



Private Infrastructure
Development Group

Annual Review

Glossary

| | |
|-------------------|--|
| AfDB | African Development Bank |
| CLEAR fund | Climate, Energy Access and Resilience fund |
| DAC | Development Assistance Committee |
| DFAT | The Department of Foreign Affairs and Trade |
| DFI | Development Finance Institutions |
| DGIS | Directorate-General for European Cooperation |
| DI | Development Impact |
| EAIF | The Emerging Africa Infrastructure Fund |
| ECL | Expected Credit Losses |
| ESAP | Environmental and Social Action Plan |
| ESG | Environmental, Social and Governance |
| ESIA | Environmental and Social Impact Assessment |
| FCAS | Fragile and Conflict-Affected States |
| FCDO | Foreign, Commonwealth and Development Office |
| FI | Financial Institution |
| FMO | Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. |
| FVTPL | Fair Value Through Profit or Loss |
| GBVH | Gender Based Violence and Harassment |
| GHG | Greenhouse Gases |
| H&S | Health and Safety |
| HSES | Health, Safety, Environment and Social |
| IFC | International Finance Corporation |
| IFRS | International Financial Reporting Standards |
| IPP | Independent Power Producer |
| JV | Joint Venture |
| KfW | Kreditanstalt für Wiederaufbau – Green Climate Fund |

| | |
|---------------|--|
| KPI | Key Performance Indicator |
| LDC | Least Developed Countries |
| LIC | Low-Income Countries |
| LSE | London Stock Exchange |
| MDB | Multilateral Development Banks |
| MIC | Middle-Income Countries |
| MLA | Mandated Lead Arranger |
| NED | Non-Executive Director |
| OECD | Organisation for Economic Co-operation and Development |
| OLIC | Other Low-Income Countries |
| OPP | Operating Policies and Procedures |
| PIDG | The Private Infrastructure Development Group |
| PPP | Public Private Partnership |
| PSI | Private Sector Investment |
| PV | Photovoltaic |
| SDG | UN Sustainable Development Goals |
| SECO | State Secretariat for Economic Affairs |
| Sida | The Swedish International Development Cooperation Agency |
| SME | Small or Medium-sized Enterprises |
| TA | Technical Assistance |
| TCFD | Task Force on Climate Related Financial Disclosures |
| TIC | Total Investment Commitments |
| VfM | Value for Money |
| VGF | Viability Gap Funding |
| WB-IFC | World Bank’s International Finance Corporation |

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Introducing PIDG

The Private Infrastructure Development Group (PIDG) is an innovative infrastructure developer and investor which mobilises private investment in sustainable and inclusive infrastructure in sub-Saharan Africa and south and south-east Asia.

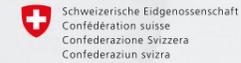
PIDG investments promote socio-economic development within a just transition to net zero emissions, combat poverty and contribute to the Sustainable Development Goals (SDGs). PIDG delivers its ambition in line with its values of opportunity, accountability, safety, integrity and impact.

Since 2002, PIDG has committed \$5.2bn, bringing 211 infrastructure projects to financial close, which has mobilised \$24.5bn from the private sector and \$39.8bn overall. The projects supported by PIDG provide an estimated 222 million people with access to new or improved infrastructure.

Over half of PIDG projects are in Least Developed Countries and over half in Fragile and Conflict Affected States.

PIDG is funded by six governments (the UK, the Netherlands, Switzerland, Australia, Sweden, Germany) and the IFC.

As an early proponent of blended finance, PIDG makes it viable for private investors to participate in high-quality infrastructure deals using limited sums of public funds to crowd in many times that value in private capital.





Message from the Chair –
Andrew Bainbridge

Looking back at 2022,

I am very proud of all we have achieved this past year. Together we have shown we can finance vital infrastructure where it's most urgently needed, helping to build climate resilience and support sustainable development.

To share just a few project highlights, we:

- provided a \$2.3m loan to Khmer Water Supply Holding (KWSH) in Cambodia to expand its water supply network in rural and semi-rural communities. This will connect 15,800 households, allowing 67,000 people to access clean running water for the first time.
- made a \$2m equity investment in a rural e-mobility provider in Zimbabwe, allowing it to deploy 400 e-tricycles, 600 batteries and 4-8 charging stations. This will bring rural e-mobility to at least 18k low-income smallholder farmers and taxi drivers, boosting their ability to generate an income while also avoiding emissions.
- despite the political instability, were able to provide \$45.4m of debt to fund the first-ever greenfield solar independent power producers (IPP) in Burkina Faso, totalling 57 MW. This will improve the resilience of the sector, diversify the energy mix, and provide a model for other investors to replicate.
- provided a \$23.9m, 100% credit guarantee for a dual-tranche bond issued by Royal Railway Cambodia (RRC). The proceeds from the bond will fund new trains and network upgrades. By improving the reliability and efficiency of trade, our guarantee will increase revenues and economic growth, and boost indirect job creation.

Working in partnership has proved more important than ever. This has seen us deepen our relationships with key partners, allowing them to expand their operations through repeat transactions. These partners include Bboxx, a leading off-grid solar company, Groupe Orabank, the pan-African banking group, and GreenYellow, a global provider of energy-efficiency and renewable-energy solutions.

As we now look towards 2030 with our new strategy, I want to take this chance to recognise the teams across PIDG for all their outstanding work over the past year – and thank our Owners and our partners for their continuing vital support.



Message from the CEO –
Philippe Valahu

Our strategy for 2023-30 makes action on climate and nature,

together with sustainable development, more than just part of our work. It is now the central purpose of all we do.

Fortunately, we know what works – our task now is to quickly scale our impact. We will achieve this by working more systematically in partnership with private sector and development finance institutions.

The years to 2030 could scarcely be more critical

Official Development Assistance and development financing is starting to re-align with the global imperative to finance climate transition, adaptation and resilience in developing, and emerging markets. With climate change progressing faster, and with more severe impacts than anticipated, it is now beyond doubt that historic development pathways are inadequate and unsustainable. And the time for action is rapidly closing.

A time to be bold

Most of the world's new physical capital and infrastructure will be built in emerging markets and developing countries (EMDCs). How these investments are made will determine whether we reach net zero emissions by mid-century, achieving climate resilience, restoring natural capital and accelerating the development of human capital.

We are far from on track. Many EMDCs face slow growth, low investment and public spending, and rising debt service burdens. The outlook is tilting many towards fiscal prudence, with real risks of economic stagnation.

Yet climate action is also an enormous opportunity

New technologies have been developed with rapidly falling costs, and there is a growing realisation of the tremendous co-benefits of climate action.

*"Acting strongly will deliver not only on climate but also on strong and inclusive growth and the attainment of the Sustainable Development Goals. It is the growth and development story of the 21st century."*¹

Globally, to seize the opportunity will take a clear strategic direction, strong and purposive policies, a massive scaling up and shift in investment, and the mobilisation of the right finance at the right scale. Working with young people across the globe will also be vitally important. A plausible blueprint is emerging, both for what economies could look like and for how to finance the transition.

Putting it into action will take nothing less than a coordinated, collaborative response. We hope you will join us in leading it.

1. Songwe V, Stern N, Bhattacharya A (2022) Finance for climate action: Scaling up investment for climate and development.

PIDG in numbers

In 2022:

21 projects reached Financial Close

- 76%** of these were in Least Developed Countries and Other Low Income Countries*
- 43%** of these were in Fragile and Conflict-Affected Countries*
- 76%** projects reached Financial Close in sub-Saharan Africa
- 24%** projects reached Financial Close in south and south-east Asia and Pacific

\$1.3bn mobilised by PIDG-supported projects from private sector investors and development finance institutions

\$752m of this was private sector investment

These projects will provide over **3.6 million** people with access to new or improved infrastructure

These projects will provide over **1,800** long-term jobs and **2,500** short-term jobs

13 projects became commercially operational

Between 2002 and 2022:

211 projects reached Financial Close

- 57%** of these were in Least Developed Countries and Other Low Income Countries*
- 52%** of these were in Fragile and Conflict-Affected Countries*
- 72%** in sub-Saharan Africa
- 23%** in south and south-east Asia and Pacific
- 5%** in other regions

\$39.8bn mobilised from private sector investors and development finance institutions in PIDG-supported projects

\$24.5bn of this was private sector investment

These projects provide over **222 million** people with access to new or improved infrastructure

These projects provide over **247,000** long-term jobs and **71,000** short-term jobs

140 projects became commercially operational*

Notes:

- The cumulative numbers reported combine actual results for the projects that are already operational with predicted results for the projects that are not yet operational.
- At the end of 2022, 66% of the projects financially closed by PIDG were operational.



Our commitments to the SDGs in 2022

10 Measuring our contribution and relevance to the Sustainable Development Goals of our investments.

We assess our expected contribution to the SDGs for each investment, identifying the main SDGs and the most relevant indicators.

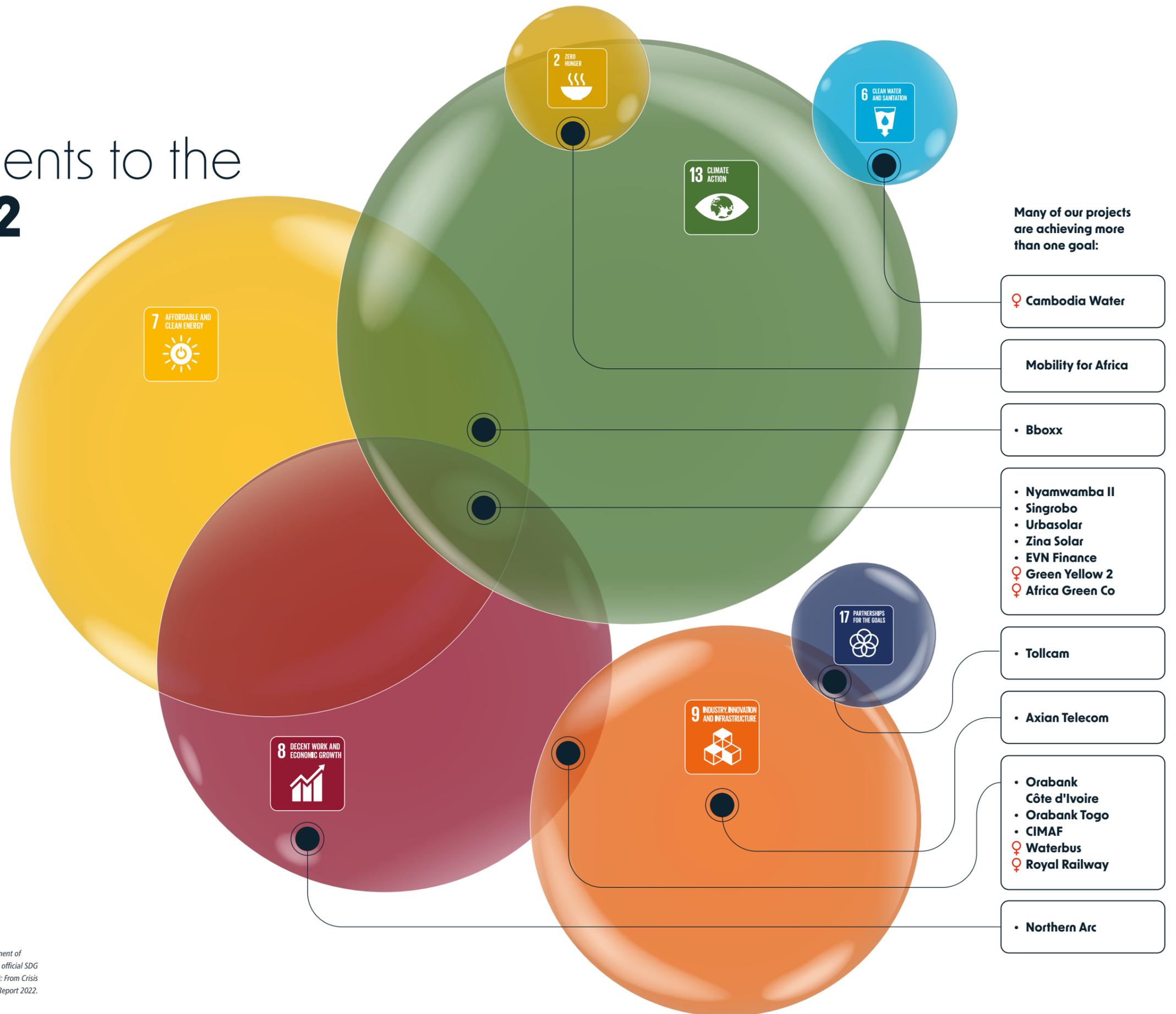
We assess the progress towards that indicator in the country and the extent to which the investment is expected to contribute. This gives us a measure of the relevance of the investment to the country's SDG progress.

We use the latest available data in the Sustainable Development Report, which benchmarks both the progress achieved so far for each SDG indicator¹ (the current status) for which data is available, and the pace of progress.

♀ Gender focused projects

5 GENDER EQUALITY

- Cambodia Water
- Green Yellow 2
- Africa Green Co
- PowerGen II (UED)
- Waterbus
- Royal Railway
- First Finance



1. The Sustainable Development Report (formerly the SDG Index and Dashboards) is a global assessment of countries' progress towards achieving the Sustainable Development Goals. It is a complement to the official SDG indicators and the voluntary national reviews. All data is based on the publication Sachs et al. (2022): From Crisis to Sustainable Development: the SDGs as Roadmap to 2030 and Beyond. Sustainable Development Report 2022. Cambridge: Cambridge University Press.

PIDG's unique proposition

– a market maker and a market mover

PIDG develops and funds sustainable infrastructure in sub-Saharan Africa and south and south-east Asia. Since 2015, over 50% of our projects have been in countries classified as Least Developed Countries and Other Low-Income Countries by the OECD. Over 50% of projects financed were in fragile or conflict affected states.

Nearly 770 million people do not have access to electricity in Africa and Asia. The International Energy Agency found that the number of people without access to electricity stalled between 2019 and 2022, after falling an average of 9% a year between 2015 and 2019. The extreme poverty rate in sub-Saharan Africa remains as high as 34 percent. Because of rapid population growth and the pandemic, the number of Africans living below the International Poverty Line (\$1.90 per day) increased from 478 million in 2019 to 490 million in 2022.

World Bank data found that 70 million people were pushed into extreme poverty in 2020 caused by COVID-19. The regions in which PIDG invests are also the most vulnerable to the effects of the changing climate. Those living in poverty or near the poverty line are particularly vulnerable to shocks such as natural disasters. Greater vulnerability means that they lose more when such shocks occur, which can quickly undo any progress made on poverty reduction.

PIDG mobilises private sector funding and capacities to deliver infrastructure projects that would not otherwise materialise in the most difficult geographies and where it is most needed. PIDG investments transform economies and improve lives in these challenging markets.

A central element of our work is additionality. We consider carefully where our work can have significant beneficial impact and we stand back when the private sector is ready to step in so we ensure that we don't crowd out the market.

PIDG's mandate and our flexible and nimble set-up means that we are consistently delivering first of a kind investments, such as the first Independent Power Producers (IPPs) in renewables and green bonds in several countries.

We value being innovative and solution focused. This allows us to be market makers and to lead the way in areas such as in HSES, impact measurement, climate change and gender inclusion. Our work in these areas brings in partnership across the sector.

We have a distinct focus on infrastructure and local capital market development:

- PIDG is focused on infrastructure. This allows us to build deep expertise and understanding of our markets, stimulate innovations and build incremental solutions.
- We offer all our financing solutions under one roof, along the entire infrastructure project life cycle covering the full spectrum of infrastructure financing needs.
- Developing local capital markets through local currency solutions unlocks domestic capital at scale.
- We have a proven track record of successful exits from project development and equity investment.

Bringing others with us:

- PIDG is an established blended finance vehicle, able to attract and deploy different sources of finance efficiently and effectively. Our wide range of public and private funders stimulates us to continuously raise standards and push the frontier of international best practice.
- PIDG is an innovator, bringing new investors to infrastructure asset classes through its range of products and structuring expertise.
- PIDG is raising standards in projects in the most difficult locations – on health and safety, environment, safeguarding, sustainable development impact reporting.
- PIDG is deploying all its tools to unlock climate finance towards low income, emerging and fragile markets, including capacity building, project development, innovative structuring and a focus on pathfinding transactions such as green bonds.

Delivering Impact

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PIDG defines sustainable development impact as having a tangible net positive impact on people, planet, wider economy and markets. In 2022, we continued to put sustainable development impact at the core of our investment decisions. PIDG's Theory of Change guides how we assess and prioritise investment opportunities through our end-to-end sustainable development impact management system.

We assess each new investment and measure its expected outcomes on People, Planet, Wider Economy and Transforming Markets as well as its relevance and contribution towards the Sustainable Development Goals. The following sections of the report focus on how the investments we financially closed in 2022 will deliver impact under each expected outcome.

In the chapter on impact on people, we put a spotlight on what we learned by listening to the people whom our infrastructure projects are serving. We also focus on our efforts to apply a gender lens in investment, on raising health, safety, environmental and social standards, and on our emerging approach to include disability considerations in our work. In the section on impact on planet, we focus on our climate change action, highlighting the key priorities in PIDG climate strategy. Under impact on wider economy, we look at the key role of infrastructure investment to stimulate trade and sustainable economic development. In the chapter on transforming markets, we put the spotlight on our work to build capacity of local investors and corporates to support capital market development and local currency solutions.

Under each section we include, case studies from PIDG's 2022 investments illustrate our approach and impact.

Measuring the relevance of our investments to the SDGs: the meaning of the dots and arrows in the case studies in this section.

