



Private Infrastructure
Development Group
Pioneering infrastructure changing lives

2021

Annual Review

Celebrating
20 years of PIDG

20TH
ANNIVERSARY

Glossary

Owners

The members of the Private Infrastructure Development Group, which fund the PIDG Trust and therefore the PIDG Group.

PIDG Trust

A trust established in 2002 under the laws of Mauritius by the PIDG Owners to fund the PIDG Companies (including PIDG Ltd.) and to further the activities of PIDG.

PIDG Ltd.

Established in 2018, PIDG Ltd. acts as the parent company of the PIDG Group, controlling management and operations of the Group of companies (the Group) and ensuring the Group achieves the Owners' objectives.

AfDB	African Development Bank
DAC	Development Assistance Committee
DFI	Development Finance Institutions
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
FI	Financial Institution
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
IPP	Independent Power Producer
JV	Joint Venture
KPI	Key Performance Indicators
LDC	Least Developed Countries
LIC	Low-Income Countries

LMIC	Low and Middle-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
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

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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.

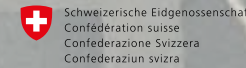
PIDG investments promote socio-economic development within a just transition to net zero emissions, combat poverty and contribute to the Sustainable Development Goals (SDGs). PIDG delivers its ambition in line with its values of opportunity, accountability, safety, integrity and impact.

Since 2002, PIDG has committed \$4.8bn, bringing 190 infrastructure projects to Financial Close that mobilised \$23bn from the private sector and \$37.6bn overall. The projects supported by PIDG are expected to provide an estimated 220 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 20 years of PIDG

We are celebrating PIDG's 20th anniversary in 2022. In the current global environment PIDG's mission is even more relevant now than it was when it was first established in 2002, as we endeavour to recover from the damage caused by the pandemic and dealing with the crisis caused by the war in Ukraine. Sustainable infrastructure improves the quality of peoples' lives; it propels social and economic inclusion and it provides jobs. Moreover, the reality of climate change means that the focus must be on how to accelerate the development of infrastructure that is both resilient to the changing climate and which spurs a transition to net zero by 2050.

The Emerging Africa Infrastructure Fund (EAIF) was established as the first company within the PIDG Group; it is today one of the most successful examples of blended finance. Its minimal default rate so far despite a significant risk appetite demonstrates that it is possible to invest in and deliver infrastructure in some of the most disadvantaged countries in Africa, whilst successfully attracting capital from institutional investments.

In 2021, the pandemic-induced challenges we faced in 2020 continued to impact our projects. Despite this, PIDG achieved Financial Close on 19 projects; 13 of which were in sub-Saharan Africa and six in south and south-east Asia. These projects will provide an estimated 8.8 million people with access to new or improved infrastructure.

Over the last 20 years we have seen 190 projects financially closed, mobilising \$37.6bn of much needed capital, of which \$23bn was from private investors. Importantly, over 220 million people are expected to have been given access to new or improved infrastructure from these projects.

The impact PIDG has been able to have on the lives of those who need it the most is something I am very proud of. The ability to consistently innovate and find solutions, but also replicate and scale what's already working, is a key driver for PIDG to continue to deliver its work at the frontier. We are faced with global changes which will no doubt continue to challenge our work. However, with the learnings and experiences from the past 20 years, the backing of our Owner group and an organisation that is willing and able to adapt, I am confident we will continue to play an important role in the years to come.



Message from the CEO –
Philippe Valahu

PIDG relevance to urgent climate action

It was clear at COP26 in Glasgow that PIDG's track record – from renewable energy to electric vehicles, from green bonds to resilient cities – is already somewhat unique. PIDG's mandate is to pioneer, and we will continue be strategic in pushing the frontier of what is feasible in our target markets. Delivering urgent progress on the SDGs while unlocking and deploying climate finance is the most critical agenda in the markets in which PIDG operate.

In our **PIDG climate strategy** we state that in the low income and emerging markets of Africa and Asia – where greenfield infrastructure matters the most for socio-economic development and progress on SDGs – PIDG's role is to demonstrate the technical and commercial viability of innovative low carbon and climate resilient infrastructure.

PIDG's explicit learning agenda will help us deploy capital with positive impact, bring others with us and help to drive lasting change by transforming markets.

Partnerships

A collection of pathfinding projects – however ground-breaking – is not enough to deliver on our ambition, given the scale and urgency of the need for climate aligned infrastructure investment.

As PIDG's profile and credibility grows, we want to step up working with others including developers, funders and advocacy platforms to make decisive progress on a much larger scale.

Not all partnerships will be obvious; for example, keeping close to private innovators operating in developed economies could prove essential to accelerate technology transfer and leapfrogging on issues as diverse as energy and water efficiency, biodiversity, inclusion, and industrial infrastructure development.

