Update from PIDG CEO Philippe Valahu

April 2019

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- GuarantCo guarantees Vietnamese currency bond
- PIDG, TAF and GuarantCo visit to Lower Solu run-of-river project in Nepal

2. Conferences and events:

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Please do get in touch about anything in this newsletter, and I will come back to you.

Kind regards,

Philippe

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Project news

EAIF lends $27 million to Kikagati hydropower project on Uganda-Tanzania border

In March, EAIF announced the signing of a $27 million loan to Kikagati Power Company Limited, which is
building a 14MW run-of-the-river hydro electricity generating station at Kikagati, on the Kagera River.

Uganda has one of the world’s lowest rates of electrification, with an average national rate of 20%, falling to as low as 6% in rural areas. Kikagati’s rural location means that villages and businesses in the immediate area stand to benefit from the reliable and affordable power the plant will supply.

100% of the energy generated will be bought by the Uganda Electricity Transmission Company Limited, Uganda’s single-buyer and transmission company, which will then sell half the energy on to Tanzania.

The Kikagati plant is the 10th renewable energy development that EAIF has backed in Uganda demonstrating the benefits of replicating experience, financial structures and legal documentation.

**GuarantCo guarantees Vietnamese currency bond**

GuarantCo has provided a VND 1.150 billion (circa $50 million) guarantee to Ho Chi Minh Infrastructure Investments JSC (CII) to support the issuance of CII’s first 10-year bond. CII was set up by the Ho Chi Minh City (HCMC) government in 2001 to attract private sector investment into infrastructure development.

GuarantCo played an active role in shaping the transaction, leading to the issuance of the bond, and attracting long-term domestic institutional investors as the target investors. The proceeds of the bond will be put towards the construction of an expressway project in the Mekong Delta.

The toll road is intended to ease the significant traffic congestion currently faced by commuters and truck drivers travelling between HCMC and the Mekong Delta. Both areas are key economic corridors, and the four-lane expressway is expected to improve the safety of users, as the current national motorway cuts through the towns, where heavy transport vehicles travel the route along with motorbikes.

The expressway will provide employment for around 4,000 people and promote safe travel, thereby reducing the number of road vehicle accidents. Approximately 4 million people will benefit from the new expressway during its initial years of operations.
PIDG, TAF and GuarantCo visit Lower Solu run-of-river project in Nepal

Mikael Bjornsen from the PIDG Development Impact team, Luke Foley of TAF, and Shasanka Pradhan and Alex Hazouyr from GuarantCo visited the 82MW Lower Solu Hydropower Project in north east Nepal. Alongside other lenders, they met with the project sponsor and members of the local community affected by the project. They evaluated the health, safety and environmental standards of the project, on which good progress is being made.

GuarantCo has provided a guarantee to the local Nepalese banks that have provided loans to the project. TAF has committed to providing funding to a Livelihood and Restoration Development Plan that has been designed to provide livestock, farming and training opportunities to the individuals in the local community who have been affected by land acquisition, relocation, or loss of income due to project-related changes in the use of land.

The Lower Solu project will add around 11% to Nepal's electricity capacity and will reduce the severe electricity shortage in the country which sees 12 to 16 hour daily power cuts in winter months. The project is the largest private sector plant in Nepal, and the first project to have both local and international debt.
InfraCo Asia hosts PIDG Owners at Ninh Thuan solar site in Vietnam


Electricity demand is growing at an average annual pace of around 12% in Vietnam, almost double the rate of economic growth. The Vietnamese government has set ambitious targets to increase the share of energy produced from renewable resources.

Jointly developed by InfraCo Asia and Sunseap, Ninh Thuan will be one of the country's first utility-scale solar plants.

During the visit, PIDG owners toured the facility and met with joint venture partners to check on project progress and discuss the plant’s projected operational capacity, which is expected to help power the homes of 192,000 people in southern Vietnam.

PIDG companies mark World Water Day

The theme of this year's World Water Day on 22 March was 'Leaving no one behind' - and with investment in the water sector a growing priority in 2019, PIDG produced a video highlighting the ways that its projects are helping to ensure that no one is left behind as we strive to provide access to clean water and sanitation in some of the world's poorest countries.
PIDG company InfraCo Africa shared its own stories on World Water Day, demonstrating the impact for residents of Bugala Island, Uganda, of the clean water supply provided through the Kalangala Infrastructure Services project - while the support of DevCo, TAF, and EAIF for the Kigali Bulk Water project in Rwanda was written up in ESI Africa.

**PIDG celebrates International Women's Day 2019**

International Women's Day (IWD) this year was centered around a core theme called #balanceforbetter, the campaign asked the question of - How are we forging a more gender-balanced world? Its aim was to celebrate women's achievements and raise awareness against gender bias in many arenas such as business, government, media coverage, wealth and employment.

In order to support International Women's Day, PIDG and its companies nominated female employees and business leaders to talk about their varied personal experiences of gender based issues in the workplace and how they are working towards a more equal society.

View all six interviews here.
A closer look at Myanmar

On behalf of InfraCo Asia, EAIF Executive Director Emilio Cattaneo represented PIDG at the Myanmar Trade and Investment Conference in London on 18 March, organised by the UK Department of Trade and Investment and the Foreign and Commonwealth Office.

InfraCo Asia’s Myanmar developer team, InfraCapital Myanmar (ICM), has been actively engaging with the country’s Ministry of Electricity and Energy (MOEE) on a potential wind power project in Myanmar. Recent activities to promote the acceptance of private sector-led wind power IPPs have included an ICM training workshop on wind power Power Purchase Agreements (PPAs) for MOEE personnel. A senior-level Myanmar government delegation took part in the London conference, and Emilio joined a panel on Renewable Energy in Myanmar.

The panel discussed government policy to promote renewable investment, the regulatory challenges faced by investors, preferences among various types of renewable technologies, and the benefits of developing off-grid solutions. Emilio was able to highlight the work done by PIDG on what will be the first wind IPP in the country, emphasising how we can support and assist governments through technical assistance and in certain cases, pay for embedded advisers.
Exploring the renewables market in Vietnam

The InfraCo Asia team has recently taken part in three events examining future opportunities for renewable energy investment in Vietnam, allowing for greater foreign investment and co-operation in the green energy sector.

InfraCo Asia CEO Allard Nooy participated in a panel discussion on foreign investment in Vietnam at the British Business Group Vietnam event, Toward a Low-Carbon Energy Future in Hanoi; while Director of Business Development Prabaljit Sarkar spoke on making Vietnam's renewable energy projects bankable, at Power & Electricity World Vietnam - and joined a panel discussion at Vietnam Green Energy Finance and Investment covering the role of private equity funds in project development.

GuarantCo participates in Global Trade Review Africa in Cape Town

With predictions that industry assets under management in African economies could reach $1.1 trillion by 2020, Jules Samain, GuarantCo's Regional Director for West and North Africa, led a session on 'Finding new solutions to meet Africa’s needs' at the Global Trade Review conference in Cape Town, which looks at the latest trends impacting African trade and export finance; profiling opportunities across a wide range of countries and sectors and highlighting key challenges and obstacles.

Jules said: "Attending the GTR conference was a great opportunity to meet the international finance community and exchange views on how different organisations could
be helpful for the development of Africa. One of the most important topics was the use of credit solutions to enhance the availability and role of local currency finance for an infrastructure project in low-income countries. In speaking with other participants, it was clear that local currency funding is the best way to reduce exchange risk burden on infrastructure projects, while protecting the price paid by infrastructure end users.”

**EAIF and InfraCo Asia win accolades at the IJ Global Awards**

At the IJ Global Awards in London on 21 March, EAIF was recognised in the categories of African Solar, African Fundraising, and African Power deals of the year, alongside fund manager Investec Asset Management (IAM).

EAIF raised $385 million in 2018, with its lending group including KFW, FMO, Standard Chartered Bank and the African Development Bank. For the first time, EAIF attracted a large commercial institutional investor in global insurer Allianz.

Commenting on the African Fundraising award, Jon Whiteaker, Editor of *IJGlobal*, said: “We were particularly impressed by the participation of Allianz, a major European institutional investor, and the significant impact the fundraising can have on African infrastructure.”

The African Solar award was for the €78m Akuo Kita solar power plant in Mali, for which EAIF was joint mandated lead arranger and fellow PIDG company GuarantCo provided a €2.3 million Debt Service Reserve Account guarantee. EAIF and IAM received the African Power deal award following the financial close in December 2018 of the Nachtigal hydro project in Cameroon.
InfraCo Asia then received the APAC Hydro Power Deal of the Year Award at IJ Global's 2018 Awards in Singapore on 28 March. The award was given to the Coc San Hydro Power project in Vietnam, which InfraCo Asia brought from a distressed asset to a high-performing plant. InfraCo Asia divested its shareholding in the project to TEPCO in November 2018, successfully completing a full cycle of developing, investing in, bringing to commercial operation and fully exiting the project, allowing the proceeds to be recycled into new infrastructure development projects.

The Coc San Hydro Power project is InfraCo Asia's first complete exit from a utility-scale renewables project in Vietnam, and its second complete exit following the divestment of its shareholding in the Pakistan Metro and Gul Ahmed Wind Power projects to Daelim Energy in September 2017.