We use data from the Sustainable Development Report (sdgindex.org) to assess the status of the relevant SDG indicator in country. We use the following symbols:

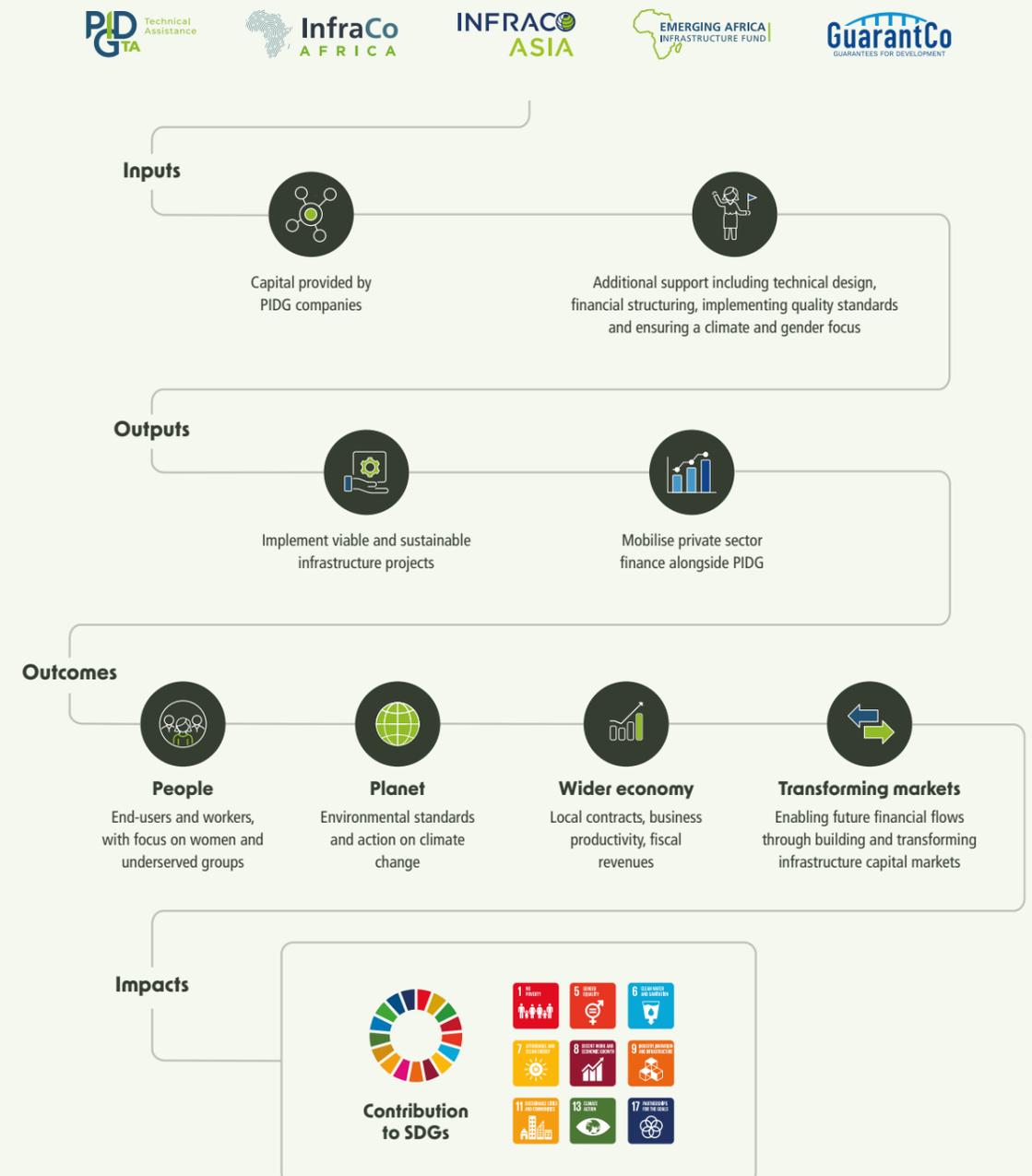
- Dots indicate the status of progress.
- Arrows indicate the pace of progress.



We rank the relevance of our investments to specific SDGs based on how far the country lags behind on the relevant indicator.

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PIDG Theory of Change



PIDG Technical Assistance (PIDG TA)



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PIDG Technical Assistance (PIDG TA) plays a critical role in the design, development, and financing of sustainable infrastructure projects, through the deployment of a toolkit of grants tailored to meet the evolving needs of the infrastructure sector in frontier markets. PIDG TA grants are key enablers of PIDG projects, helping to drive private sector investment and accelerate impact.

Evident through 2022 and anticipated to continue over the coming decade is the increasing role of and need for PIDG TA's products in ensuring project viability. As the market experiences headwinds that have reduced available resources for project design and development, PIDG foresees rising demand for targeted technical assistance and subsidies to unlock infrastructure pipelines and overcome financial viability constraints present within the markets PIDG operates.

The availability and flexibility of PIDG's technical assistance offering is a key contributor to PIDG's ability to operate at the frontier and deliver innovative and impactful solutions within challenging markets and sectors. To evidence PIDG TA's role in enabling transactions across our portfolio, over the last 20 years, 42% of PIDG projects that have reached financial close have benefitted from PIDG TA funding and of the financially closed projects with grants, 59% of these are in LDCs.

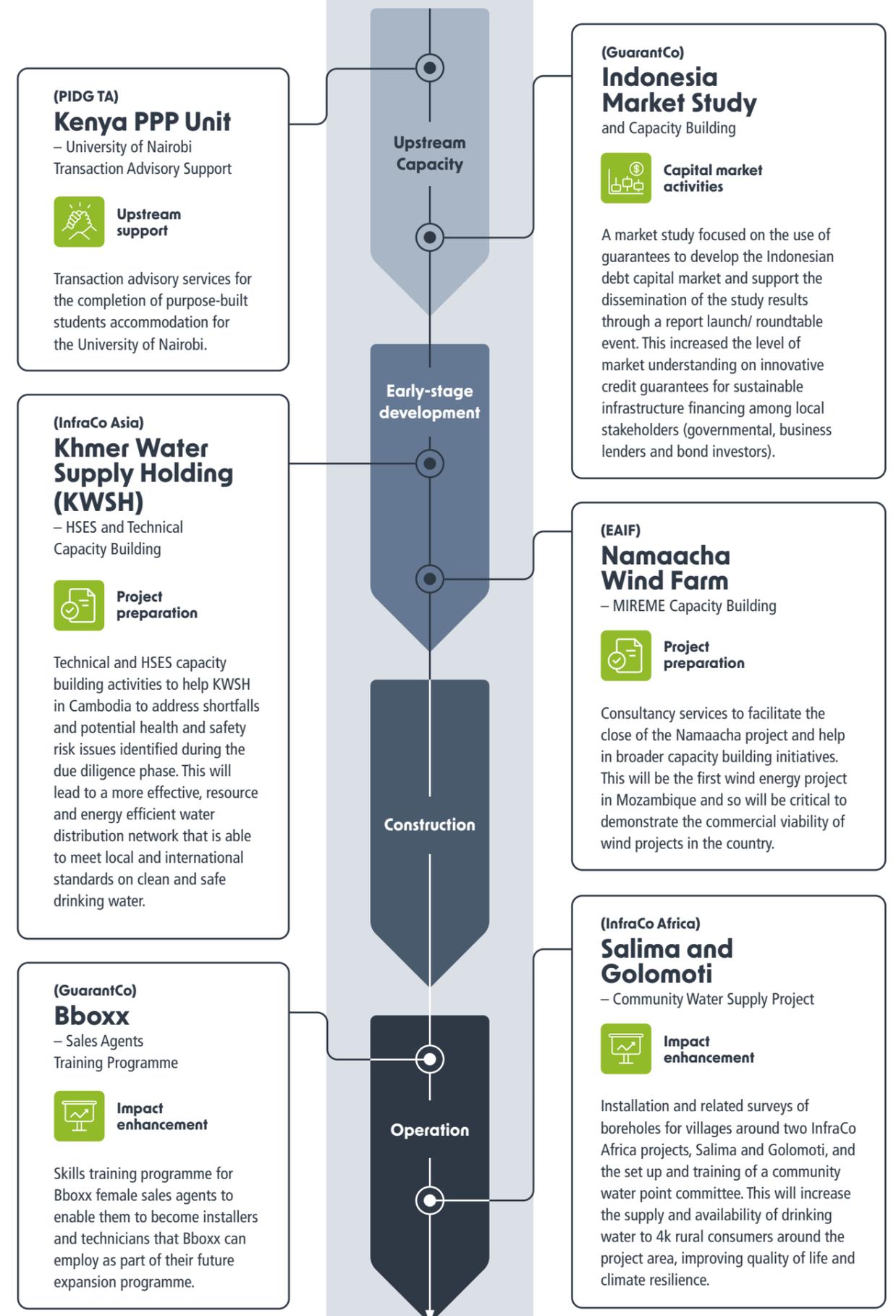
PIDG TA also deploys technical assistance to programmes that support the upstream design and structuring of Public Private Partnerships (PPP) projects, offering improved access to resilient infrastructure and basic services. Working with the IFC via the DevCo Partnership, as well as other transaction advisors in the market, PIDG TA has supported the development of 78 PPP projects in Asia and Africa since 2002. Since 2022, PIDG has also partnered with the World Bank's Global Water Practice through its Global Water Security and Sanitation Partnership to address upstream challenges in the water sector through supporting utility creditworthiness and well-structured project development efforts to further encourage private sector investment in the water sector.

Through its role in early-stage project development, PIDG TA helps to mainstream gender and climate considerations into project design to increase impact and resilience. Since 2015 PIDG TA has supported 62% of PIDG's projects that create a positive impact on climate. PIDG TA also plays a key role in improving gender impact on projects and has supported 74% of PIDG projects since 2015 that are classified as gender empowering.

PIDG TA provides capital grants and viability gap funding (VGF) to support the technical and financial viability of innovative low carbon and climate resilient infrastructure projects in PIDG's markets. In committing USD 61.8 million in capital grants and VGF since 2009, PIDG TA has enabled 9 PIDG supported infrastructure projects to reach financial close, leveraging USD 380 million in total investment.

PIDG TA underpins every aspect of PIDG's ambition to scale up and deliver on its strategic aims. To this end, PIDG TA continues to be fully integrated into PIDG's investment priorities, with a particular focus on efforts to support and enable transactions across the project development lifecycle.

The PIDG TA team manages grant funding to meet a range of needs associated with the infrastructure project development cycle, including the assessment of potential investment opportunities, and building capacity of host country partners and local investors. The products that TA can offer PIDG projects has expanded to continue to respond flexibly to project needs.



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Impact on

people

PIDG projects provide new or improved access to essential services such as energy, water, communications, transport and housing. We also consider how our investments create new jobs.

We focus on:

- Who will benefit, with emphasis on reaching the most underserved groups and women.
- The scale of impact, looking at how many people will benefit from the product or service.
- The depth of impact, considering the degree of change to individual lives.

Enabling first time access to water



\$2.3m

Loan to Khmer Water Supply Holding (KWSH) to expand its water supply network in rural and semi-rural communities of Siem Reap, Kratie, Takoe and Prey Veng in Cambodia (LDC).

InfraCo Asia

Cambodia Water Portfolio

Expected impact on people

Provide 15.8k new household connections, which is expected to improve first time access to piped water for 67k consumers. This will improve their quality of life and resilience to current and future effects of climate change.

SDG assessment ● →

6.1 – Access to safe and affordable drinking water.

Market transformation

Challenge: 77% of the rural population lacks access to safe and adequate drinking water.

Channel: Demonstrate the viability of water infrastructure in semi-rural and rural areas.

Outcome: Encourage private sector participation in the water sector.

Climate risk

Transition: Medium. Most power stations utilised by the water stations is sourced from the grid but back up diesel generators are required to ensure 24/7 supply.

Physical: Scenarios considered for fluctuating water availability due to changing weather patterns.

TA

TA provided two grants totalling \$423k to finance HSES capacity building activities and gender empowerment initiatives (see below).

Gender

Women and girls are largely responsible for household water collection in the rural areas of Cambodia, so they are expected to disproportionately benefit from improved health and hygiene, and reduced time spent on collecting water. Cambodian women are also largely underrepresented in the water sector.

The gender focused grant will include a review of KWSH's existing human resources policies and resourcing plan, undertake a skillset gap analysis, and recommend relevant trainings to enhance women's business and technical skills in the water sector. The grant financed assessment will also provide recommendations on how to strengthen existing programmes that support low-income families, including female-headed households and people with disabilities.

HSES

As part of the due diligence, 15 enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP). A grant will finance capacity building and support alignment with IFC Performance Standards.

Note: For SDG assessment refer to key on page 14.

Facilitating renewable energy access



\$15m

Equity investment to deliver 199k solar home systems and 17k LPG cooking units in the Democratic Republic of the Congo (DRC), Kenya, Rwanda, Togo, Nigeria and Burkina Faso over the next two years. 78% of units will be sold in LDC countries and 59% will be sold in FCAS countries.

InfraCo Africa

Bboxx

Expected impact on people

897k consumers are expected to benefit. The percentage of first-time users and consumers that live below the international poverty line will vary by country.

SDG assessment ● ↗

7.1 + 7.2 – Access to affordable and reliable renewable energy and LPG.
13 – Climate change mitigation.

Expected impact on planet

Avoid greenhouse gas emissions through the displacement of non-traditional fuels.

Market transformation

Challenge: Electricity access remains low in DRC (19%), Burkina Faso (19%) and Rwanda (47%). While the solar home systems market is more proven in Kenya, Nigeria and Rwanda, there are very few market players in DRC, Togo, and Burkina Faso.

Channel: Bboxx's successful entry and expansion into DRC, Togo and Burkina Faso would provide confidence to other SHS companies (and their investors) to enter the market.

Outcome: Increase in the number of SHS providers to lower-income groups in DRC, Togo, and Burkina Faso, leading to improved energy access for end users.

Climate risk

Transition: Risk is anticipated to be low for this project given the solar home systems represent >85% of the business. LPG cooking solutions represent <15% of the business.

Physical: Decentralised renewable energy systems can make power supply more resilient for consumers and businesses in the event of extreme weather events that could impact grid supply.

Gender

BBbox has 1k employees and over 30% are women. This percentage will be monitored yearly to track progress and we will work with the company to maintain and increase this percentage through various initiatives drawing on country-specific and sectoral evidence (see TA below).

TA

TA will provide \$43k to finance gender empowerment training targeted at female sales enabling them to become installers and technicians.

HSES

As part of the due diligence process, 7 HSES enhancement opportunities were identified which are now reflected in the project Environmental and Social Action Plan (ESAP).

In 2021, GuarantCo provide a KES 1.2 bn (\$10.6m equivalent) partial guarantee (75%) to SBM bank with a 5-year tenor to provide 86k solar home system units in Kenya. This will increase access of reliable electricity to 451k consumers to improve quality of life and avoid greenhouse gas emissions through the displacement of non-traditional fuels. See page 29 for a case study on the results from an end-user survey conducted on that earlier project.

Enabling electric vehicles in rural areas



\$2m

Equity investment in a rural e-mobility provider in Zimbabwe (FCAS) to deploy 400 e-tricycles (Hambas), 600 batteries and 4-8 charging stations.

InfraCo Africa

Mobility for Africa

Expected impact on people and wider economy

Provide rural e-mobility solution to at least 18k low-income smallholder farmers and taxi drivers leading to enhanced income generation and improved quality of life. A 60 Decibels survey of the pilot phase showed that the majority of customers were accessing a service like the Hamba for the first time, 79% of customers reported quality of life improvements and 70% reported a significant increase in income.

SDG assessment ● →

2.3 + 13 - Double the agricultural productivity and incomes of small-scale food producers and avoid emissions.

Market transformation

Challenge: EV solutions in sub-Saharan Africa to date have focused on bikes and cars in urban areas and there is only one EV-player in Zimbabwe that operates in this space. The carbon gains of switching to EVs is greater in rural areas where there are longer distances to travel.

Channel: Demonstrate the first EV solution in Zimbabwe deliberately targeting rural and peri-rural communities.

Outcome: Scale up of the business within Zimbabwe and replication in other countries in SSA.

Climate risk

Physical: By providing a reliable transport service, this project will increase the resilience of rural agricultural communities to climate change impacts and reduce the potential risk of food shortages.

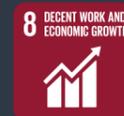
Gender

The pilot phase focused on women – trikes were used by female cooperative groups to take produce to markets and return with agricultural inputs. The 60 Decibels survey also captured an increase in the amount of productive time available for these female farmers supporting enhanced income generation. The trikes have been designed without a straddle bar to provide enhanced comfort for female drivers. 48% of MFA's workforce are women, with an ambition to increase this over time. 67% of senior management are women and 60% of board members are women.

HSES

As part of the due diligence process, 14 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP). TA grants were used to strengthen the driver training curriculum, provide HSES training for staff drivers and to support technical studies into battery design for extended life and repurposing.

Supporting better mobility



\$3.8m

Equity capital to enable Waterbus to expand its fleet by five vessels on Lake Victoria and extend its routes in Kenya (FCAS) and add new routes in Uganda (LDC and FCAS) and Tanzania (LDC).

InfraCo Africa

Waterbus

Expected impact on people and wider economy

Provide safer, and more reliable transport for approximately 38.5k passengers/ year. Based on survey data, 40% live on or below the international poverty line. Many of these consumers are local traders or employed by SMEs who use the ferries to increase access to markets which leads to greater income generation.

SDG assessment ● ↗

8.5 + 9.4 - Develop regional and trans-border infrastructure, to support economic development and well-being.

Market transformation

Challenge: There are limited safe and reliable transport options to cross Lake Victoria.

Channel: Demonstrate the concept of a formalised passenger ferry service.

Outcome: Demonstrate market appetite for a greater number of passenger services, attracting further investment to expand services.

Climate risk

Transition: Waterbus generates lower carbon emissions than comparable alternative transport. To further reduce the emissions of each crossing, the company is working to pilot retrofitting of a solar boost system to two of its vessels.

Physical: Lake Victoria gets most of its water from the rain, so changes in rainfall patterns will have an impact on water levels in the lake. The boats are resilient to these changes and further work will be carried out to determine if changes are needed to landing sites.

Gender

Waterbus has committed to achieving a 30% female participation in the workforce. The company will outline initiatives to achieve this target over the course in a Gender Action Plan.

HSES

As part of the due diligence process, 12 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

Spotlight

Women's Economic Empowerment

Promoting inclusion through our investments is core to PIDG's mandate, and the Group has a high level of ambition to advance gender equality through the empowerment of women and girls. PIDG's ambition for gender equality goes beyond complying with international norms and standards. The drive to create gender equitable access to, and control over, the benefits created by infrastructure is embedded into the fabric of everything that we do. As an investor with a strong development focus, working in the poorest and most fragile countries, many of which have very poor social and economic outcomes for women and girls, we seek to advance innovative pathways for gender equality in infrastructure, to influence the way that investors think about allocating capital in the infrastructure sector, and the way in which infrastructure is developed and managed.



PIDG puts its gender equality ambition into practice by identifying evidence-based constraints that women and girls experience in accessing resources and opportunities for improved livelihoods, and then by removing these where possible, by ensuring that the infrastructure project addresses this either through technical assistance or through the design of the underlying project. The intended impact is for women and girls to overcome discriminatory social norms and barriers so that they can enjoy greater financial and social autonomy and therefore take greater control of their lives.

PIDG is a member of the 2X Global Community, an industry-wide platform comprised of fund managers, DFIs, pensions funds, philanthropic organisations, intermediaries and others operating with a strong gender lens in their businesses. This originated from the 2X Challenge, which was initially designed to mobilise DFI and private sector capital to advance opportunities for women as business leaders, employees and consumers and now spans across the capital spectrum, in both developed and emerging markets. Being part of this wider conversation enables us to benchmark our work against others and helps us to demonstrate value to the wider investment industry in moving the gender equality agenda forward.

1 Workforce

Green Yellow 2: \$5.35m 50% partial guarantee of an MGA-equivalent \$10.7m loan to develop, construct and operate a 20MW greenfield solar plant and 5MWh battery storage project in Madagascar. Women represent 50% of management at the project SPV and 53% of EPC construction management.

2 Governance

Africa GreenCo: \$5.5m equity investment to establish a regional creditworthy intermediary offtaker which will purchase power from renewable IPPs in Zambia and regionally across Southern Africa and sell that electricity to a portfolio of utilities, private sector offtakers and competitive markets of the Southern Africa Power Pool (SAPP). Africa GreenCo has committed to achieving 30% female participation in the workforce and collecting sex-disaggregated employment data. 50% of the senior leadership positions are occupied by women (CEO and COO) and board representation of women at the HoldCo and Zambian entity are over 40%.