Building the future of private investment

With PIDG's profile and credibility growing and considering the scale and urgency of the need for climate aligned infrastructure investment, a collection of pathfinding projects – although ground-breaking – is not enough to deliver on our ambition.

We want to step up working with others including developers, funders and advocacy platforms to make decisive progress at a much larger scale.

The extent and urgency of the infrastructural financing gap in the markets in which we operate is such that we need to accelerate both the pace and the scale of delivery. We know what the tools are: patient risk capital for project development, long term debt, guarantees, credit enhancement facilities, smart use of technical assistance. Over the past 20 years we demonstrated what's possible and we learned lessons. Our focus now is relentlessly on how we scale – with others – what works.

PIDG in numbers

In 2021:

19 projects reached Financial Close*

9 of these were in Least Developed Countries and Other Low Income Countries*
14 of these were in Fragile and Conflict-Affected Countries*

13 projects reached Financial Close in sub-Saharan Africa
6 projects reached Financial Close in south and south-east Asia and Pacific

\$2.3bn

mobilised by PIDG-supported projects from private sector investors and development finance institutions

\$987m of this was private sector investment

These projects are expected to provide over

8.8 million

people with access to new or improved infrastructure

These projects are expected to directly create or support

1,900

long-term jobs

5,000

short-term jobs

4 projects became commercially operational

Between 2002 and 2021:

190

projects reached Financial Close*

105 of these were in Least Developed Countries and Other Low Income Countries*
100 of these were in Fragile and Conflict-Affected Countries*

136 projects reached Financial Close in sub-Saharan Africa
43 projects reached Financial Close in south and south-east Asia and Pacific
11 projects reached Financial Close in other regions

\$37.6bn

mobilised from private sector investors and development finance institutions in PIDG-supported projects

\$23.0bn of this was private sector investment

These projects are expected to provide over

220 million

people with access to new or improved infrastructure

These projects are expected to directly create or support

251,000

long-term jobs

71,000

short-term jobs

120 projects became commercially operational*

Notes: * Where multiple PIDG Companies are involved in the same projects, the project counts as one Financial Close.



Our commitments to the SDGs in 2021

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

For each investment we assess the expected contribution to the SDGs, identifying the main SDGs and the most relevant indicators to which the investment contributes.

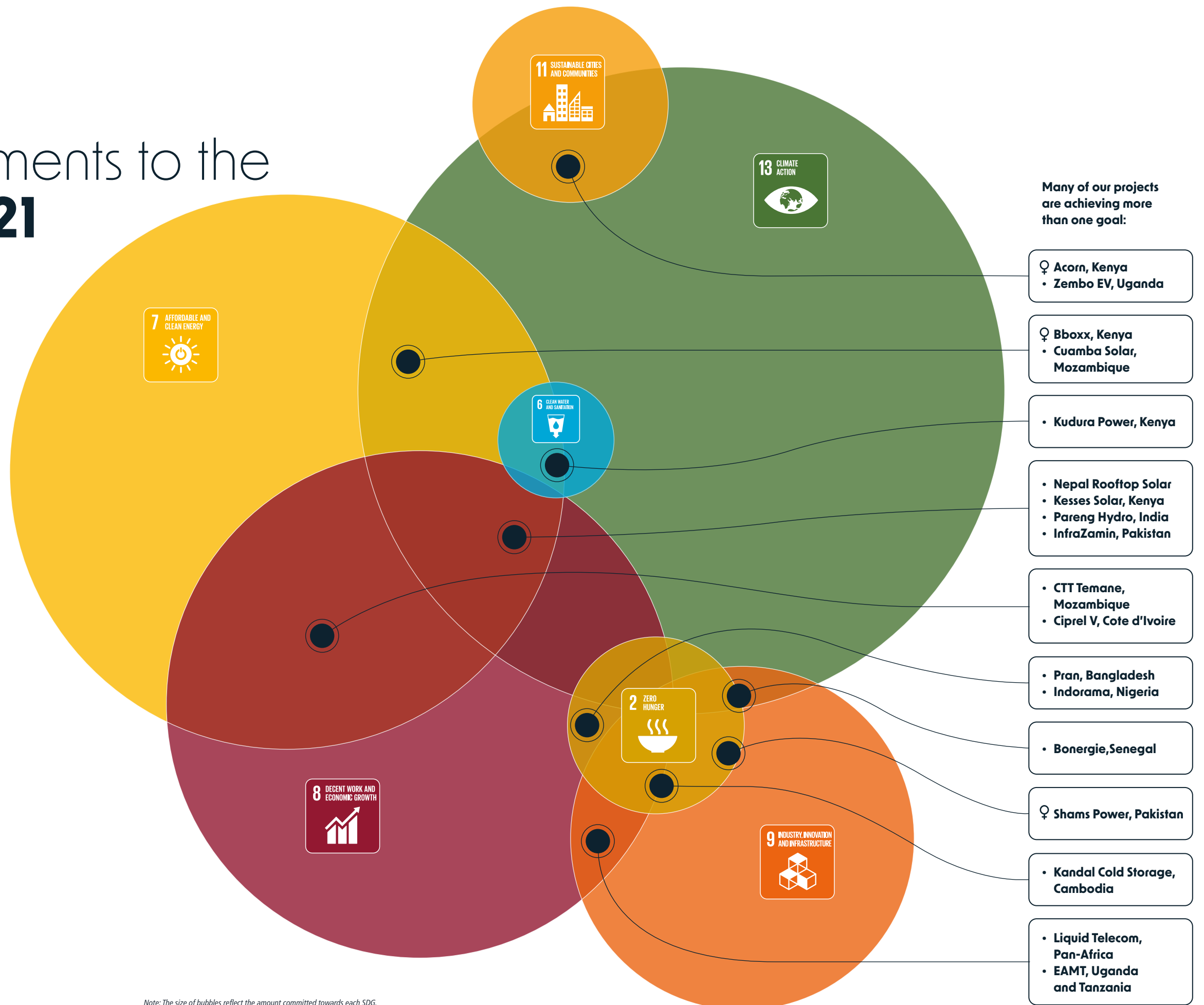
To establish the relevance of the investment to the country's SDG progress, we assess the progress towards that indicator in country and the extent of the investment's contribution.

