capital markets development in sub-Saharan Africa:
  - In Kenya, PIDG companies GuarantCo, EAIF and PIDG TA supported Acorn’s KES 5 billion note programme that raised KES 4.3 billion in October 2019, a pioneering, green bond which was dual-listed on the [Nairobi Securities Exchange \(NSE\)](#) and [London Stock Exchange \(LSE\)](#). InfraCo Africa invested in [Acorn’s innovative REIT launch](#) in early 2021. FSD Africa provided technical assistance for both the Acorn Kes 4.3 billion green bond as well as the Acorn Green REIT under the Kenya Green Bond Programme.
  - In Nigeria, PIDG company GuarantCo worked with the Nigerian Sovereign Investment Authority to establish a credit enhancement facility, [InfraCredit Nigeria](#), in 2017. In 2020, InfraCo Africa [invested to support InfraCredit’s growth](#). In 2022, FSD Africa also extended support to InfraCredit for its Bridge to Bond Warehouse Facility aimed at providing project feasibility and transaction support for first time bond issuers. FSD Africa has supported six issuers (sovereign, financial institutions and energy corporations) with green bond verification, catalysing a total of GBP 122m of capital for climate change purposes.
  - In Pakistan, PIDG companies GuarantCo and InfraCo Asia have supported the development of InfraZamin Pakistan which recently issued its first local currency guarantee.
  - Cardano Development is the manager of GuarantCo, a PIDG company, dedicated to unlocking local currency funding for infrastructure in Africa and Asia.
  - Cardano Development launched IMFact in 2021, a pan-African SME working capital finance institution established in Kenya; and Nyala Venture in 2022, an accelerator facility for alternative local PE platforms.
  - Cardano Development’s Frontclear has launched Tradeclear Uganda in 2022, an interbank trading platform with central clearing of counterparty risks.

InfraCo Africa is supported by

- FSD Africa's investment arm, FSD Africa Investments has committed investment capital to the tune of approximately USD 14.2 million to IMfact, Nyala Venture and Frontclear.
- Investing in the new guarantee company aligns with InfraCo Africa's strategy on achieving greater scale and pace in our work – shifting our focus from separate mono-infrastructure projects in dedicated SPVs, to platforms that are able to support multiple projects and attract new sources of investment.

**The Private Infrastructure Development Group (PIDG)** PIDG is an innovative infrastructure project developer and investor which mobilises private investment in sustainable and inclusive infrastructure in sub-Saharan Africa and south and south-east Asia. PIDG investments promote socio-economic development within a just transition to net zero emissions, combat poverty and contribute to the Sustainable Development Goals (SDGs). PIDG delivers its ambition in line with its values of opportunity, accountability, safety, integrity and impact. Since 2002, PIDG has supported 190 infrastructure projects to financial close which provided an estimated 220 million people with access to new or improved infrastructure. PIDG is funded by the governments of the United Kingdom, the Netherlands, Switzerland, Australia, Sweden, Germany and the IFC [www.pidg.org](http://www.pidg.org)

**InfraCo Africa:** InfraCo Africa is part of the Private Infrastructure Development Group (PIDG) and seeks to alleviate poverty by mobilising investment into sub-Saharan infrastructure projects. It does this by investing directly into early-stage projects and by providing project development leadership. Through its investments arm, InfraCo Africa can also provide equity to close a financing gap and start construction or fund innovative solutions that need support to scale-up, to pilot new products or enter new markets. InfraCo Africa is funded by the governments of the United Kingdom (through FCDO), the Netherlands (through DGIS) and Switzerland (through SECO). To find out more visit: [www.infracoafrica.com](http://www.infracoafrica.com)

**Cardano Development:** Cardano Development (CD) is an incubator and fund manager, established in 2007. Through careful risk-management analysis in data poor settings, CD identifies scalable solutions that can help to make frontier financial markets more inclusive, investible, and sustainable to unlock lasting economic value. CD creates scalable solutions for currency, credit, and liquidity risks in these markets. With over USD 6 billion assets and USD 2.5 billion capital under management, CD supports eight scale-up funds: TCX, GuarantCo, Frontclear, BIX Capital, ILX Fund, IMFact, AGRI3 Fund and Nyala Venture. As well as six start-ups: NASASA CD, Octobre, Social Infra Ventures, The Development Guarantee Group, The Green Guarantee Company and new guarantee company with ongoing management services and corporate governance oversight. For more information please visit: [www.cardanodevelopment.com](http://www.cardanodevelopment.com).

**FSD Africa:** FSD Africa is a specialist development agency working to help make finance work for Africa's future. Based in Nairobi, FSD Africa's team of financial sector experts work alongside governments, business leaders, regulators, and policymakers to design and build ambitious programmes that make financial markets work better for everyone. Established in 2012, FSD Africa is incorporated as a non-profit company limited by guarantee in Kenya. It is funded by UK aid from the UK government.

**For more information please contact:**

Lorna McNae, Communications Manager, InfraCo Africa  
[lmcnae@infracoafrica.com](mailto:lmcnae@infracoafrica.com)

Elle Leontiev, Corporate Communications Manager, Cardano Development  
[e.leontiev@cardanodevelopment.com](mailto:e.leontiev@cardanodevelopment.com)

Nelson Karanja, Director, Communications and Engagement, FSD Africa  
InfraCo Africa is supported by

---

<sup>i</sup> <https://www.gov.uk/government/news/climate-finance-to-flow-to-kenya-as-uk-prime-minister-agrees-with-president-ruto-to-fast-track-kes-500-billion-of-british-investment>

<sup>ii</sup> <https://www.oecd.org/pensions/Pension-Funds-in-Figures-2020.pdf>

InfraCo Africa is supported by



Ministry of Foreign Affairs of the  
Netherlands