Mobility for Africa: \$2m equity investment in a rural e-mobility provider in Zimbabwe (FCAS) to deploy 400 e-tricycles, 600 batteries and 4-8 charging stations. MFA's workforce is over 48% women, with an ambition to increase this over time. 67% of senior management are women and 60% of board members are women.

In a pilot phase, 60 Decibel's survey showed that the trikes were primarily used by women in the rural areas to transport farm produce to the markets and carry farm inputs. This phase was focused on women with 59 out of the 79 operational trikes utilised by women groups. A 60 DB survey showed an increase in the amount of productive time available for these female farmers supporting enhanced income generation. The trikes have been designed without a straddle bar to provide enhanced comfort for female drivers.

3 Products and Services

Cambodia Water Portfolio (KWSH): \$2.3m loan to Khmer Water Supply Holding (KWSH) to expand its water supply network in rural and semi-rural communities of Siem Reap, Kratie, Takoe and Prey Veng in Cambodia (LDC). Women and girls are largely responsible for household water collection in the rural areas of Cambodia, so they are expected to disproportionately benefit from improved health and hygiene, and reduced time spent on collecting water. Cambodian women are also largely underrepresented in the water sector. PIDG TA supported a gender focused grant which will include a review of KWSH's existing human resources policies and resourcing plan, undertake a skillset gap analysis, and recommend relevant trainings drawing on evidence to enhance women's business and technical skills in the water sector. The grant financed assessment will also provide recommendations on how to strengthen existing programmes that support low-income families, including female-headed households and people with disabilities.

4 Community

Shams Power: Provided PKR 1.54bn (\$9m) partial guarantee to cover 75% of term finance facilities of up to PKR 4bn (\$12m) to build 21.5MW small rooftop and ground mounted solar plants at commercial and industrial (C&I) sites across Pakistan. Shams Power is working with women-led networks such as "Women in Energy" and "SHE in Energy" to draft a whitepaper on GBVH among energy companies of Pakistan to enable employees in the energy sector to report GBVH based cases to an external party. Based on current evidence, engineering is male-dominated profession in Pakistan. PIDG TA will provide a grant to enable Shams to launch a training programme for women engineers and improve their employability.

Spotlight

Learning from listening

to the people our projects serve

PIDG's learning strategy prioritises a short learning loop, generating evidence that can be immediately applied by PIDG and others in the sector. The ambition to use learning and evidence to influence the market, allowing PIDG to be more proactive in sharing its experience with the wider sector.

As part of this, we conduct end-user surveys which allows us to (i) learn more about the characteristics of the people who are expected to benefit from our projects and (ii) learn more about how the infrastructure enabled by PIDG has changed their lives. We conduct these surveys in partnership with 60 Decibels, a tech-enabled social impact measurement and customer intelligence company.

Cumulative figures so far:

- 1,737 people interviewed between August 2019 and December 2022.
- 9 surveys on 8 PIDG supported projects¹.
- 7 countries in sub-Saharan Africa and south east Asia
- 9 languages.
- 78% were endline assessments.

1. One project had two surveys

InfraCo Africa / EAIF / GuarantCo

Acorn

Facilitating safe and sustainable accommodation



Total commitment:
\$78.2m

- Provided support across three PIDG companies to build energy efficient accommodation for 22.7k students with integrated gender and disability considerations.
- Kenya – LMIC and FCAS
- PIDG TA provided \$276k for support on transaction costs for the bond, particularly for the green bond issuance costs on London and Nairobi exchanges.

Background:

Acorn provides accommodation through a market priced Qwetu brand and an affordable Qejani brand. We intend to conduct separate surveys of residents of the two different accommodation types. We started with the Qwetu residents in 2022, with plans for a follow-up survey of Qejani residents in 2023-24 when the new buildings become operational.

Survey:

136 phone interviews were carried out with residents of Acorn's Qwetu buildings. Respondents were sampled from a larger population of Qwetu residents who opted into being surveyed after Acorn sent an opt-in shortcode via SMS.

What outcomes we have contributed to?

- All residents report feeling safe at Qwetu. This strong sense of safety is attributed to the presence of surveillance cameras, competent security staff and the use of access cards. Half of female respondents say they love the security at Qwetu.

- Nearly 80% reported an improvement in their quality of life.
 - "The fact that I don't have to worry about things like availability of water gives peace of mind and lets me focus on my studies. Also, the availability of internet at all times has contributed to a comfortable learning environment" – Male resident.
 - Access to utilities, improved social life and an increased level of independence were the top reasons given for improvements in quality of life, when students were asked to describe the changes they have experienced as a result of living in Qwetu.
 - "Well, it has improved my sense of independence. Being able to manage my time and have a balance between fun and study myself is an improvement for me." – Female resident.
 - 75% report their ability to learn or study has improved due to improved access to study areas and internet.
 - "It has been easier to do schoolwork because I am well connected to the Wi-Fi and constant electricity." – Male resident.

GuarantCo

Bboxx¹

Facilitating renewable energy access



Total commitment:
\$10.6m

- Partial guarantee (75%) to SBM bank with a 5-year tenor to provide 86k solar home system units in Kenya (LMIC and FCAS).
- This will increase access of reliable electricity to 451k consumers to improve quality of life and avoid/reduce greenhouse gas emissions through the displacement of non-traditional fuels.
- PIDG TA will provide \$43k to finance gender empowerment training targeted at female sales enabling them to become installers and technicians.

Background:

Solar home systems supported vary depending upon end user specifications, ranging from 20w to 50w systems and including a selection of appliances such as radios, phone chargers, televisions, bulbs, torches and other items.

Survey:

Phone interviews were carried out with 266 of Bboxx's SHS customers who benefitted from the transaction. Respondents were sampled from a larger population of Bboxx customers who opted into being surveyed after Bboxx sent an opt-in shortcode via SMS.

Who is our project impacting?

- Bboxx is serving a wide range of customers in Kenya with household sizes ranging from 1 to 22 and coverage across 79% of counties.
- 38% live in poverty on less than \$3.20 per day.
- 54% are accessing a solar home system for the first time.
- 85% of customers also said they could not easily find a good alternative.
- 45% of customers used kerosene lamps and 30% used lanterns prior to utilising Bboxx solar home system.
- 2% of households reported disabilities with people most commonly reporting difficulty with sight or walking/climbing steps.

What outcomes we have contributed to?

- 90% reported an increase in the hours of light they use and 92% reported that their quality of life has improved as a result of Bboxx.
- 94% reported an increased sense of safety in their homes and businesses since getting the solar home system.
 - "We live in manyattas but you would think we have electricity. The children study well to late night, our whole neighbourhood is well lit because of the good lighting. I can say we have security we don't live in fear like before." – Female, 38.
- Access to a better energy source, the ability to study and work more hours and an enhanced sense of personal safety were the key reasons cited for the improved quality of life.
 - "I am able to attract and entertain my customers with my music. My mobile barber shop is now booming and people are happy to see it." – Female, 34.
- 34% reported decreased weekly spending on energy and of that subset, 66% said they use those savings to cover other household bills.
 - "I have managed to save money because buying kerosene every other day was quite expensive, my children have now improved in their school work because they have extended studying hours as a result of the light bulbs. We are a happy family now as a result of the SHS." – Male, 60.

1. This case study on survey findings concerns the 2021 guarantee provided by GuarantCo in support of Bboxx, which is distinct from the 2022 InfraCo Africa equity investment highlighted on page 21.

Promoting HSES culture across our portfolio

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We at PIDG believe that a good safety culture is synonymous with good environmental and social governance, and that's why we made a strategic commitment to integrate safety as a central value of our Health, Safety, Environment, Social (HSES) Governance system.

We continue to evolve our integration of HSES governance at the portfolio level. This includes recently refining our portfolio monitoring and assurance programme into a more targeted and active engagement process, that will help us to create positive and long-lasting change with our clients and through our projects. And it also includes, raising the internal capacity of all our own staff in regard to HSES, so we all know what it is we want to support our clients deliver.

In order to support our clients meet our HSES Policy commitments, we seek to support them raise their own HSES capacity, develop their own HSES policies, systems and processes. We seek to support them monitor, feedback and learn, and to ultimately, create a culture where HSES thinking is integrated into their every-day activities. A strong HSES culture is one where everyone – from the executive to the shop floor – understands HSES risks, are empowered to speak up, and are assured that any concerns they may have are listened to and addressed. This strong HSES culture encourages open and safe dialogue.

We continue to encourage our projects on this journey by presenting the annual PIDG HSES Awards for the projects that have demonstrated the best, or most improved, HSES company culture. The HSES Award shines a light on transparency, excellence and a strive for continuous improvement. It is about going above and beyond implementing the minimum HSES standards.

The key aspects we seek to support our clients develop, and have assessed in our award scheme, include:

- Having a leadership team empowered to actively champion and support HSES initiatives from the top.
- Hired, trained and upskilled their team to support the delivery of their key HSES priorities.
- Built inclusivity into their operating business model.
- Demonstrated ways in which they have motivated employee behaviour that delivers on their HSES strategy.

The PIDG HSES 2022 Awards were jointly won by Acorn, Kenya and K-Electric, Pakistan.

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PIDG TA, InfraCo Africa, EAIF, GuarantCo

Acorn, Kenya

Financing high quality purpose-built student accommodation:

- Demonstrated consistent HSES improvements, which resulted in an injury-free quarter (Q4) for the first time in the company's history.
- Engaged an experienced HSES director, who guided the company through their safety culture journey.
- Performance improvement attributed to leadership's commitment to improve the company's safety culture.
- Quarterly HSES incentive programmes for operational activities, and construction contractors, put in place to recognise safe behaviours and contribution to the overall HSES strategy. This forms part of the contractor's performance evaluation.

GuarantCo

K-Electric, Pakistan

Financing electrical distribution network replacement and upgrading activities:

- Multiple safety leadership initiatives (e.g. CEO-led 'Safety Steering Group', 'Safety Walks', 'Safety Week').
- Training at all organisational levels on safety leadership, risk assessment and contractor management (e.g. safety behaviour observation programme trained >2,000 employees to date).
- Progressive and transformational approach to gender equity and inclusion (e.g. Roshni Bhaji women ambassador programme).
- Extensive school and community programmes raising awareness on public safety risks.
- Sponsor of external annual HSES awards to promote and reward good practices in Karachi outside of K-Electric.

Impact on

Pioneering

PIDG projects promote high environmental standards, low greenhouse gas emissions and pathfinding innovations for low carbon infrastructure development.

We calculate the carbon footprint of each investment and reward those that are:

- **Contributing to climate mitigation, adaptation and resilience.**
- **Mobilising private sector capital into climate finance in our markets.**

Our Climate Strategy

PIDG's Climate Change Strategy outlines our overall commitment to support the goals of the Paris Agreement on Climate Change.

We take a two-pronged approach by:

- Investing in projects that assist countries where PIDG operates to transition towards a global net zero carbon economy by 2050, in the context of an equitable and just transition to net zero.
- Demonstrating the technical and financial viability of innovative low carbon and climate resilient infrastructure in low income and emerging markets of Africa and Asia.

PIDG's climate action focuses on four strategic priorities:

- **Priority 1:** Mobilise private climate finance in underserved, fast growing markets, demonstrating the viability of low carbon, climate resilient infrastructure for private investors.
- **Priority 2:** Strengthen climate change adaptation and resilience through our investments.
- **Priority 3:** Mobilise domestic investors, entrepreneurs and stakeholders in emerging markets in climate savvy investments, including through local currency solutions.
- **Priority 4:** Integrate climate and gender investment lenses in infrastructure investment to maximise the gender outcomes of climate related investment.

Investing in climate resilient infrastructure

PIDG works in some of the countries considered most vulnerable to the impacts of climate change and least prepared to deal with them. Changing weather patterns and increased numbers of extreme weather events caused by climate change have the potential to be a material risk for PIDG at a company level and also at an individual project level.

As well as considering the resilience of the asset itself as part of screening and due diligence procedures, we started to consider how the investment impacts on the resilience of the ecosystem in which it is located i.e. local communities, businesses and the natural environment. We assess whether a project meets 'do no harm' thresholds and seek to identify and track any expected positive impacts on system resilience.

PIDG has undertaken a review of the existing portfolio to understand exposure to physical climate risks. Next steps involve discussions with sponsors to communicate results of the review and to understand any existing or planned measures to manage climate risks and, if none, to work with sponsors to implement plans to manage physical climate risks.

Case study:

Physical climate risk mitigation plan

GuarantCo is providing a 50% partial guarantee of a local currency (Malagasy Ariary) equivalent USD 10.7m loan to a syndicate of local banks to finance a 20MW solar PV project in Ambatolampy, Madagascar being developed by Green Yellow.

Physical climate risks were evaluated during due diligence undertaken by GuarantCo. The assessment concluded that cyclone risk was deemed medium. As a result, the sponsor has put in place insurance policies to cover cyclones, storms and flooding risks.

The sponsor is also investigating the use of a mechanical panel washing system which would reduce the amount of water needed to wash the solar panels from about 7,000 L/MW to 1,000-2,000 L/MW, thereby reducing risk of water stress for the local community and other water users in the vicinity of the plant.

Case study:

TollCam

GuarantCo has provided a combined guarantee (partial credit and liquidity extension) of USD 38.4m in local currency to build, operate, and maintain 14 toll gates in Cameroon. In line with the PIDG Group process, these locations were assessed through the Moody's ESG Physical Climate Risk Assessment tool¹ which showed that several toll booths were at high risk of flooding and/or wildfire and/or heat stress.

This could lead to damage to the toll booths and road, potentially leading to lower toll revenues and higher operational costs, as well as health and safety risks to workers and users of the road.

The project sponsor, working with the GuarantCo team, has put in place a wildfire emergency plan to ensure that emergency procedures are in place in case of wildfire and that vegetation is cleared around the toll booths. For sites at risk of flooding, this has been taken into consideration by the EPC contractor, with a site drainage and maintenance plan being implemented.

1. Moody's ESG / Solutions / Climate (moody's.io)

Enabling renewable energy



\$34.7m

Debt to develop, construct and operate 30MW greenfield solar plant in Burkina Faso (LDC and FCAS).

EAIF

Urbasolar

Expected impact on people

479k consumers are expected to benefit. The largest impact will be felt by users that consume the most power.

SDG assessment ● →

7.1 + 7.2 – Access to affordable and reliable renewable energy.

Expected impact on planet

Avoid 36k tCO2e per year.

SDG assessment

13 – Climate change mitigation.

Expected impact wider economy

Large number of businesses are expected to benefit which will in turn create indirect jobs in the economy.

SDG assessment ● ↗

8.5 – Achieve full and productive employment.

Market transformation

Challenge: Burkina Faso is highly reliant on fuel imports for electricity production which has led to expensive power for both the utility and consumers.

Channel: Demonstration one of the first utility scale solar IPPs in the country.

Outcome: Replication by other investors leading to more diversified energy mix and improved resilience of the sector.

Mobilisation

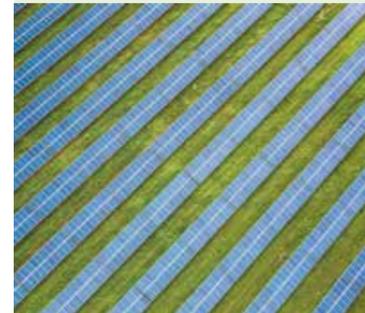
Mobilised \$9m from the private sector

HSES

As part of the due diligence process, 14 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

Note: For SDG assessment refer to key on page 14.

Enabling renewable energy



\$10.7m

Debt to develop, construct and operate 27MW greenfield solar plant in Burkina Faso (LDC and FCAS).

EAIF

Zina Solar

Expected impact on people

490k consumers are expected to benefit. The largest impact will be felt by users that consume the most power.

SDG assessment ● →

7.1 + 7.2 – Access to affordable and reliable renewable energy.

Expected impact on planet

Avoid 38k tCO2e per year.

SDG assessment

13 – Climate change mitigation.

Expected impact wider economy

Large number of businesses are expected to benefit which will in turn create indirect jobs in the economy.

SDG assessment ● ↗

8.5 – Achieve full and productive employment.

Market transformation

Challenge: Burkina Faso is highly reliant on fuel imports for electricity production which has led to expensive power for both the utility and consumers.

Channel: Demonstration one of the first utility scale solar IPPs in the country

Outcome: Replication by other investors leading to more diversified energy mix and improved resilience of the sector.

Mobilisation

Mobilised \$13.6m from the private sector

TA

TA provided three grants totalling \$935k for key workstreams (legal, auditing, financial modelling) to enable the project to reach financial close.

HSES

HSES Due diligence identified 11 HSES recommendations which have been included in the Project Environmental and Social Action Plan (ESAP).

Enabling renewable energy



\$5.35m

50% partial guarantee of an MGA-equivalent \$10.7m loan to develop, construct and operate a 20MW greenfield solar plant and 5MWh battery storage project in the Ambatolampy, Madagascar (LDC).

GuarantCo

Green Yellow II

Expected impact on people

254k consumers are expected to benefit. The largest impact will be felt by users that consume the most power.

SDG assessment ● →

7.1 + 7.2 - Access to affordable and reliable renewable energy.

Expected impact on planet

Avoid 27k tCO2e per year.

SDG assessment

13 - Climate change mitigation.

Expected impact wider economy

A number of businesses are expected to benefit which will in turn create indirect jobs in the economy.

SDG assessment ● ↗

8.5 - Achieve full and productive employment.

Market transformation

Challenge: Madagascar is highly reliant on thermal energy and seasonal hydropower for electricity production which has led to high costs of generation for the utility.

Channel: Demonstrate commercial bank appetite to fund a greenfield utility scale solar and storage project for the first time.

Outcome: Greater number of greenfield solar projects funded by commercial banks which will lead to more diversified energy mix and more resilient cost reflective system.

Mobilisation

Mobilised \$19.5m from the private sector.

Climate risk

Physical: Assessment of cyclone risk deemed medium. Insurance policies contracted by the SPV to cover cyclones, storms and flooding risks.

Gender

Women represent 50% of management at the project SPV and 53% of management during the EPC construction.

HSES

As part of the due diligence process, 3 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

Enabling renewable energy



\$10.6m

Debt to develop, construct and operate 7.8MW greenfield hydro plant in Kasese, Uganda (LDC and FCAS).

EaIF

Nyamwamba

Expected impact on people

195k consumers are expected to benefit. The largest impact will be felt by users that consume the most power.

SDG assessment ● ↑

7.1 + 7.2 - Access to affordable and reliable renewable energy.

Expected impact on planet

Avoid 2k tCO2e per year.

SDG assessment

13 - Climate change mitigation.

Expected impact wider economy

Large number of businesses are expected to benefit which will in turn create indirect jobs in the economy.

SDG assessment ● ↗

8.5 - Achieve full and productive employment.

Market transformation

Challenge: Oversupply can put pressure on the utility to meet capacity-based payments.

Channel: One of the first projects to adopt a new payment structure where the utility will only pay for power purchased. In a situation of oversupply, this can relieve pressure on through reducing the gap between cost of generation and revenues collected.

Outcome: Replication of new payment structure leading to a more resilient cost reflective system.

Mobilisation

Mobilised \$10.6m from the private sector.

Climate risk

Physical: Changes in water flow and availability have been assessed and the risk of landslides and flooding has been considered in the project design.

HSES

As part of the due diligence process, 11 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

Enabling renewable energy



\$27m

Debt to develop, construct and operate 44MW greenfield hydro plant in Côte d'Ivoire (FCAS).

EAIF

Singrobo

Expected impact on people

537k consumers are expected to benefit. The largest impact will be felt by users that consume the most power.

SDG assessment ● ↗

7.1 + 7.2 – Access to affordable and reliable renewable energy.

Expected impact on planet

Avoid 68k tCO2ee per year.

SDG assessment

13 – Climate change mitigation.

Expected impact wider economy

A number of businesses are expected to benefit which will in turn create indirect jobs in the economy.

SDG assessment ● ↗

8.5 – Achieve full and productive employment.

Market transformation

Challenge: Côte d'Ivoire is highly reliant on thermal energy for electricity production.

Channel: Demonstration one of the first utility scale hydro IPPs in the country.

Outcome: Replication by other investors leading to more diversified energy mix and improved resilience of the sector.

Mobilisation

Mobilised \$23.1m from the private sector.

Climate risk

Physical: Changes in water flow and availability have been assessed and the risk of landslides and flooding has been considered in the project design.

HSES

As part of the due diligence process, 22 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP). Additional studies were required to support the project including biodiversity feasibility studies, the probability of biodiversity offset results and the governance structure for offset mitigation measures.



Embedding nature into PIDG's infrastructure investments

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There is growing recognition that the infrastructure development sector has a significant responsibility and an opportunity to contribute towards the global goal to stop and reverse nature loss. Climate mitigation and adaptation cannot be achieved without a consideration for nature. Many of the countries in which PIDG invest and operate, are rich in biodiversity and are where most of the world's intact ecosystems are found. There is therefore a need to reduce the adverse impacts and increase the positive interactions between infrastructure development and nature so that we can truly achieve sustainable development, while enabling countries that need development finance to play a role in nature conservation and restoration and realise value from it.

In 2022, we sought to enhance our strategy and approach to align with global nature and climate goals and expectations, to support a shift in investment flows towards positive nature outcomes. We aimed to move beyond a narrow "do no harm" approach to actively improve the state of nature and enhance positive synergies between nature and people. A group lead on biodiversity and nature was appointed in 2022 to enhance our investment strategy and develop our knowledge and capacity on this critical issue.

We aimed to strengthen our biodiversity and nature protection and enhancement strategy, while maximising nature's contribution to climate change mitigation and adaptation action, to create better conditions to enable sustainable infrastructure development.

To meet this aim, PIDG focused on three strategic objectives across the year:

Objective 1: Ensure that good practice biodiversity safeguards are considered in PIDG policies, standards, and procedures.

Objective 2: Assess for nature-related impacts and dependencies across PIDG's portfolio.

Objective 3: Embed biodiversity and nature thinking into the PIDG strategy refresh process.

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Objective 1

Good practice biodiversity safeguards

PIDG strives to avoid and minimise potential adverse biodiversity impacts wherever we invest and operate, in alignment with the IFC Performance Standard 6. We seek to ensure that our existing Health, Safety, Environment, Social (HSES) policies, systems, and processes comprehensively consider biodiversity safeguards.

In 2022, we focused our attention on the appraisal and approval stage of transactions. We piloted a biodiversity screening tool into our investment process that draws from critical global biodiversity information to facilitate the identification of potential risks and opportunities at the early stage of a transaction's lifecycle. These will be further rolled out across the Group in 2023.

We also undertook a review of how to better appraise new transactions with high biodiversity risks, that go beyond applying the minimum good practice investment exclusions. We will draw from the findings to help critically appraise new transactions going forward.

Objective 2

Nature-related impacts and dependencies

Our existing biodiversity and nature risk assessment process focuses on assessing, mitigating, and managing the negative environmental impacts of projects. To develop a robust understanding of risk requires assessing how PIDG's investments both impact and depend on nature across our portfolio. This will enable us to consider nature more holistically in our investments, as well as our risk exposure on transactions.

A preliminary portfolio review demonstrated that selected PIDG transactions closely interfaces with nature. The assessment also provided a snapshot of how the sectors we have invested in are dependent on ecosystem services for successful operations in the long term. Initial insights from the assessment demonstrate the importance of integrating nature risk considerations into longer-term, forward-looking strategic decisions to align with societal goals on climate and nature. We will continue to build our understanding of how we can align to best practice on assessing our portfolio-wide impacts and dependencies on nature.

Objective 3

Nature as a cross cutting theme in PIDG's new strategy

PIDG recognises that climate change and nature loss are interconnected. We must aim to solve both crises together or stand the risk of solving neither. We seek to raise the ambition and pace of nature mainstreaming in our organisational culture and practice by integrating this into our Group's strategy for 2023–2030.

An analysis of sectors in which PIDG could invest to deliver sustainable infrastructure while protecting and restoring nature was undertaken to support the strategy development process. This included an assessment of investment sectors that could deliver on net zero, positive nature outcomes and the Sustainable Development Goals.

Following release of our general approach on integrating nature into the new strategy in 2023, we will systematise it further in a more comprehensive nature and climate approach in 2024.

Impact on

wider economy

PIDG projects create indirect impacts on the wider economy.

We focus on the scale and depth of impact expected for businesses from greater access, reliability and reduced costs, the impact from local expenditure in the economy and on governments from increased revenues.

Improving fiscal revenue collection



\$38.4m

(XAF equivalent) guarantee solution was provided to Société Générale Cameroun and Société Commerciale de Banque Cameroun, a subsidiary of Attijariwafa Bank Group to finance the modernisation, operation and maintenance of 14 toll booths across Cameroon.

GuarantCo

Tollcam

Expected impact wider economy

The project will directly contribute to increasing fiscal revenues into a road fund which will be used to upgrade and refurbish roads across Cameroon. It is expected to add \$11.2m over five years and \$80m over 20 years.

SDG assessment

9.4 + 17 – Strengthen domestic resource mobilisation to improve domestic capacity for tax and other revenue collection and develop domestic infrastructure, to support economic development and well-being.

Market transformation

Challenge: No previous PPPs in the road sector in Cameroon.

Channel: Demonstrate a PPP template for other investors to replicate.

Outcome: Increase investment appetite in this sector and so the development of the road network in Cameroon.

Climate risk

Passed Paris Alignment Assessment:

- Better road maintenance and improved toll infrastructure will reduce journey times for traffic on the roads and therefore has the potential to reduce GHGs from vehicles using the roads.
- There is a financial benefit for higher occupancy vehicles.

Physical – we conducted a risk assessment and the following mitigants were put in place:

- The EPC contractor will design stormwater drainage and develop a site drainage and maintenance plan.
- The project company will clear vegetation around stations and ensure emergency employee training on wildfire response.
- The project company will include heat stress mitigations (e.g., provision of shade, water, extreme temperature working policy, etc).

Mobilisation

Mobilised \$51.2m from the private sector.

TA

TA provided \$283k to co-finance the fees for social consultant to support implementation of the RAP (resettlement action plan) and LRP (livelihood restoration plan) to meet IFC PS5.

HSES

As part of the due diligence process, 38 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

Note: For SDG assessment refer to key on page 14.

Supporting economic growth



\$37.1m

Debt to support Ciments de l'Afrique, a cement player in West Africa to increase the supply of cement in Senegal, Mali and Ghana.

EAIF

CIMAF

Expected impact on people

A minimum of 750 construction jobs and 275 jobs during operation and maintenance.

Expected impact wider economy

Businesses that are highly dependent on cement as part of their supply chain will benefit the most (e.g., infrastructure and construction sectors).

SDG assessment

8.5 + 9.4 – Promote inclusive and sustainable industrialisation, supporting economic growth and job creation.

Market transformation

Challenge: Demand for cement is growing and deficits are met currently met through imports which has led to high domestic prices.

Channel: Increase integrated cement capacity in Senegal by 18% and increase cement grinding capacity by 25% and 5% in Mali and Ghana respectively.

Outcome: Support additional domestic clinker and cement production in three countries to reduce the cost and improve the efficiency of the market.

Mobilisation

Mobilised \$102.8m of private sector investment.

Climate risk

Transition: Cement production is emission intensive and considered one of the hardest to abate sectors. CIMAF has agreed to a climate plan which includes (i) the use of energy efficient equipment in production process, (ii) a planned programme of measures to reduce emissions that covers partial fuel switching to low carbon fuels to reduce fossil fuel use in clinker production process, use of solar PV to reduce grid electricity consumption and potential use of WHR to further reduce grid electricity consumption and (iii) board level commitment to GHG reductions in production process and operations.

HSES

As part of the due diligence process, 23 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

Enabling greater domestic lending



\$16.2m
(XOF 10bn)

Portfolio guarantee to Orabank Côte d'Ivoire. The guarantee allows Orabank to benefit from capital relief, enabling the bank to grow its infrastructure portfolio whilst remaining within single obligor limits. The bank will lend to infrastructure-associated businesses in Côte d'Ivoire (FCAS), Senegal (LDC), Niger (FCAS and LDC) and Burkina Faso (FCAS and LDC).

GuarantCo

Orabank Côte d'Ivoire

Expected impact wider economy

Businesses and their employees in sectors such as agri-processing and manufacturing are expected to benefit. The largest impact will be for businesses that need capital to sustain their growth and/or expand.

SDG assessment ● ↑

8.5 + 9.1 – Develop sustainable, resilient and inclusive infrastructure to deliver economic growth and create jobs.

Market transformation

Challenge: In West African Economic Monetary Union countries the implementation of Basel II and III banking regulations have limited the lending capacity of banks to infrastructure projects.

Channel: This transaction will increase access to capital available for infrastructure investment in West Africa.

Outcome: This structure could be replicated by other lenders to ensure continued infrastructure investment for businesses alongside the implementation of prudent regulatory requirements.

Climate risk

Transition: Orabank transactions shall be reviewed ex-ante to confirm Paris Alignment and transition risk as defined by the PIDG Climate Change Standard. **Physical:** We will work with Orabank to build capacity to assess physical risk as part of wider support provided to help develop Orabank's climate change strategy.

Mobilisation

Mobilised \$26m from Orabank Côte d'Ivoire.

HSES

As part of the due diligence process, 5 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

GuarantCo provided Orabank Côte d'Ivoire with a five-year, XOF 10 billion (c. USD 15 million) portfolio guarantee to enable the bank to grow its infrastructure-related portfolio across the region. It is GuarantCo's first transaction in Côte d'Ivoire and its second with Oragroup, after providing a XOF 14.55 billion (c. USD 25 million) portfolio guarantee to Orabank Togo (an Oragroup subsidiary) in January 2022.

Enabling greater domestic lending



\$25m
(XOF 14.55bn)

Portfolio guarantee to Orabank Togo, the largest bank in the country. The guarantee allows Orabank to benefit from capital relief, enabling the bank to grow its infrastructure portfolio whilst remaining within single obligor limits. The bank will lend to infrastructure projects and infrastructure-associated businesses in Togo (LDC and FCAS).

GuarantCo

Orabank Togo

Expected impact wider economy

Businesses and their employees in target sectors are expected to benefit. The largest impact will be for businesses that need capital to sustain their growth and/or expand.

SDG assessment ● ↗

8.5 + 9.1 – Develop sustainable, resilient and inclusive infrastructure to deliver economic growth and create jobs.

Market transformation

Challenge: In West African Economic Monetary Union countries the implementation of Basel II and III banking regulations have limited the lending capacity of banks to infrastructure projects.

Channel: This transaction will increase access to capital available for infrastructure investment in West Africa.

Outcome: This structure could be replicated by other lenders to ensure continued infrastructure investment for businesses alongside the implementation of prudent regulatory requirements.

Climate risk

Transition: Orabank transactions shall be reviewed ex-ante to confirm Paris Alignment and transition risk as defined by the PIDG Climate Change Standard.

Physical: We will work with Orabank to build capacity to assess physical risk as part of wider support provided to help develop Orabank's climate change strategy.

Mobilisation

Mobilised \$20m from Orabank Togo.

HSES

As part of the due diligence process, 5 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

Enabling access to finance



\$19.6m

Provide a 50% guarantee to Axis Bank for a \$19.6m LYC loan to support an Indian NBFC in sustainably growing its portfolio of loans to the underbanked within specific eligible sectors including microfinance small business enterprises commercial vehicle financing and social infrastructure.

GuarantCo

Northern Arc

Expected impact people and wider economy

41k loans will be provided to business enterprise (42%), for microfinance purposes (35%), vehicles (17%) and affordable housing (4%) and education (2%). Impacts for people and businesses will vary depending on the loan size and sector.

SDG assessment ● ↑

5.5 + 8.10 – Strengthen the capacity of domestic financial institutions to expand access to banking/financial services with a focus on providing women equal opportunities.

Market transformation

Challenge: There are an estimated 107m people who are underbanked (19% of the adult population) and 571m people who are unbanked (63% of the adult population). The structure and pricing of the products available is the main barrier to access credit.

Channel: Enabling a tenor extension of 3 years to enable Northern Arc to increase lending by 4.9 times than what would have otherwise been the case.

Outcome: This tenor extension will lead to an increase in the access to finance for a large number of low-income borrowers. We expect more domestic capital providers like Axis bank providing longer tenor (>2 years) to NBFCs to grow their borrowers.

Mobilisation

Mobilised \$39.3m from Axis Bank.

Gender

Microfinance products which represent 35% of the loan are deliberately targeting women.

HSES

As part of the due diligence process, 7 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP). GuarantCo is supporting NorthernArc to refine their HSES due diligence process.



Transforming

markets

We consider the impact on markets beyond our investment. We can contribute to greater market efficiency, resilience and integration by paving the way for local and international investors to follow.

We do this by:

- Understanding and classifying the market challenge limiting private sector investment.
- Considering how the transaction will address the specific challenge.
- Identifying the main market outcome we expect to see materialise and how this will be measured.

Enabling renewable energy



\$5.5m

Equity investment to establish a regional creditworthy intermediary offtaker which will purchase power from renewable IPPs in Zambia (LDC) and regionally across Southern Africa and sell that electricity to a portfolio of utilities, private sector offtakers and competitive markets of the Southern Africa Power Pool (SAPP).

InfraCo Africa

Africa GreenCo

Expected impact on people

Scale will be quantified as the pipeline materialises. The largest impact will be felt by users that consume the most power.

SDG assessment ● ↗

7.1 + 7.2 – Access to affordable and reliable renewable energy.

Expected impact on planet

Avoid/reduce greenhouse gas emissions through the displacement of thermal energy.

SDG assessment

13 – Climate change mitigation.

Expected impact wider economy

Businesses are expected to benefit from the aggregate increase power supply, which will in turn create indirect sustainable jobs in the economy.

SDG assessment ● ↗

8.5 – Achieve full and productive employment.

Market transformation

Challenge: Limited appetite of commercial financing for renewable IPPs in Zambia and across Southern Africa which has limited project development despite supply deficit.
Channel: Demonstration and replication effect by creating an intermediary offtaker to increase the attractiveness of the renewable energy sector across Southern Africa to private investors.

Outcome: Improve the resilience of the power sector in Zambia by increasing the number of renewable energy projects.

Climate risk

Physical: Climate assessments will be undertaken by Africa GreenCo at the client and project level.

Gender

GreenCo has committed to achieving 30% female participation in the workforce and collecting sex-disaggregated employment data. 50% of the senior leadership positions are occupied by women (CEO and COO) and board representation at the HoldCo and Zambian entity are >40%.

TA

Provided \$50k to fund a due diligence assessment of Africa GreenCo prior to investment. Also provided a returnable grant of \$500k to cover the operational costs of contracting negotiation with the local utility, establishing supply licenses, power pool membership and execution of Shareholder Agreement.

HSES

HSES Due diligence identified 8 HSES recommendations which have been included in the Project Environmental and Social Action Plan (ESAP).

Note: For SDG assessment refer to key on page 14.

Enabling renewable energy



\$50m

Partial credit guarantee to support a VND 1.7bn (\$75m) bond issuance by EVNF, a nonbank financial institution in Vietnam (LMIC). Proceeds are intended to be utilised to deliver utility scale solar projects and C&I solutions for firms.

GuarantCo

EVNFinance (EVNF)

Expected impact on people

Consumers are expected to benefit from a mix of income groups/gender. Scale will be quantified as the pipeline develops.

SDG assessment ● ↗

7.1 + 7.2 – Access to affordable and reliable renewable energy.

Expected impact on planet

Avoid/reduce greenhouse gas emissions. Scale will be quantified as the pipeline develops.

SDG assessment

13 – Climate change mitigation.

Expected impact wider economy

Firms with solar solutions will benefit from a 20-45% reduction in power costs. The largest benefit will be felt by businesses that are highly dependent on electricity and suffer from reliability issues.

SDG assessment ● ↗

8.5 – Achieve full and productive employment.

Market transformation

Challenge: No certified green bonds in the country and a lack of diversity in the investor base for corporate bonds focused on the infra-asset class.

Channel: Demonstration and Replication through executing the first local currency, internationally verified green bond in Vietnam.

Outcome: Improve the resilience of the bond market in Vietnam to enable similar local currency green bonds and so increase financing available for renewable energy in the country.

Mobilisation

Mobilised \$75m from the private sector.

HSES

As part of the due diligence process, 12 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP). GuarantCo is supporting EVNF to strengthen their approach to supply chain risk management.

Supporting trade and economic growth



\$23.9m

100% credit guarantee for a dual tranche bond issued by Royal Railway Cambodia, split equally between 5 and 10 years. Proceeds of the bond will be used to purchase new trains and finance upgrades to the existing railway network.

GuarantCo

Cambodia Royal Railway

Expected impact wider economy

Add new rolling stock and rehabilitate the existing railway network to improve the reliability and efficiency of trade leading to increased revenues and economic growth. Exporters in agricultural sectors such as rice, manufacturing of paper, granite and generalised container freight are expected to benefit. Largest impact expected for businesses that are highly dependent on time for delivery of goods (e.g., perishable food items).

SDG assessment ● ↓

8.5 + 9.4 – Develop regional and trans-border infrastructure, to support economic development and well-being.

Market transformation

Challenge: The bond market in Cambodia is nascent, with less than 10 local bond transaction issued to date.

Channel: Demonstration and Replication of the first floating rate 10 year bond subscribed by domestic insurance companies, the first listed 'infrastructure' bond recognised by the Cambodia securities regulator, and the first rated AAA bond by the Cambodian Rating Agency.

Outcome: Facilitate future infrastructure funding through similar domestic capital market structures in the country.

Climate risk

Transition: Initially expected to be high as fuel cargo is a source of current revenues. This is expected to fall overtime with the transaction adding new wagons that are designed to transport differentiated cargo in sectors such as agriculture.

Physical: A climate risk assessment was undertaken and further work will be conducted to mitigate against potential flooding risk.

Mobilisation

Mobilised \$23.9m from the private sector.

TA

Provided \$118k in January 2023 to cover first of its kind transaction bond issuance costs in the context of the Cambodian market.

Gender

47% of the overall management team are female and this will be monitored at the Holdco level during the life of the project. A Gender Action plan will be implemented within one year of financial close detailing how this percentage will be maintained.

HSES

As part of the due diligence process, 21 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP). Identified potential opportunities to support community rail safety awareness initiatives.

Supporting greater connectivity



\$20m

Provided debt as one of the anchor investors for a \$420m Axian Telecom bond issuance. EAIF identified \$20m equivalent of infrastructure in Togo (LDC) within Axian's overall infrastructure programme which will be utilised to expand the radio access network for mobile services and build fibre backbone for broadband services.

EAIF

Axian Telecom

Expected impact on people

In line with EAIF's use of proceeds, 400k new consumers are expected to benefit. The largest impact will be felt by first time users of internet and those who suffer from unreliable network coverage.

Expected impact wider economy

A number of firms are expected to benefit. The largest impact will be felt by those that are highly dependent on internet for business operations and/or suffer from connectivity issues.

SDG assessment ● ↗

9.C – Significantly increase access to Information Communication Technology (ICT) and provide universal and affordable access to the internet.

Market transformation

Challenge: Only two regional bonds have been successfully issued for ICT in SSA. International and regional capital markets play a crucial role in reducing infrastructure gaps by mobilising private capital into key sectors such as ICT.

Channel: The bond enables Axian (a Tanzanian company) to access large pools of international capital to deploy into ICT infrastructure across SSA.

Outcome: Deepen and diversify the pool of capital available for infrastructure development in SSA.

Mobilisation

Mobilised \$302m of private sector investment.

Climate risk

Transition: Axian is actively deploying solar to towers to minimise diesel consumption.

HSES

As part of the due diligence process, 20 HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).



PIDG Institute

PIDG has built a reputation for promoting high standards and developing best practice in areas such as HSES, Sustainable Development Impact management, infrastructure capital market development and action on climate change and gender equality in emerging markets.

We also have several strategic objectives related to this specific and growing expertise, including:

- Continue to build a culture of excellence internally and raise standards across the Group.
- Increase cross-Group learning and collaboration in key areas.
- Support and build capacity at the level of projects and partners.
- Share our experience and expertise externally within the sector, with the specific purpose of enabling solutions that can be implemented by private investors, in line with our mandate.

To enhance our ability to realise these objectives, in 2021 we decided to bring together the various knowledge sharing, training and capacity building work across the Group under one entity, PIDG Institute.

PIDG Institute so far:

Over the last couple of years, we have built up a successful track record of delivery of PIDG Institute events, under two main tracks.

**Internal learning events:
Intensifying internal
knowledge sharing**

November 2021

Mini-grids in Africa

December 2021

Disability inclusion

March 2022

Rooftop solar, Pakistan

October 2022

**Experience and
outlook in Zambia**

February 2023

Nature lunch and learn

**External capacity building:
Sharing our expertise with
partners and the wider market**

July 2021

**Vietnam Green Capital Market
development capacity building**

July 2022

**Nairobi - Minimising risks and maximising
positive impacts in our markets**

February 2023

**InfraZamin Pakistan Role of guarantees as a
tool for development and HSES governance**

March 2023

**Essentials in procuring and negotiating
bankable projects in Africa**

Spotlight



The PIDG Institute workshop in Nairobi, Kenya

In July 2022 we held our first fully in-person PIDG Institute training event in Nairobi, Kenya. The workshop was titled 'Raising standards on HSES and SDI in our markets' and was split into two main modules:

Identifying and maximising benefits

Delivery: Sustainable development impact

- Selected topics covered:**
- Governance, safety culture and leadership in ESG.
 - Investing in the Sustainable Development Goals (SDGs) and impact led decision making.
 - Taking a climate lens in infrastructure investment.
 - Gender lens in infrastructure investment.
 - Monitoring evaluation and learning.

Identifying and minimising risks

Delivery: Health, Safety, Environmental and Social

- Selected topics covered:**
- Construction safety.
 - Contractor management.
 - Incident investigation and learning from events.
 - Safe lifting and rigging.
 - Safety culture – sharing experiences, challenges and lessons learned.
 - Human rights safeguarding.

Who was the PIDG Institute event aimed at

- Selected HSES, ESG and impact managers, advisors and operation supervisors from PIDG's African based portfolio.
- We reached full capacity for both modules with 33 participants in Module 1 and 30 participants in Module 2.
- Participants were a good degree of representation from PIDG portfolio companies in Africa.

How was the event delivered?

- Though the workshop was predominantly delivered by PIDG staff, it was interspersed with sessions and contributions from a number of external stakeholders including:
- Conversation on climate and just transition with Rachel Kyte, Chair of the PIDG Ltd. HSES Committee.
 - A panel session on Green buildings and IFC Edge, with the Kenya Green Building Society.
 - Practical demonstrations at a lifting yard/ construction site, through a visit to Acorn.

Some reflections and feedback:

- The event showed there was a strong appetite in the market for this type of training, with feedback providing suggestions for future sessions.
- Participants in particular valued the combination of practical guidance and appreciated the opportunity to network and collaborate across the portfolio. There was push for PIDG to further increase its sharing of best practices.
- From a PIDG perspective, participants were also able to leave with a better understanding of why we value HSES and SDI and how we practically approach specific topics within these areas.

"I had a great time interacting and co-learning with other participants. We would surely leverage the deep expertise housed within PIDG to further build local capacity in HSES and Development performance across our portfolio projects and within the infrastructure ecosystem in Nigeria."



Key

sustainable development impact metrics

Infrastructure projects have long lead times and this poses methodological challenges in reporting results.

At PIDG, we report on the number of people with access to infrastructure, direct job creation and capital mobilised when projects reach Financial Close, which we adjust as part of our annual update of projects.

The cumulative numbers reported in the following pages combine actual results for the projects that are already operational with predicted results for the projects that are not yet operational.

At the end of 2022, 66% of the projects financially closed by PIDG were operational.

Mobilisation of funding

from private sector and development finance sources

64

Since 2002, PIDG-supported projects have mobilised \$39.8bn in total, including \$24.5bn from the private sector.

There is a need to mobilise trillions of dollars of private sector money alongside the billions invested by public sector institutions to reach the Sustainable Development Goals and net zero by 2050. Donors and other stakeholders need a clear picture of how private sector investment is mobilised.

The OECD has been developing a methodology for this since 2014, taking into account the different ways in which funding is mobilised. In 2018, the OECD refined its approach to take account of the funding mobilised via project finance, including via equity investments, this – for the first time – has enabled the inclusion of the mobilisation of private sector investment by the Developer-Investor businesses. The methodology has been applied by OECD to all results since 2012.

PIDG has taken part in OECD reporting and monitors its PSI mobilised according to the OECD methodology alongside its traditional approach.

When more than one development finance institution (DFI) or international finance institution (IFI) is involved in one transaction, the OECD methodology attributes the private sector investments mobilised to each DFI or IFI according to the position taken in the deal capital structure, considering PIDG's frontier role, often mobilising private capital in deals where no other DFI is involved. PIDG's traditional methodology considers the overall private sector investment mobilised in the project rather than attempting attribution to individual institutions involved. We present in the table opposite, both the overall private sector mobilisation in PIDG projects and the OECD attribution, where relevant.

Total investment commitments (TIC) mobilised by PIDG activities, by sector: 2002-22 (\$m)

| | Total investment | Private sector investment | DFI investment | State-owned entities | Grant * |
|--|------------------|---------------------------|-----------------|----------------------|-------------|
| Digital communications infrastructure | 12,049.2 | 9,533.3 | 2,516.0 | - | - |
| Energy | 11,967.6 | 5,157.3 | 6,746.2 | 36.6 | 27.5 |
| Transportation | 6,050.1 | 4,292.5 | 1,755.9 | - | 1.5 |
| Manufacturing | 4,181.9 | 2,254.5 | 1,927.4 | - | - |
| Bulk storage / logistics | 1,164.8 | 758.4 | 404.7 | - | 1.7 |
| Multi-sector | 1,089.9 | 536.3 | 540.3 | 7.0 | 6.4 |
| Gas transportation, distribution and storage | 773.1 | 502.5 | 270.6 | - | - |
| Mining and upstream oil and gas (legacy) | 760.0 | 524.7 | 235.3 | - | - |
| Oil transportation-distribution and storage (legacy) | 715.0 | 429.0 | 286.0 | - | - |
| Agri-infrastructure | 473.9 | 201.2 | 259.2 | - | 13.6 |
| Water, sewerage and sanitation | 292.6 | 123.8 | 165.6 | - | 3.2 |
| Social infrastructure | 267.8 | 211.2 | 56.6 | - | - |
| Total | 39,785.9 | 24,524.5 | 15,163.7 | 43.6 | 53.9 |

*Grants are included in TICs for projects funded by InfraCo Africa and InfraCo Asia

65

The table below shows the amount of PSI mobilised:

- a comparison for the years 2012-21 between the mobilisation in accordance with the OECD published results and PIDG's standard methodology.
- a comparison of PIDG's standard approach for mobilisation from projects reaching financial close in 2022 with the figures calculated according to OECD's methodology.

As the table shows, during 2012-21 PIDG-supported projects mobilised \$14.8bn, with \$7bn attributed per OECD methodology. For 2022, PIDG-supported projects mobilised \$0.75bn in private sector financing, the OECD approach would allocate \$0.4bn of this to PIDG.

Comparison of PSI mobilised by PIDG-supported projects to PIDG's share of PSI attributed by the OECD:

| 2022 financially closed projects | \$m | Projects reaching financial close in 2012-21 | \$m |
|---|-------|---|----------|
| PSI mobilised by projects supported by PIDG | 752.3 | PIDG: Reported PSI mobilisation by projects for 2012-21 | 14,802.9 |
| Estimated PSI mobilised as per OECD methodology | 411.4 | Share of PSI attributed by OECD 2012-21 | 7,036.0 |

Access by sector (2002-22)

66

Providing access to essential services like power, water and safe transport is essential to progress towards the Sustainable Development Goals. PIDG collect data on the expected number of people gaining access to new or improved infrastructure.

When the impact of our projects can be directly traced to a specific group of individuals, we are able to source the number of people we reach from our investees – for example for decentralised energy companies.

This approach is not always possible in infrastructure investment. In cases where our investments do not hold a direct relationship with end-users, as it is often the case for many power and transportation

projects, we utilise methodologies to estimate the number of people benefiting, drawing on best practice. A key conversion methodology is for grid-tied energy generation, which makes up over half of PIDG’s cumulative access figures. The number of people served is currently calculated by dividing the energy generated by the per capita electricity consumption for the relevant country. PIDG’s calculation methodology are in line with relevant sector best practice or take a more cautious approach and are published in PIDG Results Monitoring Handbook on the PIDG’s website.

Number of people with access to new and improved infrastructure by sector (2002-22)

| | Total access | Access to improved infrastructure | Access to new infrastructure |
|--|--------------------|-----------------------------------|------------------------------|
| Energy | 93,220,958 | 84,408,832 | 8,812,126 |
| Digital communications infrastructure | 60,366,418 | 29,682,627 | 30,683,791 |
| Gas transportation, distribution and storage | 28,664,195 | 11,606,587 | 17,057,608 |
| Manufacturing | 17,762,503 | 9,698,503 | 8,064,000 |
| Transportation | 13,984,170 | 10,655,091 | 3,329,079 |
| Bulk storage / logistics | 3,352,615 | 3,280,000 | 72,615 |
| Oil transportation, distribution and storage | 3,280,842 | 2,464,000 | 816,842 |
| Multi-sector | 1,320,489 | 1,311,889 | 8,600 |
| Water, sewerage and sanitation | 602,835 | 512,003 | 90,832 |
| Agri-infrastructure | 151,868 | 104,232 | 47,636 |
| Social infrastructure | 69,573 | - | 69,573 |
| Mining and upstream oil and gas | 27,500 | 27,500 | - |
| Total | 222,803,966 | 153,751,264 | 69,052,702 |

Projected employment (2002-22)

67

PIDG contributes to the improvement of people’s lives through the role that infrastructure plays in underpinning sustainable economic growth and job creation.

Sustainable and inclusive economic growth and job creation are essential to alleviating poverty and improving lives. More reliable, accessible and affordable infrastructure helps businesses grow and create more and better jobs. Inadequate infrastructure can also place additional costs on developing economies, making it more expensive to access essential goods and services.

Providing access to cheaper or more efficient power supplies, better routes to market, improved communications, or enhanced irrigation, storage or processing facilities should enable businesses to become more productive and enable them to grow and employ more people.

Where PIDG’s investments improve the availability and cost of infrastructure, this can increase the opportunities for full and productive employment and decent work.

This will create opportunities for local employment, meaning people do not have to always migrate from their countries, cities or towns in pursuit of economic opportunities.

Employment directly generated by PIDG-supported projects

| | Short-term employment | Long-term employment |
|---|-----------------------|----------------------|
| Agri-infrastructure | 2,882 | 6,927 |
| Bulk storage / logistics | 5,956 | 1,633 |
| Digital communications infrastructure | 3,578 | 9,762 |
| Energy | 23,812 | 2,915 |
| Gas transportation, distribution and storage | 2,527 | 374 |
| Manufacturing | 10,495 | 5,174 |
| Mining and upstream oil and gas (legacy) | 1,000 | 800 |
| Multi-Sector | 175 | 954 |
| Oil transportation, distribution and storage (legacy) | 4,544 | 2,821 |
| Social infrastructure | 4,796 | 332 |
| Transportation | 10,581 | 214,912* |
| Water, sewerage and sanitation | 612 | 73 |
| Total | 70,958 | 246,677 |

*This high number is linked to drivers being counted as long term jobs in investment that enable vehicle leasing.

Commitments by infrastructure sector

In 2022, PIDG committed more than **\$467m** | of which **\$460m** to 21 projects | and **\$7.4m** to 26 PIDG TA grants

PIDG commitments by sector: 2022 (\$m)

| | PIDG commitments | % |
|---------------------------------------|------------------|-------|
| Multi-sector | 259.2 | 55.5% |
| Transportation | 105.2 | 22.5% |
| Energy | 69.0 | 14.8% |
| Digital communications infrastructure | 26.1 | 5.6% |
| Water, sewerage and sanitation | 5.8 | 1.2% |
| Social infrastructure | 1.4 | 0.3% |
| Capital market development (TA only) | 0.4 | 0.1% |
| Bulk storage / logistics | 0.2 | 0.0% |
| Agri-infrastructure | 0.0 | 0.0% |
| Total | 467.4 | |

Since 2002, PIDG has committed **\$5bn** in **266** investments, and deployed **\$177m** to 356 PIDG TA grants and DevCo mandates

PIDG commitments by sector: Cumulative 2002-22 (\$m)

| | PIDG commitments (\$m) | % |
|--|------------------------|-------|
| Energy | 1,824.5 | 35.1% |
| Digital communications infrastructure | 712.9 | 13.7% |
| Transportation | 688.5 | 13.2% |
| Multi-sector | 619.9 | 11.9% |
| Manufacturing | 415.5 | 8.0% |
| Social infrastructure | 254.1 | 4.9% |
| Bulk storage / logistics | 169.9 | 3.3% |
| Gas transportation, distribution and storage | 168.5 | 3.2% |
| Agri-infrastructure | 106.5 | 2.0% |
| Oil transportation-distribution and storage (legacy) | 96.1 | 1.8% |
| Water, sewerage and sanitation | 94.4 | 1.8% |
| Mining and upstream oil and gas (legacy) | 46.2 | 0.9% |
| Capital market development (TA only) | 6.8 | 0.1% |
| Total | 5,203.7 | |

Commitments to projects still in portfolio at the end of 2022

| | PIDG commitments (\$m) | % |
|---|------------------------|-------|
| Energy | 1,473.6 | 42.8% |
| Multi-sector | 568.7 | 16.5% |
| Transportation | 385.1 | 11.2% |
| Digital communications infrastructure | 278.7 | 8.1% |
| Social infrastructure | 251.6 | 7.3% |
| Bulk storage / logistics | 151.2 | 4.4% |
| Manufacturing | 122.3 | 3.5% |
| Gas transportation, distribution and storage (Legacy) | 103.9 | 3.0% |
| Water, sewerage and sanitation | 43.5 | 1.3% |
| Agri-infrastructure | 35.7 | 1.0% |
| Oil transportation-distribution and storage (Legacy) | 30.0 | 0.9% |
| Capital market development (TA only) | 2.7 | 0.1% |
| Total | 3,446.9 | |

PIDG commitments by geographies

Least Developed Countries and Fragile States

Commitments made in 2022

| | |
|-----------------------|--|
| By number of projects | – 48% were in Fragile States – 71% were in Least Developed or Other Low Income countries (DAC I/II) |
| By value | – 32% were to projects in Fragile States – 38% were to projects in Least Developed or Other Low Income countries (DAC I/II) |
| By number of grants | – 50% were in Fragile States – 50% were in Least Developed or Other Low Income countries (DAC I/II) |

Cumulative commitments 2002-22

| | |
|-----------------------|--|
| By number of projects | – 52% were in Fragile States – 56% were in Least Developed or Other Low Income countries (DAC I/II) |
| By value | – 51% were to projects in Fragile States – 46% were to projects in Least Developed or Other Low Income countries (DAC I/II) |

Commitments by region

Commitments made in 2022

| | |
|-----------------------|---|
| By number of projects | – 81% were in Africa – 19% were in south and south-east Asia and Pacific |
| By value | – 51% were to projects in Africa – 48% were to projects in south and south-east Asia and Pacific – 1% were to projects in other or multiple regions |

Cumulative commitments 2002-22

| | |
|-----------------------|---|
| By number of projects | – 70% were in Africa – 26% were in south and south-east Asia and Pacific – 4% were in other or multiple regions |
| By value | – 69% were to projects in Africa – 24% were to projects in south and south-east Asia and Pacific – 7% were to projects in other or multiple regions |

Commitments in energy projects

In 2022,
100%
of PIDG commitments to energy generation projects were to renewables

PIDG commitments to renewable and non-renewable energy projects 2002-22

| | PIDG commitments (\$m) | | Generation capacity (MW) | |
|-----------------------|------------------------|------------|--------------------------|------------|
| Renewable | 1,087.6 | 65% | 3,138.5 | 50% |
| Biomass | 90.5 | 8% | 78.0 | 2% |
| Geothermal | 45.5 | 4% | 98.0 | 3% |
| Hybrid | 14.6 | 1% | 23.3 | 1% |
| Hydro | 348.9 | 32% | 1,309.7 | 42% |
| Solar | 518.1 | 48% | 1,017.8 | 32% |
| Wind | 70.1 | 6% | 611.8 | 19% |
| Non-renewables | 583.8 | 35% | 3,198.0 | 50% |
| Coal | 1.8 | 0% | - | - |
| Gas | 423.6 | 73% | 2,778.0 | 87% |
| Hybrid | 15.5 | 3% | - | - |
| Oil | 143.0 | 24% | 420.0 | 13% |

Commitments by year (\$m)

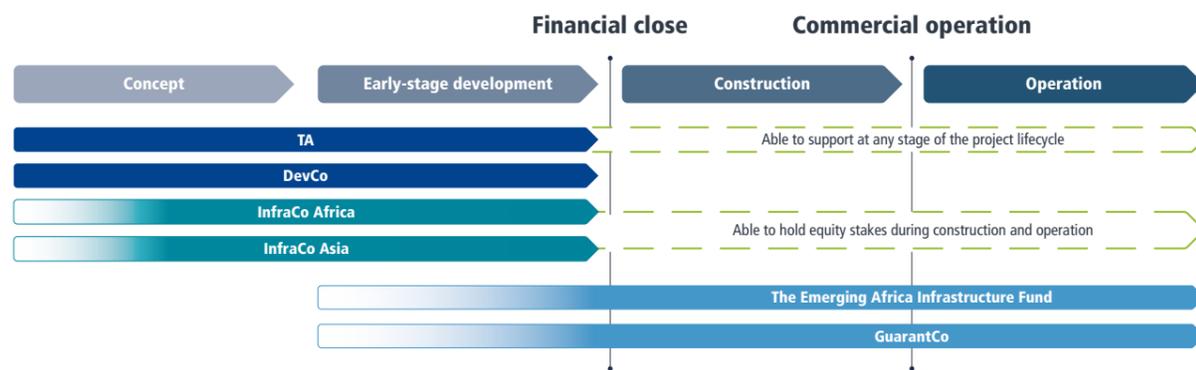
| | 2003-08 | 2009-14 | 2015-22 | Total (2002-22) |
|--------------------------|--------------|--------------|----------------|-----------------|
| Renewable | 59.8 | 154.4 | 873.4 | 1,087.6 |
| (% of total commitments) | 42% | 38% | 78% | 65% |
| Biomass | 0.7 | 38.6 | 51.2 | - |
| Geothermal | - | 15.0 | 30.5 | - |
| Hybrid | - | - | 14.6 | - |
| Hydro | 48.6 | 58.1 | 242.2 | - |
| Solar | 2.2 | 14.9 | 501.0 | - |
| Wind | 8.3 | 27.9 | 33.9 | - |
| Non-renewables | 82.7 | 254.9 | 246.2 | 583.8 |
| (% of total commitments) | 58% | 62% | 22% | 35% |
| Coal | 1.8 | - | - | - |
| Gas | 12.1 | 202.8 | 208.6 | - |
| Hybrid | 0.5 | - | 15.0 | - |
| Oil | 68.3 | 52.1 | 22.6 | - |
| Total | 142.5 | 409.4 | 1,119.6 | 1,671.4 |

**PID
GTA**
Companies
at a glance

The image displays six logos for various infrastructure-related entities. In the top row, from left to right: PID GTA Technical Assistance (with PID and GTA stacked vertically), DevCo Upstream Technical Assistance (with DevCo above Upstream Technical Assistance), and InfraCo Africa (with a fingerprint icon above InfraCo and AFRICA below). In the bottom row, from left to right: INFRACO ASIA (with a globe icon), EMERGING AFRICA INFRASTRUCTURE FUND (with a map of Africa icon), and GuarantCo GUARANTEES FOR DEVELOPMENT (with a bridge icon above GuarantCo).

Structure

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Upstream Technical Assistance

TA grants support the PIDG Companies at any stage of the project lifecycle. DevCo helps fund PPP advisory services to governments, delivered through the IFC.

Developer-Investor

InfraCo Africa and InfraCo Asia originate, develop, structure, invest in and manage projects. They can make equity and debt investments in innovative and pioneering projects, and remedy the absence of capital.

Credit Solutions

EAIF provides long-term loans in sub-Saharan Africa. GuarantCo provides innovative local currency contingent credit solutions, including guarantees to banks and bond investors to develop local capital markets.

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Established in 2002, PIDG has addressed market failures prevalent in its target markets in sub-Saharan Africa and south and south east Asia.

It has done so by demonstrating to the market at large the commercial viability of private infrastructure investment in the poorest countries.

These failures include:

- Limited supply of long-term, foreign currency financing for infrastructure projects.
- Lack of local currency financing options to support infrastructure, largely as a result of limited local capital market development.
- Absence of bankable projects being developed by the private sector to facilitate private sector investment, and
- Limited government capacity to support the development of publicly originated infrastructure projects.

Despite the progress made in the market in terms of projects that have reached financial close, infrastructure provision in countries in which PIDG operates, particularly in sub-Saharan Africa, continues to be low relative to developed markets, and the market failures mentioned above continue to persist.

Although the global pool of private sector (including institutional) finance is relatively large, the finance currently available for infrastructure investment in low-income countries often does not match the needs of these countries.

Whilst there have been increases in the long-term finance available from DFIs for infrastructure projects, their focus is often on middle-income countries through hard-currency debt provision in project financing transactions or intermediated equity.

PIDG's experience and expertise allows it to do things which other organisations are unable to do. This 'additionality' gives PIDG a clear and unique value both to the private sector, by enabling it to engage in infrastructure deals in frontier countries, and to the development community, by successfully engaging the private sector in the creation of pro-poor infrastructure developments. What differentiates PIDG from others operating in the market is the concentration of different types of risk within its portfolio arising from operating at the frontier of what is possible from a private infrastructure financing perspective.

Its exposure to higher risk can be in terms of:

- the countries in which it works.
- the type of projects (e.g. greenfield or new technology).
- the type of finance product (e.g. local currency guarantees).

TA

PIDG Technical Assistance (TA) plays a central role in enabling PIDG to enhance the impact of its projects and to initiate multi-company programmes and centrally-driven initiatives that are not specific to a particular company and that align with PIDG's strategic objectives

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At a glance

| Established | 2004 | | | | | | | | | | | | | | | | |
|---|---|-----------|---------|---------|---------------------------------------|------------|--|----------|---|---------------|--|-------|--|----------|---|---------|---|
| PIDG Members who have provided funding | FCDO, DGIS, SECO, Sida, World Bank-IFC, DFAT | | | | | | | | | | | | | | | | |
| Cumulative PIDG Member funding disbursed to the PIDG Trust | \$177.7m | | | | | | | | | | | | | | | | |
| Total commitments by PIDG TA at 31 December 2022 | \$55.4m to 279 TA Grants \$6.8m to 7 Capital Grants \$63.5m to 10 VGF Grants \$15.3m to 3 DevCo Grants | | | | | | | | | | | | | | | | |
| PIDG TA's 2022 commitments | \$7.4m for 26 TA Grants* | | | | | | | | | | | | | | | | |
| PIDG TA approved 26 new grants in 2022, including: | <table border="1"> <thead> <tr> <th>Countries</th> <th>Project</th> </tr> </thead> <tbody> <tr> <td>Senegal</td> <td>Flexeau Water – Due Diligence Part II</td> </tr> <tr> <td>Bangladesh</td> <td>Pran Agro – Supply Chain Risk Assessment</td> </tr> <tr> <td>Cambodia</td> <td>Kandal Cold Storage – Gender Empowering and Capacity Building</td> </tr> <tr> <td>Cote D'Ivoire</td> <td>Raxio Data Centres – Feasibility Study</td> </tr> <tr> <td>Kenya</td> <td>Zembo E-Bikes – HSES Capacity Building</td> </tr> <tr> <td>Pakistan</td> <td>Shams – Female Engineers Training Programme</td> </tr> <tr> <td>Senegal</td> <td>Senegal Streetlighting – Prefeasibility Study</td> </tr> </tbody> </table> | Countries | Project | Senegal | Flexeau Water – Due Diligence Part II | Bangladesh | Pran Agro – Supply Chain Risk Assessment | Cambodia | Kandal Cold Storage – Gender Empowering and Capacity Building | Cote D'Ivoire | Raxio Data Centres – Feasibility Study | Kenya | Zembo E-Bikes – HSES Capacity Building | Pakistan | Shams – Female Engineers Training Programme | Senegal | Senegal Streetlighting – Prefeasibility Study |
| Countries | Project | | | | | | | | | | | | | | | | |
| Senegal | Flexeau Water – Due Diligence Part II | | | | | | | | | | | | | | | | |
| Bangladesh | Pran Agro – Supply Chain Risk Assessment | | | | | | | | | | | | | | | | |
| Cambodia | Kandal Cold Storage – Gender Empowering and Capacity Building | | | | | | | | | | | | | | | | |
| Cote D'Ivoire | Raxio Data Centres – Feasibility Study | | | | | | | | | | | | | | | | |
| Kenya | Zembo E-Bikes – HSES Capacity Building | | | | | | | | | | | | | | | | |
| Pakistan | Shams – Female Engineers Training Programme | | | | | | | | | | | | | | | | |
| Senegal | Senegal Streetlighting – Prefeasibility Study | | | | | | | | | | | | | | | | |

Note:
*An additional 6 grants were committed for DevCo projects with \$3.2m of funding allocations committed in previous years

DevCo

DevCo provides advisory services to governments in the poorer (Least Developed and Other Low-Income) countries to help them structure transactions that facilitate private sector participation in infrastructure projects

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At a glance

| | |
|---|---|
| Established | 2003 |
| PIDG Members who have provided funding | FCDO, DGIS, Sida, World Bank-IFC |
| Cumulative PIDG Member funding | \$91.1m |
| Managed by | IFC, a member of the World Bank Group |
| Total Commitments as at 31 Dec 2022 | \$35.9m to 57 projects/mandates, including 41 that have reached financial close, 9 that have reached commercial close, 1 under active development, and 6 closed after completing Phase I or Post-Transaction work |

InfraCo Africa

InfraCo Africa provides responsible leadership in bridging the infrastructure gap in sub-Saharan Africa. Through early stage project development capital and expertise, InfraCo Africa is a catalyst for the private sector to invest in sustainable infrastructure projects in Africa's frontier markets

At a glance

| | |
|---|---|
| Established | InfraCo Africa Limited (IAfD): 2004 InfraCo Africa Investment Limited (IAfi): 2014 |
| PIDG Members who have provided funding | IAfD: FCDO, DGIS, SECO IAfi: FCDO, DGIS |
| Cumulative PIDG Member funding | IAfD: \$336.4m IAfi: \$139.2m |
| Managed by | InfraCo Africa |
| Total Commitments as at 31 Dec 2022 | IAfD: \$175.9m to develop 32 projects, 22 of which have reached financial close IAfi: \$110.8 to develop 8 projects, 6 of which have reached financial close |
| 2022 Commitments | IAfD: \$4.9m across 4 new projects, 2 of which reached financial close IAfi: \$72.8m across 5 new projects, 4 of which reached financial close |

Projects that reached Financial Close in 2022

InfraCo Africa Limited:

- Sierra Leone Mini-grid Phase II – UEF
- Mobility for Africa

InfraCo Africa Investment Limited:

- Africa GreenCo – Phase I, Zambia
- Bboxx Ltd, multiple countries
- The Climate, Energy, Access, Resilience (CLEAR) Fund, multiple countries
- Waterbus, multiple countries

Projects that became Operational in 2022

- Golomoti Solar, Malawi
- Sierra Leone Minigrid (PowerGen)

Development impact

| | 2022 | Cumulative |
|---|-------|------------|
| Financially-closed projects | 6 | 28 |
| Total investment commitments (TICs) (\$m) | 121.8 | 1,530.1 |
| Private sector investment commitments (\$m) | 28.0 | 910.6 |
| % of projects in LDC/OLIC | - | 75.0% |
| % of projects in FCAS | - | 52.5% |
| Access (in millions) | 1.0 | 10.1 |
| Job creation: short-term | 163 | 5,871 |
| Job creation: long-term | 1,031 | 2,423 |
| Fiscal benefits (\$m) | 6.2 | 96.5 |

Note:

- This table combines the results for InfraCo Africa Development and InfraCo Africa Investments

InfraCo Asia

InfraCo Asia provides responsible leadership in bridging the infrastructure gap in south and south-east Asia. Through early stage project development capital and expertise, InfraCo Asia is a catalyst for the private sector to invest in sustainable infrastructure projects in Asia's frontier markets

At a glance

| | |
|---|---|
| Established | InfraCo Asia Development Pte Limited (IASD): 2009 InfraCo Asia Investments Pte Limited (IASI): 2011 |
| PIDG Members who have provided funding | IASD: FCDO, SECO, DFAT, DGIS IASI: FCDO |
| Cumulative PIDG Member funding | IASD: \$197.2m IASI: \$98.9m |
| Managed by | InfraCo Asia |
| Total Commitments as at 31 Dec 2022 | IASD: \$107.7m to develop 27 projects, of which 16 have reached financial close IASI: \$77.7m on 7 projects, all of which have reached financial close |
| 2022 Commitments | IASD: \$4.8m on 2 projects, 1 of which reached financial close IASI: no new projects signed in-year |

Projects that reached Financial Close in 2022

- Cambodia Water Portfolio (Project Wave)

Projects that became Operational in 2022

- Pakistan Rooftop Solar Platform – Phase 1

Development impact

| | 2022 | Cumulative |
|---|------|------------|
| Financially-closed projects | 1 | 18 |
| Total investment commitments (TICs) (\$m) | 3.9 | 798.8 |
| Private sector investment commitments (\$m) | 1.2 | 414.8 |
| % of projects in LDC/OLIC | - | 34.5% |
| % of projects in FCAS | - | 37.9% |
| Access (in millions) | 0.1 | 2.6 |
| Job creation: short-term | 27 | 4,296 |
| Job creation: long-term | 24 | 843 |
| Fiscal benefits (\$m) | 1.4 | 13.7 |

Note:

- This table combines the results for InfraCo Asia Development and InfraCo Asia Investments

Eaif

The Emerging Africa Infrastructure Fund provides long-term loans in sub-Saharan Africa

At a glance

| | |
|---|---|
| Established | 2001 |
| PIDG Members who have provided funding | FCDO, DGIS, Sida, SECO |
| Cumulative PIDG Member funding | \$394.9m |
| Fund capacity | As of 31 December 2022, Eaif has lending capacity of c.\$325m, for the business plan period 2023-2025 through a combination of recycling of portfolio loan repayments, existing undrawn debt facilities and cash flow from operations. This capacity is expected to increase upon the successful completion of the ongoing debt raise |
| Managed by | Ninety One |
| Total commitments as at 31 Dec 2022 | \$2,248.5m to 102 projects, of which 96 have reached financial close |
| 2022 commitments | \$93.5m to 5 projects, of which 2 reached financial close |

Projects that reached financial close in 2022

- Axian Telecoms, Multiple Countries
- Ciments de l'Afrique (CIMAF), Multiple Countries
- Nyamwamba II, Uganda
- Singrobo Hydropower Project, Côte d'Ivoire
- Urbasolar Tile Energie, Burkina Faso
- Zina Solaire (Windiga Solar), Burkina Faso

Projects that became operational in 2022

- Helios Towers Africa, Multiple Countries
- Kesses Solar, Kenya
- Kikagati Hydro Power, Uganda
- Liquid Telecoms, Multiple Countries
- Seven Energy, Nigeria
- West Indian Cable Ocean Cable Company (WIOCC), Multiple Countries

Development impact

| | 2022 | Cumulative |
|---|-------|------------|
| Financially-closed projects | 6 | 96 |
| Total investment commitments (TICs) (\$m) | 960.5 | 27,506.0 |
| Private sector investment commitments (\$m) | 461.0 | 16,510.2 |
| % of projects in LDC/OLIC | - | 73.5% |
| % of projects in FCAS | - | 63.7% |
| Access (in millions) | 2.1 | 154.1 |
| Job creation: short-term | 2,190 | 36,156 |
| Job creation: long-term | 480 | 23,991 |
| Fiscal benefits (\$m) | 43.6 | 2,747.6 |

GuarantCo

GuarantCo provides innovative local currency contingent credit solutions, including guarantees to banks and bond investors to develop capital markets projects in Africa's and Asia's frontier market

At a glance

| | |
|---|---|
| Established | 2005 |
| PIDG Members who have provided funding | FCDO, SECO, DGIS, and DFAT, and DGIS through FMO |
| Cumulative PIDG Member funding | \$343.9m |
| Fund capacity | Capacity of over USD1.8bn |
| Managed by | GuarantCo Management Company Ltd |
| Total commitments as at 31 Dec 2022 | \$1,716.9m to 70 projects, of which 64 have reached financial close |
| 2022 Commitments | \$283.9m to 5 projects, 4 of which reached financial close |

Projects that reached financial close in 2022

- EVN Finance, Vietnam
- First Finance 1, Cambodia
- Green Yellow 2, Madagascar
- Northern Arc, India
- Orabank Côte d'Ivoire, Multiple Countries
- Orabank, Togo
- Royal Railway Cambodia
- TollCam, Cameroon

Projects that became operational in 2022

- Classic Fashion, Jordan
- Ho Chi Minh Infrastructure Investment, Vietnam
- Kekeli Efficient Power, Togo
- Nam Long Investment Company, Vietnam

Development impact

| | 2022 | Cumulative |
|---|-------|------------|
| Financially-closed projects | 8 | 64 |
| Total investment commitments (TICs) (\$m) | 262.2 | 6,173.0 |
| Private sector investment commitments (\$m) | 262.2 | 5,175.6 |
| % of projects in LDC/OLIC | - | 35.7% |
| % of projects in FCAS | - | 51.4% |
| Access (in millions) | 0.5 | 45.2 |
| Job creation: short-term | 150 | 13,830 |
| Job creation: long-term | 303 | 215,077 |
| Fiscal benefits (\$m) | 139.0 | 1,402.5 |

Infrastructure Crisis Facility – Debt Pool

A time-limited partnership, set up in 2009 and closed to new business in 2015, Infrastructure Crisis Facility – Debt Pool (ICF-DP) provided long-tenor loans to support infrastructure projects which had become stranded by the global financial crisis

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At a glance

| | |
|---|---|
| Established | 2009 ICF-DP is a closed-end fund and is no longer making any further investments |
| PIDG Members who have provided funding | KfW |
| Cumulative PIDG Member funding | \$7.8m |
| Managed by | Cordiant Capital Inc. |
| Total commitments as at 31 Dec 2022 | \$568.4m to 19 projects that have reached financial close and / or have been repaid |

Development impact

| | 2022 | Cumulative |
|---|------|------------|
| Financially-closed projects | | 19 |
| Total investment commitments (TICs) (\$m) | | 3,747.5 |
| Private sector investment commitments (\$m) | | 1,503.8 |
| % of Committed investment in LDC/OLIC | | 25.8% |
| % of Committed investment in FCAS | | 30.8% |
| Access (in millions) | | 10.5 |
| Job creation: short-term | | 10,725 |
| Job creation: long-term | | 4,319 |
| Fiscal benefits (\$m) | | 633.7 |

The Infrastructure Crisis Facility-Debt Pool (ICF-DP) investment period ended in December 2015.

The ICF-DP was the mechanism for delivering the German Chancellor Merkel's pledge of €500m to fund stranded infrastructure projects in the emerging markets during the financial crisis of 2008-9.

Designed to help bridge the transition from pre-crisis to post-crisis, ICF-DP led to 19 projects, enabling access to infrastructure to an incremental 10.5 million people and creating over 3,500 long-term jobs directly.

The facility is in run-off.

GAP

Providing financing and support for renewable projects in Africa. Green Africa Power (GAP) has ceased taking on new projects and was liquidated in January 2020

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At a glance

| | |
|---|---|
| Established | 2013 During 2017, the decision was made to wind-down GAP, and it ceased taking on new projects |
| PIDG Members who have provided funding | FCDO, BEIS, Norway MFA |
| Cumulative PIDG Member funding | \$44.7m |
| Total commitments as at 31 Dec 2022 | \$21.1m to 1 project that has reached financial close |

Development impact

| | 2022 | Cumulative |
|---|------|------------|
| Financially-closed projects | | 1 |
| Total investment commitments (TICs) (\$m) | | 30.5 |
| % of Committed investment in LDC/OLIC | | 100% |
| Access (in millions) | | 0.2 |
| Job creation: short-term | | 80 |
| Job creation: long-term | | 24 |
| Fiscal benefits (\$m) | | 1.1 |

PIDG strives to meet the demands of the market in which it operates. Following a strategic review of its activities and priorities, it became clear that there were not enough projects in the African renewable power sector that were sufficiently developed to justify continuing with a specialised facility which trades only in intermediate capital products, such as GAP.

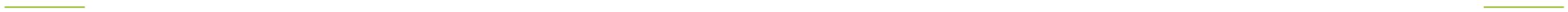
While PIDG's commitment to renewable energy in Africa continues, GAP ceased taking new mandates and was dissolved under voluntary liquidation in January 2020.

Finance

In order to deliver the strategy with confidence, pace and scale, PIDG's sources of finance need to be robust, diversified and catalytic in terms of mobilising both Owner and non-Owner funding, blending this at the company and project level.

PIDG's finances need to be transparent and the Group is seeking to become more resilient in terms of its financial sustainability over time such that it can continue to operate and invest in new projects even if Owner funding is scarce.

As a recipient of taxpayers' monies, PIDG also needs to ensure that it delivers value for money and that the Group and the projects it supports are responsible taxpayers.



Owner funding

PIDG Members and other funders

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| Donor/Company (\$m) |  FCDO ¹ |  DGIS |  SECO |  DFAT |  Sida |  FMO |  KFW |  WB-IFC |  Norway MFA | Other ² | Total |
|----------------------------|---|--|--|--|--|---|---|--|--|--------------------|----------------------------|
| PIDG Group (2022) | 100.6 | 40.0 | 20.0 | 5.1 | 0.6 | - | - | 0.6 | - | - | 167.0 |
| Cumulative 2002-22 | | | | | | | | | | | |
| TA | 93.7 | 30.8 | 41.0 | 0.6 | 0.2 | - | - | 7.9 | - | 3.5 | 177.7 |
| DevCo | 63.5 | 5.5 | - | - | 3.3 | - | - | 11.7 | - | 7.0 | 91.1 |
| InfraCo Africa Development | 206.4 | 88.5 | 35.1 | - | - | - | - | - | - | 6.4 | 336.4 |
| InfraCo Africa Investment | 137.2 | 2.0 | - | - | - | - | - | - | - | - | 139.2 |
| InfraCo Asia Development | 99.0 | 42.5 | 21.6 | 34.1 | - | - | - | - | - | - | 197.2 |
| InfraCo Asia Investments | 98.9 | - | - | - | - | - | - | - | - | - | 98.9 |
| EAIIF | 322.9 | 30.0 | 22.0 | - | 20.0 | - | - | - | - | - | 394.9 |
| GuarantCo | 231.0 | 8.0 | 46.9 | 9.1 | 15.0 | 34.0 | - | - | - | - | 343.9 |
| ICF-Debt Pool | - | - | - | - | - | - | 7.8 ⁴ | - | - | - | 7.8 |
| GAP | 6.4 | - | - | - | - | - | - | - | 6.1 | - | 12.5 ⁵ |
| AgDevCo ³ | 67.0 | - | - | - | - | - | - | - | - | - | 67.0 |
| Project Development | 2.6 | 0.1 | 0.3 | - | 0.1 | - | - | 0.3 | 0.5 | - | 4.0 |
| Total less admin | 1,328.7 | 207.4 | 166.8 | 43.8 | 38.6 | 34.0 | 7.8 | 19.9 | 6.6 | 16.9 | 1,870.6 |
| General admin | 26.3 | 8.8 | 9.4 | 5.4 | 7.0 | - | 2.0 | 6.9 | 2.1 | 3.3 | 71.3 |
| Totals | 1,355.0 | 216.2 | 176.2 | 49.2 | 45.6 | 34.0 | 9.8 | 26.8 | 8.7 | 20.2 | 1,941.8⁶ |

1. FCDO includes disbursements from BEIS to GAP.

2. Includes Irish Aid, ABD, AECID, ADA-BMF and Norway MFA.

3. PIDG Owners are no longer funding AgDevCo through PIDG.

4. KFW's original investment was \$10m. Amount shown is the current carrying value.

5. The original amount received into GAP was \$44.7m. Following repayments to Owners, the net amount invested was \$12.5m.

6. Cumulative 2022 contributions represent all net cash disbursements received by the PIDG Trust from the Owners as at 31 December 2022. As a result, there are some timing variances between cash being disbursed from the PIDG Trust to the PIDG companies and thus the subsequent PIDG company shares being issued in relation to Owner disbursements made in and around the year-end.

Other sources of funding (\$m)

as at 31 December 2022

In addition to the net \$1.9bn of cumulative Owner disbursements made to date, PIDG Companies draw on a range of other sources of capital to deliver their strategies and targets. PIDG and its companies also have access to other funding sources, such as debt financing, contingent capital and UK Government-backed promissory notes, which cumulatively totals \$1.3bn. The total of all funding disbursed or committed is now cumulatively \$3.9bn¹.

During PIDG's 21 years of operations, its Owners have benefitted from the flexibility to allocate funding across all of PIDG's activities,

or to particular PIDG Companies or geographies enabling them to fund their priority areas as required. PIDG's agile structure also enables it to access other sources of funding, including private sector funds at the PIDG company level, supporting its drive to mobilise greater amounts of funding.

PIDG is focused on broadening and deepening its funding, working with new public and private sector partners, across the capital structure.

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| Other sources of funding (\$m) |  FCDO |  AFD |  FMO |  DFAT |  KFW |  AfDB |  Allianz |  Standard Chartered |  GAC |  Sida |  Standard Bank | Total |
|--------------------------------|---|--|--|---|--|---|--|---|--|---|--|----------------------------|
| TA | 40.4 | - | - | - | - | - | - | - | - | - | - | 40.4 |
| InfraCo Africa Development | 43.0 | - | - | - | - | - | - | - | - | - | - | 43.0 |
| InfraCo Asia Development | 37.9 | - | - | - | - | - | - | - | - | - | - | 37.9 |
| EAIIF | - | - | 50.0 | - | 322.8 | 75.0 | 105.5 | 50.0 | - | - | 75.0 | 678.3 |
| ICF-Debt Pool | - | - | - | - | 133.5 | - | - | - | - | - | - | 133.5 |
| GuarantCo | 157.3 | 107.3 | - | - | - | - | - | - | 31.8 | 100.0 | - | 396.4 |
| Totals | 278.6 | 107.3 | 50.0 | - | 456.3 | 75.0 | 105.5 | 50.0 | 31.8 | 100.0 | 75.0 | 1,329.4² |

1. \$3.9bn includes amounts provided by KFW to ICF-Debt Pool.

2. Of the \$1,329.4m of other sources of funding, \$738.7m is outstanding and currently available for use. This includes future commitments due from Owners under letters of arrangement, as well as debt facilities and guarantee agreements. See the following notes for more details.

ICF-Debt Pool

As at 31 December 2021, €124m was disbursed net of repayment from an original commitment of €500m.

EAIIF

Access to committed loans as at 31 December 2022 of:

- \$50m (maturing in 2028) from FMO.
- \$135m (maturing 2028-2030) and €175m (maturing 2024-2030) from KFW.
- \$75m (maturing 2028) from African Development Bank (AfDB).
- \$25m and €75m (maturing 2030) from Allianz.
- \$50m (revolving credit facility available in USD and EUR maturing in 2023) from Standard Chartered.
- \$75m (revolving credit facility available in USD and EUR maturing in 2025) from Standard Bank South Africa.

GuarantCo

- Access to £130m callable capital arrangement with FCDO allowing GuarantCo under certain circumstances, to draw further capital.
- Access to €100m stand-by facility with AFD which can be triggered as a debt instrument after the callable capital with FCDO is fully drawn.
- Access to a \$32m repayable contribution agreement with the Canadian Department of Foreign Affairs, Trade and Development (Global Affairs Canada or GAC).
- Access to a \$100m guarantee agreement with Swedish International Development Association (Sida).

Promissory notes

In addition to the funding disbursed by FCDO, UK Government promissory notes are lodged with the Bank of England to the PIDG Trust for the PIDG Companies. These instruments allow companies to draw down cash disbursements on demand. As at 31 December 2022, the amount of undisbursed cash under issued promissory notes stood at \$121.3m (£100.2m).

Unaudited consolidated results for the PIDG Group

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As noted overleaf, the Group is not required to produce audited consolidated accounts, but has chosen to present the unaudited consolidated results below (which are based on the audited results of its Group entities).

In 2022 the Group's income increased marginally when compared to 2021 due to an increase in interest earned by EAIF, InfraCo Africa Investments and GuarantCo, partially offset by lower investment income on GuarantCo's bond portfolio. Administrative and other costs were broadly flat, whilst third party fund management fees increased on the back of increased activity, offset by reduced InfraCo Africa and InfraCo Asia project costs due, in part, to the ongoing impact of COVID-19 and the resultant impact to supply chains.

Fair value movements include movements in the valuation of project investments as accounted for under International Private Equity and Venture Capital Valuation (IPEV) guidelines. The result also includes expected credit losses for the credit companies. In 2022 GuarantCo experienced \$56m of fair value gains and \$74m of expected credit losses on its guarantee portfolio (2021: \$33m loss and \$17m loss respectively).

The Group ended 2022 with total equity of \$1,133m, up from \$1,058m in 2021.

Unaudited consolidated income statement

| USD'm | Year ended 31 Dec 2022 | Year ended 31 Dec 2021 |
|--|---------------------------|---------------------------|
| Guarantee fees and net interest income | 56.9 | 52.6 |
| Other income | 16.2 | 18.8 |
| Total income | 73.1 | 71.4 |
| Fund manager fees | (36.7) | (33.9) |
| Project development expenditure | (19.9) | (23.8) |
| Administrative and other costs | (29.8) | (29.9) |
| Total expenditure | (86.5) | (87.6) |
| Income less expenditure | (13.3) | (16.2) |
| Fair value movements and impairments | (30.2) | (60.8) |
| Loss before tax | (43.6) | (77.0) |
| Tax | (1.3) | (0.9) |
| Loss after tax | (44.9) | (77.9) |
| Attributable to: | | |
| Owners of the Companies | (42.3) | (72.0) |
| Non-controlling interests | (2.6) | (5.9) |
| Loss after tax | (44.9) | (77.9) |
| Other comprehensive income (OCI) | (11.4) | (0.7) |
| Total comprehensive loss for the year | (56.3) | (78.6) |
| Attributable to: | | |
| Owners of the Companies | (53.8) | (72.8) |
| Non-controlling interests | (2.5) | (5.9) |
| Total comprehensive loss for the year | (56.3) | (78.7) |

Other income includes investment income and grant funding.

Unaudited consolidated statement of financial position

| USD'm | Year ended 31 Dec 2022 | Year ended 31 Dec 2021 |
|---|---------------------------|---------------------------|
| Investments in subsidiaries, JVs and associates | 173.4 | 144.8 |
| Loans and advances and related instruments | 879.7 | 754.6 |
| Guarantee and financial instruments at FVTPL | 120.9 | 128.4 |
| Money Market Funds | 66.9 | 131.7 |
| Other assets | 41.0 | 28.1 |
| Cash at bank | 310.0 | 265.2 |
| Total assets | 1,591.9 | 1,452.8 |
| Loans and Borrowings and related instruments | (351.3) | (244.1) |
| Guarantee and financial instruments at FVTPL | (4.4) | (62.8) |
| Other liabilities | (102.7) | (87.6) |
| Total liabilities | (458.4) | (394.5) |
| Total equity | 1,133.5 | 1,058.3 |
| Attributable to: | | |
| Owners of the Companies | 1,110.6 | 1,033.9 |
| Non-controlling interests | 22.9 | 24.4 |
| | 1,133.5 | 1,058.3 |

Overall, PIDG is seeking to become financially sustainable over the medium term. This means that PIDG aims, as a Group, to cover its costs and invest in new projects through income generated from its portfolio of investments, or from funding from new investors, over an economic cycle. This will enable us to reduce our reliance on current Owner funding and accelerate the implementation of our strategy as and when additional funding is available.

This will require the ongoing profitability of our Credit Solution businesses, and the InfraCos to focus on carefully selecting, managing and exiting projects to not only deliver impact but to also generate positive cashflows whilst still remaining at the frontier, as well as the Group continuing to focus on ensuring we deliver good value for money in our work.

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The unaudited consolidated income statement and the unaudited consolidated statement of financial position have been prepared from the following audited statutory accounts for the year ended 31 December 2022:

- The Emerging Africa Infrastructure Fund Limited (EAIF).
- GuarantCo Ltd (GuarantCo).
- InfraCo Africa Limited (InfraCo Africa).
- InfraCo Africa Investment Limited (InfraCo Africa Investments).
- InfraCo Asia Development Pte. Ltd (InfraCo Asia Development).
- InfraCo Asia Investments Pte. Ltd (InfraCo Asia Investments).
- The Private Infrastructure Development Group Ltd (PIDG Ltd.).

The General Administration element of the PIDG Trust (PIDG Trust GA) has also been included based on its management accounts for the year ended 31 December 2022.

All of these statutory accounts received unqualified external audit opinions.

Basis of unaudited consolidation

The income statements and the statements of financial position for the aforementioned audited statutory accounts have been summed on a line-by-line basis. PIDG Ltd., InfraCo Africa Limited, InfraCo Africa Investments and PIDG Trust GA, have been translated (at year end rate for the statement of financial position and period average rate for the income statement) from their presentational currency of GBP to USD for the purposes of this consolidation and the foreign exchange on translation recognised in Other Comprehensive Income. The results that have been consolidated for InfraCo Africa Limited and InfraCo Africa Investments, whose audited statutory accounts are reported in GBP, include a further adjustment in 2022, to reverse the material foreign exchange gains recognised in their statutory accounts that result from converting from USD values to GBP. As the Group consolidated reporting currency is in USD, these translation gains would not occur in USD terms.

General Administration (GA) relates to the running costs incurred by the Private Infrastructure Development Group Limited (PIDG Ltd.) statutory entity for the year ended 31 December 2022 along with the expenditure (actual and accrued) that has passed through two general administrative bank accounts held in the PIDG Trust for the year ended 31 December 2022.

Technical Assistance (TA) and DevCo costs (a trust fund at the IFC) have been excluded, as PIDG's objective is to achieve ongoing sustainability without the consideration of such TA. The results of the PIDG Trust subsidiary 'ICF-Debt Pool' have also been excluded as this reflects that the PIDG Group does not have any portfolio management responsibility for this fund now that it is in run off. Intra group balances, where they relate to GA expenses and grants, have been reviewed for this year's consolidation and eliminated. Other intra group balances are deemed non-significant for presentation in these statements and therefore remain un-eliminated.

These unaudited consolidated results have been reviewed by our external auditor under the provisions of International Standard of Related Services (ISRS) 4400 (Revised) 'Agreed-Upon Procedures Engagements', to provide comfort that the statements have been accurately prepared.

Audited consolidated Group accounts are not required as:

- Whilst PIDG Ltd. controls the other PIDG Companies, as a fellow subsidiary of the PIDG Trust it does not have the rights to the variable returns of these companies, e.g. dividends, so is not entitled to consolidate the Group under IFRS 10.
- The primary shareholder of the PIDG Companies, the PIDG Trust, accounts for the PIDG Companies on a non-consolidated basis as the subsidiary activities carry on activities distinct from the PIDG Trust and the Trustees consider that the consolidation of these special purpose entities would not be appropriate and therefore consolidated accounts are not prepared by the Trustees.

Unaudited consolidated income statement

The PIDG Group plans to be financially sustainable in the medium-term (excluding our Upstream Technical Assistance business). To achieve this requires ongoing profitability in our Credit Solutions businesses and increased holding periods in projects by the Developer-Investor businesses, potentially beyond Financial Close, so that in time, project related income can exceed operational and project costs.

Fund manager fees relate to the fees paid to GuarantCo Management Company and NinetyOne for running GuarantCo and EAIF respectively. The marginal increase in income less expenditure reflects higher interest income and owner funding for GA, along with lower spend on project costs, offset by lower investment income and mark-to-market movements on GuarantCo's bond portfolio and an increase in performance fees, as well as the share of results of joint ventures in InfraCo Asia.

Fair value movements and impairments includes fair value adjustments in the Developer-Investor businesses and IFRS 9 related expected credit losses and provisions in the Credit Solutions business. The movement between the periods mainly related to an increase in the fair value of existing guarantees, partially offset by expected credit loss on loan receivables within GuarantCo.

Non-controlling interests represent FMO's direct shareholding in GuarantCo and minority shareholdings in InfraCo Asia's projects, where consolidated.

Cash balances

Cash balances in 2022 include \$8m disbursed by FCDO and \$16m disbursed by DGIS just prior to the year-end along with c. \$32m of funding from FCDO in relation to the CLEAR project. Cash balances (and UK Government backed promissory notes) are required in the Developer-Investor businesses in order to meet project commitments as and when they fall due and to enable them to build a pipeline of bankable projects.

Cash balances in the Credit Solutions business are required for loan disbursements planned or to meet liabilities for guarantees as and when called.

Value for money

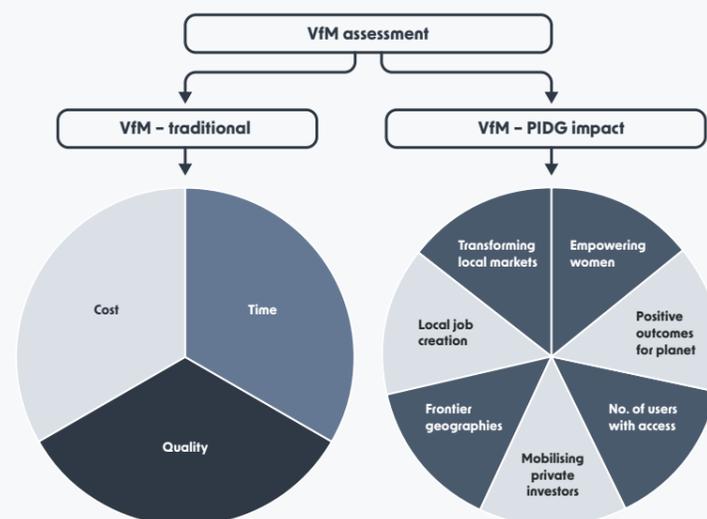
Value for money ('VfM'), in the context of PIDG's mission, is about maximising the impact of resources spent to improve the key outcomes PIDG is focused on – including delivering infrastructure where its most needed to reduce poverty and address climate change.