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

♀ Gender focused projects

5 GENDER EQUALITY

- Bboxx
- Kudura Power
- Shams Power
- Acorn REIT
- Acorn Holdings II
- PRAN Agro



Note: The size of bubbles reflect the amount committed towards each SDG.

PIDG's unique proposition

- a market maker and a market mover

Affordable infrastructure promotes economic growth and alleviates poverty.

PIDG operates at the frontier with the private sector.

PIDG has a high risk appetite. Overall, more than 50% of our investments are in Fragile and Conflict-Affected States (FCAS), and over 50% in least developed countries (LDCs) across Africa, south and south-east Asia.

A central element of our work is additionality. We consider carefully where our work can have considerable 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: for instance the first Independent Power Producers (IPPs) in renewables and/or 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. The PIDG companies work collaboratively 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.

PIDG's mandate: operating at the frontier

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PIDG is focused on delivering pioneering infrastructure that contributes to reducing poverty, progressing towards the Sustainable Development Goals (SDGs) and delivering an equitable transition towards global net zero emissions in line with the goals of the Paris Agreement on Climate Change.

Operating at the frontier through the lens of geographies, sectors, products or standards, PIDG develops early-stage projects that explore new approaches or technologies – creating investment ready, bankable infrastructure opportunities and building local capability and capacity, while providing innovative financing solutions.

Through its strategic priorities of delivering projects that offer scale, transformation, affordability and replicability, PIDG provides an innovative vehicle for investment that delivers both life-changing opportunities for the poorest and most fragile countries, whilst striving to achieve sustainable returns.

PIDG is delivering its pioneering infrastructure through three business lines – Upstream Technical Assistance, Developer-Investor, and Credit Solutions – that deploy a unique set of capabilities together with the identification and leverage of programmatic themes.

This enables PIDG to demonstrate its additionality and to maximise development impact, while ensuring that priorities such as gender equality, women's empowerment and climate change are incorporated across its portfolio.

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PIDG strategic priorities

Considering the size of the infrastructure financing gap and the scale and pace of investment needed to achieve the SDGs by 2030, the PIDG Strategy identifies four strategic priorities to fulfil our mandate to invest at the frontier and play a pioneer role to accelerate further private investment in sustainable infrastructure.

PIDG's four strategic priorities are:

Scale, Transformation, Affordability, Replicability – STAR:

Scale:

PIDG invests in projects that can provide infrastructure services to a large number of people and businesses, improving lives and driving economic growth and poverty reduction.

Transformation:

PIDG investments aim to fundamentally change markets and the behaviours of private investors. Transformational impact is the extent to which an intervention is fundamentally market-making or transformative rather than simply a project transaction that has development benefits as well as being bankable.

Affordability:

While all projects must be affordable to end-users and consumers, this priority focuses on improving economic efficiency, competitiveness and enabling access to infrastructure by low-income groups.

Replicability:

PIDG invests in projects that can be replicated either by PIDG and its partners or by others, generating a track record for pioneer transactions, reducing transaction costs and enabling future growth at speed. The 'demonstration effect' beyond PIDG's own projects results in other private sector organisations financing projects in the same sector, country or theme, magnifying the impact.

The STAR strategic priorities come together in the selection and development of PIDG investments.

PIDG programmatic sectors

The PIDG 2019-23 Strategy identified key programmatic initiatives, PIDG has deliberately continued to build expertise and focus across four of these – maximising synergies across the Group and strategically leveraging experience and partnerships.

Off-grid solar:

Building on the pioneering role played by the InfraCos and aware of the importance of off-grid solar in the future energy mix.

Affordable housing:

Being aware of the huge development needs associated with this sector and the relative lack of focus that it received from impact investors.

Water:

Being aware of the challenge of achieving access to water, the importance of the sector for health, production and environment and the difficulty to find viable models of private sector investment.

Economic zones:

Focusing on the role of supporting infrastructure in coordinated initiatives to drive economic growth and sustainable development.

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 2021, 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 2021 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 2021 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, which can be SDG achieved (green), challenges remain (yellow), significant challenges remain (orange), major challenges remain (red).

When assessing the relevance of an investment to SDGs we classify it on the basis of the current status and pace of progress as follows.

Very high relevance	●	→ ↓
High relevance	●	↗ ↕
Moderate relevance	●	↗ ↕

PIDG Theory of Change



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Impact on people

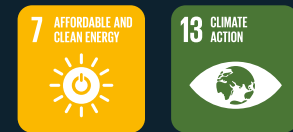
PIDG projects provide new or improved access to essential services such as energy, water, communications, transport and housing. We also consider how our investments create new jobs.

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; and
- The depth of impact, considering the degree of change to individual lives.



Facilitating renewable energy access



Total commitment:
\$10.6m

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.

Kenya

Low and Middle-Income Countries (LMIC) and Fragile and Conflict-Affected States (FCAS)

GuarantCo

Bboxx

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.

Direct impact on people

SDG assessment ● ↗
7.1 + 7.2 – Access to affordable and reliable renewable energy.

Expected impact
451k consumers are expected to benefit. Over 50% will be first time users and 9% will be below the international poverty line.

Direct impact on planet

SDG assessment
13 – Climate change mitigation.

Expected impact
Avoid/reduce greenhouse gas emissions through the displacement of non-traditional fuels.

Market transformation

Challenge: Historically investments in the off-grid SHS sector have been made in hard currency which can expose companies to significant exchange risks.

Channel: Enabling better matching of currency of funding with operations and collections through mobilising local currency from a Kenyan Bank.

Outcome: Replication of local currency loans to SHS businesses from domestic banks.

Mobilisation

Mobilised \$14.1m (KES 1.6bn) from SBM Bank. This will be Bboxx's first LCY transaction and one the first loans provided by a Kenyan bank to a company in the solar home system sector.

Climate risk

Transition: Low – Paris aligned.
Physical: Risks considered and where possible mitigated.

Gender

40% of the Kenyan workforce will be women.

In Q2 2022, InfraCo Africa invested US\$15m to deliver an additional 199k solar home unit across Kenya (32%), DRC (25%), Rwanda (17%), Togo (12%), Nigeria (9%) and Burkina Faso (5%) in the next two years.

Facilitating renewable energy access



Total commitment:
\$8m

Increase access to reliable electricity and pilot water pumps for 50k consumers to improve quality of life and climate resilience. This is also expected to increase access to reliable electricity to **700 SMEs increasing productivity** and so create jobs and avoid/reduce greenhouse gas emissions through the displacement of diesel gensets.

Kenya

LMIC and FCAS

Infraco Africa

Kudura

The project has raised a total of \$8m to construct solar and battery mini-grids, street lighting and water supply infrastructure across Kenya.

Direct impact on people

SDG assessment ● ↗
7.1 + 7.2 + 6.1 – Access to affordable and reliable renewable energy and water.

Expected impact
7k new connections are estimated to improve access to 50k low-income consumers. 50-70% are expected to live on or below the international poverty line and 70% will be first time users.

Direct impact on planet

SDG assessment
13 – Climate change mitigation.

Expected impact
Avoid/reduce greenhouse gas emissions through the displacement of diesel gensets.

Wider economy

SDG assessment
8.5 – Achieve full and productive employment.

Expected impact
700 SME business are expected to benefit. The largest impact will be felt by businesses that are highly dependent on electricity for business operations or suffer from reliability issues.

Market transformation

Challenge: 40% of people in rural areas in Kenya do not have access to electricity and they also need greater access to clean water and economic opportunities.

Channel: Leverage the provision of mini grids to pilot the delivery of water, street lighting and appliance finance to rural communities and demonstrate the commercial viability of combining services.
Outcome: Similar models being adopted by other private sector operators to facilitate rural economic development.

PIDG TA

Grant of \$235k to undertake technical studies and support a growing business.

Climate risk

Transition: Low – