CGIF Credit Guarantee & Investment Facility

An Asian Bond Markets Initiative

Credit Guarantees for Infrastructure Bonds

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Why Project/Infrastructure Bond?

The financing challenge

Funding & capacity gaps
Infrastructure capex routinely exceeds the lending headroom of domestic banks.

Tenor mismatch
Short bank loans don't match 10–20+ year asset lives — refinancing risk built in.

Interest-rate exposure
Floating-rate loans against stable contracted cash flows create rate risk.

Project bonds: the answer

Asset-matched tenors
10–30+ year maturities aligned to the infrastructure's useful life.

Deep institutional capital
Taps pension funds and insurers seeking long-duration, stable yields.

Lock-in Interest Rate
Fixed rated financing to match long-term stable cashflow.

The two-phase model Banks fund construction (Phase 1); a long-tenor project bond takes them out once cash flows are proven (Phase 2). In nascent ASEAN markets, that take-out needs credit enhancement to clear.

Mature markets vs. Emerging ASEAN

Mature markets	Emerging ASEAN
✓ Deep investor base with active benchmarks	✗ Smaller depth; few active institutional investors
✓ Standardized documentation and ratings history	✗ Many first-time issuers; limited ratings history
✓ Strong PPP and protective legal frameworks	✗ Shorter achievable tenors; wider yield spreads
✓ Predictable pricing and secondary liquidity	✗ Underdeveloped ecosystem; banks retain assets

CGIF as market-maker A 100% guarantee de-risks the transaction end-to-end — lifting the rating to AAA/AA, lengthening tenor, crowding in conservative institutions, and standardizing issuance (AMBIF). That is how a nascent market leapfrogs to bankable project bonds.

Project bonds — Challenges & CGIF's role

Shortcomings of project bonds

Complex waiver / consent — Dispersed bondholders make amendments harder than with a bilateral bank.

Extensive due diligence — Capital-market standards demand lengthy documentation and disclosure.

Investor uncertainty — Roadshow results and final order-book size can be volatile.

Pricing uncertainty — Spread volatility means no pricing certainty until close.

Higher transaction costs — Rating agencies, legal advisors and underwriting fees add up.

Heavy documentation & covenants — Investors negotiate an extensive protective covenant package into the bond terms.

How CGIF addresses them

Simplified governance — As anchor creditor, a single credible party facilitates waivers and workouts.

Enhanced credibility — Robust due diligence and AAA rating cut each investor's burden.

Investor confidence — A 100% guarantee broadens participation and order-book certainty.

Pricing stability — Strong enhancement tightens spreads and improves predictability.

Market development — Each successful deal makes the next one easier and cheaper.

Streamlined, covenant-light docs — Investors take CGIF's credit; covenants shift to the bilateral agreement.

Critical for nascent markets In emerging ASEAN these hurdles are amplified by limited investor familiarity and first-time issuer risk — CGIF bridges the gap as market-maker, benefiting both issuers and investors.

CGIF at a Glance

Who we are
A trust fund of the Asian Development Bank (ADB), established 2010, with paid-in capital of ~US$1.158bn.

Our mandate
Promote financial stability and develop local-currency bond markets across ASEAN+3.

What we do
Irrevocable, unconditional credit guarantees for local-currency corporate, project and securitized bonds.

AA: **S&P Global rating**

AAA: **National scales across ASEAN+3**

$4.67bn
Cumulative guarantees
125 bonds issued by 73 issuers

$2.60bn
Outstanding portfolio
Active exposure reflecting market trust

$822m
Vietnam footprint
Across landmark local transactions

How It Works

CGIF’s guarantee parameters and the issuance journey

Coverage
Up to 100%
of principal & interest

Size
~US$231.6m
maximum per issuer

Tenor
Up to 10 yrs
15yrs case-by-case

Currency
ASEAN+3
local currencies

The issuance journey

1. **Origination**
   Engage CGIF & underwriter; submit info pack
2. **Concept approval**
3. **Due diligence**
   Credit, legal, E&S and integrity checks
4. **Underwriting Approval**
5. **Issuance**
   Finalize docs; launch and price
6. **Post-issuance**
   Monitor covenants & material events

Case Study 1: China Water Affairs Blue Bonds

TRANSACTION SUMMARY	
Issuer	China Water Affairs Group Limited
Issuer rating	Ba1 (Moody's) / BB+ (S&P)
Guarantor / guarantee	CGIF · 100%
Issue rating	AA (S&P)
Issue size	CNY 1,000m (~USD 138m)
Coupon / repayment	3.45% fixed, semi-annual · bullet
Tenor	5 years (27 Jan 2025 – 27 Jan 2030)
Listing / law	SGX-ST · English law
Distribution	Public offering

TRANSACTION HIGHLIGHTS

BLUE BOND · WATER & WASTEWATER

- CGIF's inaugural blue bond — aligned with IFC's Blue Finance Guidelines.
- CGIF's second dim sum (offshore RMB) transaction; issued under AMBIF.
- Opened cross-border liquidity and extended the issuer's maturity profile.
- Diversified the investor base — sovereign wealth funds and government entities.
- Directs proceeds to sustainable water & wastewater management.

Investment allocation

Domestic 100%

Sovereign 40% | AM/FM 30% | FI 30%

Case Study 2: SchneiTec Dynamic Project Green Bond

SchneiTec Dynamic — Cambodia's first project bond

TRANSACTION SUMMARY	
Issuer	SchneiTec Dynamic Co., Ltd
Bond type	Green Project Bond (solar)
Total package	KHR 200bn (~USD 50m) · 3 tranches
Tenor	15 years (28 Mar 2025 – 28 Mar 2040)
Repayment	Fully amortizing after 6-month grace
Off-take	20-year PPA with EDC (government-backed)
Governing law	Cambodia (bond) / English (guarantee)
Lead / agents	Yuanta Securities · ACLEDA Bank
Highlights	• Cambodia's first-ever project bond — and its largest, longest-tenor bond. • S&P-certified Green Bond • Innovative multi-tranche structure • Backed by a 20-year PPA with EDC, secured by a government guarantee.

FINANCING PACKAGE

GREEN PROJECT BOND · S&P-CERTIFIED · SOLAR

Tranche	Size	Guarantee
Green Bond 1	KHR 80bn (~$20m)	CGIF 100%
Green Bond 2	KHR 60bn (~$15m)	CGIF 100%
Unguaranteed	KHR 60bn (~$15m)	None
Total	KHR 200bn (~$50m)	70% wrapped

Investor allocation (whole issue)

Foreign 50% | Domestic 50%

Bank 70% | Insurance 30%

Thank You