PIDG's approach to VfM

Infrastructure projects are often large and complex, requiring significant investments of time, money, and resources. As such, it is essential to ensure that the investments made by PIDG in projects deliver VfM to the stakeholders and users of the infrastructure. At its most basic level, a traditional VfM approach focuses

on the costs incurred, time spent, and the quality of outputs. These three factors are indeed critically important in ensuring that resources are well utilised and efficiently deployed, whilst delivering the intended outputs. However, PIDG does not solely view VfM through such a narrow lens.

PIDG takes a more holistic approach, where we look to assess the wider impact of the resources deployed across a number of different vectors, as highlighted below¹:



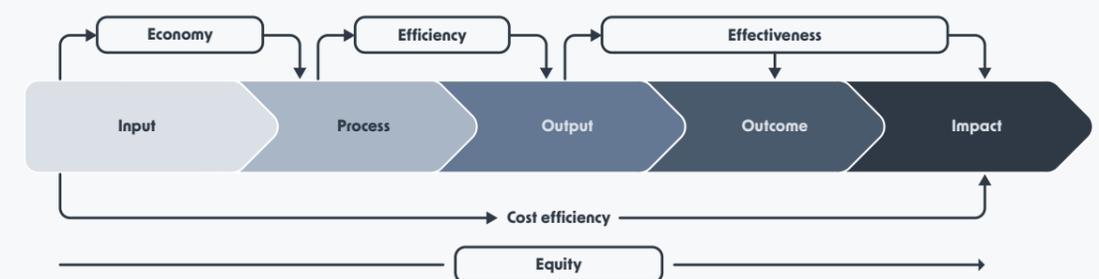
1. Above chart with two-wheeled system derived from similar chart framework published in 'Value for money in transport infrastructure investment: An enhanced model for better procurement decisions', Zhao, Greenwood, Thurairajah et al (2022).

PIDG looks to maximise the impact of resources deployed by investing in projects located in less-developed and fragile countries, that empower women, that look to create short-term and long-term jobs in local markets, that create positive outcomes for the planet, that look to maximise the number of users with access to infrastructure, that mobilise private investors, and that create impacts to the wider economy.

With a focus on early-stage development, PIDG creates capacity and mobilisation where there are not many other similar organisations making a comparable impact.

A framework for understanding VfM – the 4Es:

The 4Es framework is a commonly used framework for evaluating public policy and project outcomes. The 4Es consist of Economy, Efficiency, Effectiveness, and Equity. This framework, when applied to PIDG, can help conceptualise and assess how PIDG is making the best use of every dollar of funding received and deployed throughout the lifecycle of a project or investment.



- Economy – in conversion of costs to inputs.
- Efficiency – in the processes for conversion of inputs to outputs.
- Effectiveness – in conversion of outputs to outcomes that have positive impact.
- Equity – the degree to which the results of the intervention are equitably distributed.

Ensuring VfM – economy and efficiency

In terms of delivering Economy and Efficiency, PIDG is looking to ensure its projects and investments make economic sense and optimise resource usage (i.e. 4Es: the conversion of resources to outputs), while at the same time focussing on how to deliver those projects proficiently (i.e. 4Es: how activities deliver outputs).

PIDG looks to ensure economy and efficiency through a variety of means:

Good governance: new project proposals must pass two layers of approvals, both with the company management team and then, for larger projects, with the Group Investment Committee (whose membership includes independent non-executive Directors) before they proceed.

Financial viability: investment proposal papers go into sufficient detail on the project financials/costs, including budgets, deal economics, financial due diligence etc. The finances and economics are scrutinised before a project is approved.

Procurement is optimised: robust embedded procurement processes, to ensure fair tender processes, with good quality delivered, and achieved at a good price. Contracts are disclosed.

Anti-corruption controls: PIDG has an anti-corruption and integrity policy. Policy standards include screening, safeguards, vetting, monitoring suspicious activity, training, due diligence etc.

Robust risk management: by understanding and mitigating potential risks, we can reduce the likelihood of cost overruns, delays, and other negative impacts on the project's value.

Ongoing monitoring: ongoing monitoring of projects are carried out throughout the entire project lifecycle.

Improved project selection: an increasing focus on reducing impairments/attrition, and credit losses, while maximising returns.

Efficient outsourcing: the outsourced CreditCo service providers to PIDG were best bid.

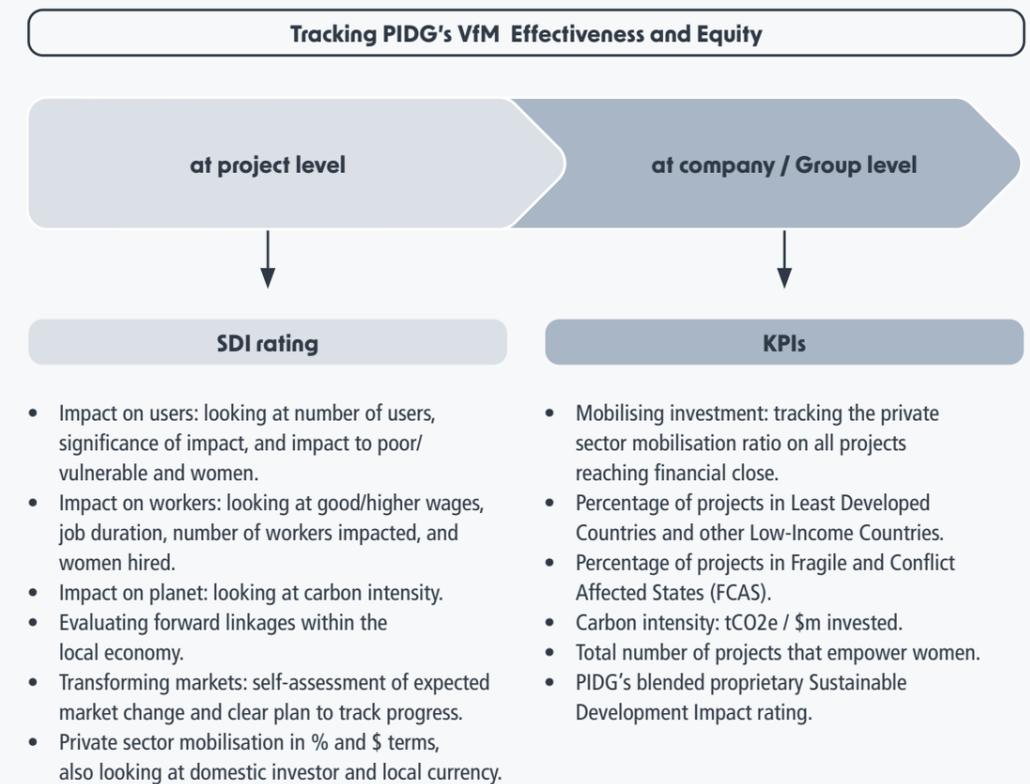
Prudent cost management: PIDG Group staff costs – ongoing compliance with Owner-approved remuneration framework (benchmarked at lower quartile).

Benchmarking of Group expenses: PIDG Group and companies operating expenses are internally benchmarked versus benchmark data available on private market institutions.

Financial sustainability: aiming to generate sufficient returns/cash to meet future financial obligations of Group. The sale of projects can be recycled and reinvested into new projects.

Delivering VfM impact – effectiveness and equity

PIDG operationalises and tracks the Effectiveness and Equity of its projects in line with the 4E framework, to assess how outputs are converted to outcomes and impacts, and how evenly distributed those results of outcomes/impacts are. In day-to-day practice, PIDG does this through (i) Key Performance Indicators (KPI's) that are tracked for each PIDG company and for the Group, and (ii) PIDG's proprietary Sustainable Development Impact (SDI) rating, which is tracked at the level of each individual project, where a proposed project must score a sufficiently strong SDI rating to be approved:



Financial sustainability:

VfM is closely aligned to, and indeed a subset of, PIDG’s wider financial sustainability initiatives, where PIDG seeks the generation of sufficient returns/cash to meet future financial obligations of the Group. This can aid PIDG to become self-sustaining and continue to operate,

even at a reduced scale, if additional external funding is absent or scarce. By ensuring better VfM outcomes across the Group, such initiatives can contribute towards an improvement of the Group’s overall financial sustainability trajectory.

The importance of Technical Assistance:

Technical Assistance (TA) is critical in delivering VfM because it helps ensure that project design, implementation, and management are efficient, effective, and sustainable.

This can include:

Project design:

Ensuring that projects are designed to meet the needs of beneficiaries, and are appropriate for the local context. This can involve conducting feasibility studies, appropriate due diligence, developing project plans, and identifying the most appropriate technologies and materials.

Project implementation:

TA can help ensure that infrastructure projects are implemented efficiently and effectively. This can involve providing training and support to project staff.

Project management:

TA can help ensure that projects are managed effectively and efficiently throughout their lifecycle. This can involve providing guidance on monitoring and evaluation, which can include ensuring HSES standards are adhered to, and that gender impact is delivered.

Taken together, these TA initiatives ultimately lead to better outcomes for the intended beneficiaries.

Efficiency of PIDG companies: Expense ratios¹

PIDG monitors its company and Group expenses, aiming to ensure that they are fair and reasonable, and that they do not exceed 3%, while correspondingly recognising the additionality of the work that PIDG performs, particularly around SDI and HSES.

A summary of expense ratios is as follows:

| Company | VfM metric | 2020 | 2021 | 2022 |
|----------------------|--|-------------|-------------|-------------|
| EAIF | Total costs ² / total commitments ³ | 1.2% | 1.4% | 1.6% |
| GuarantCo | Total costs ² / total commitments ⁴ | 1.1% | 1.5% | 1.4% |
| InfraCo Africa | Total costs ⁵ / total commitments ⁶ | 1.3% | 1.3% | 1.7% |
| InfraCo Asia | Total costs ⁵ / total commitments ⁶ | 1.6% | 1.6% | 1.6% |
| PIDG Ltd – Gen Admin | Total costs / total Group commitments ⁷ | 0.2% | 0.2% | 0.2% |
| PIDG Group | Total costs⁸ / total Group commitments⁷ | 1.4% | 1.7% | 1.7% |

Notes:

- The ratios calculated are indicative and for informational and comparative purposes. These calculations are derived from PIDG’s current methodology, as outlined in these Notes, and which has been updated from prior years. PIDG believes the current calculation methodology is better aligned to wider market comparators. The calculation methodologies employed are assumed to be reasonable, although alternative methodologies could be employed that would result in higher or lower ratios, depending on the approach employed. PIDG does not make any representation or warranty as to the accuracy and completeness of the information or calculations.
- Excludes Performance Fees (which are additional but irregular costs, and therefore not useful for benchmarking). Excludes borrowing/leverage costs, and project fees, which are investment expenses, not operating expenses.
- Includes equity, retained profits, and drawn and undrawn debt.
- Includes share capital multiplied by the leverage ratio, plus outstanding commitments callable.
- Includes internal project development costs. Excludes third-party project development costs, success fees, and third-party developer services, all of which a private fund would ordinarily be expected to capitalise as a cost to the underlying project.
- Includes share capital, commitments callable, and estimated rolling future commitments for the following three years (where 3-year Future Commitment figures are unavailable, estimates are kept flat rather than assumed to be zero (i.e. assumed funding will not dry up)).
- Sum of the commitments of the four Group Companies (taking account of methodologies detailed above in points 3, 4, and 6).
- Sum of PIDG Ltd Gen Admin costs, plus the combined expenses of the other four Group companies.
- The expense ratio is showing a small upward trajectory over the three-year period. This reflects continued investment in staffing and systems across the Group companies and a small rise in fees payable to the credit companies’ outsourced managers reflecting business growth.

Responsible tax disclosure

The values of the PIDG Group include a commitment to act with integrity: we are honest and transparent because it builds mutual trust and respect with all stakeholders. PIDG is committed to adhering to the highest ethical standards, and so, although not a member of the European Development Finance Institutions (EDFI), we have adopted its Principles for Responsible Tax in Developing Countries.

As private companies rather than international organisations, our Group entities¹ remain subject to corporation (and other) taxes in the jurisdictions in which we operate (with the exception of the PIDG Trust²) and we require our Group and the entities in which we invest to respect local tax laws and to pay taxes where their economic activity is based.

In 2022 PIDG entities reported corporation tax of \$1.2m. In addition, the projects our businesses have funded or guaranteed reported over \$200m of corporation tax. Our involvement in these projects varies by funding type, proportion and amount, however our support of these projects has helped generate tax revenue for the governments of the countries we are set up to assist.³

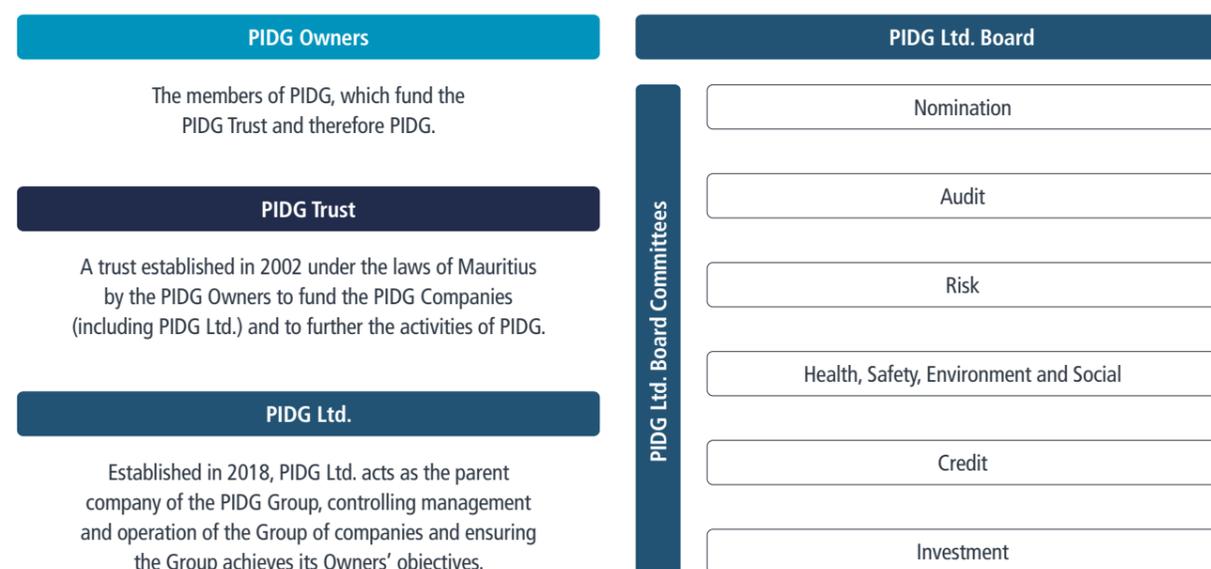
This \$200m solely represents the corporation tax reported within each entity's financial statements. As it does not include, for example, sales taxes or payroll taxes, the total tax – and thus the financial support to host governments facilitated by our investments – will be higher. Owing to its nature, deferred tax has been excluded from this number where possible. Where taxes are reported in currencies other than USD, we have used the 2022 year end exchange rate to convert them to USD.

1. The PIDG entities included in this disclosure are: The Emerging Africa Infrastructure Fund Limited, GuarantCo Limited, InfraCo Africa Limited and its operating subsidiaries, InfraCo Asia Development Pte. Ltd and its subsidiaries, InfraCo Asia Investments Pte. Ltd, InfraCo Africa Investment Limited, and The Private Infrastructure Development Group Limited.
2. For taxation purposes, the PIDG Trust is treated as resident in the UK. HMRC has agreed that the PIDG Trust has Crown and Sovereign immunity for the purposes of income tax and is therefore exempt from UK tax on any income and gains arising.
3. To quantify the tax reported by our projects, we have used the most recently available set of financial statements for each company (or Group) receiving our support. We have excluded the portfolio guarantees provided by GuarantCo Limited, as the tax of these counterparties is not reflective of PIDG's involvement. To ensure consistency of data, we have used the corporation tax figure reported in the accounts rather than the actual cash paid in the year, which was not available for all projects.

Governance

The PIDG governance structure, established in 2018, enables the PIDG Ltd. Board and Executive team to provide effective direction, guidance and control across the Group, with a clearer and more unified approach.

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The Board of PIDG Ltd.

The Board is comprised of seven Non-Executive Directors who collectively bring a broad range of business and development experiences which is essential to the effective running of PIDG. Since year end, the Board has appointed three additional NEDs as part of its Succession Planning activities.

The Board is ultimately responsible for and accountable to the Owners of PIDG and to the Trust, not just for its own activities, but for the activities of the Group as a whole. Certain PIDG Ltd. and company matters are reserved for Board approval and there is a clear delegation of authority to the Chief Executive Officer (CEO). Certain matters also require the approval of the PIDG Owners.

Exercising its independent judgement, the Board is responsible for overseeing the management of the business and for ensuring that high standards of corporate governance and health and safety, as well as environmental and social standards are maintained throughout the Group. The Board is also responsible for ensuring that the resources of PIDG are used to generate a high development impact. The Board is chaired by Andrew Bainbridge and meets formally four times a year and at other times as necessary.

Board Committees

The Board has established six committees to assist it in fulfilling its responsibilities. The Board has delegated investment decision powers to the Credit Committee and the Investment Committee. A comprehensive review of the effectiveness of our governance arrangements is undertaken each year, including the effectiveness of the Board Committees. In line with the findings, we have implemented a new composition model, where the Committees will be chaired by PIDG Board Directors and there will be greater representation of Board Directors on all Committees. These changes will ensure we have the right balance of skills and experience to continue to enhance our governance arrangements as our Group continues to evolve, as well as creating the right linkages between the Board and the Committees. They will also provide for the better integration of the Board Committees with the PIDG Board by ensuring the effective flow of information, Board ownership

and Board challenge of the work of the Committees. The terms of reference of the PIDG Ltd. Board committees are available online at www.pidg.org.

PIDG Company Boards

During the year, the PIDG company boards moved to an Executive composition model with local Non-Executive Directors being retained where required. This change is intended to create a clearer division of responsibilities between PIDG Board level governance and executive responsibilities and will enable the PIDG Board and its Committees to focus on strategic and policy matters and senior management to be clearly responsible for the management of PIDG's operations.

Stakeholder engagement

Both the Chair and the CEO provide updates to PIDG Owners through regular informal and formal quarterly meetings and at an Annual Owners Meeting. Additionally, members of the Executive team provide the Trust with a monthly update on activities and ensure that matters requiring escalation to or approval by the Trustees are promptly actioned and managed.

Executive team

The Company has an Executive Committee made up of the Chief Executive Officer (CEO), Chief Risk Officer (CRO), Chief Financial Officer (CFO), Chief Sustainable Impact Officer (CSIO) and the heads of the business areas. The ExCo also meets to review the PIDG Companies' performance against their key performance indicators including sustainable development impact, financial performance, risk management, staff and communications developments.

Sustainable Development Impact Governance

During the year, PIDG changed its approach to the oversight of SDI governance matters. In agreement with our Owners, the Independent Panel (IP) on SDI was disbanded and the oversight of SDI matters was embedded into the work of the Committees. This change is intended to ensure that our governance of SDI is at the heart of everything we do, meets our needs and ensures we continue to be market leading in this area.

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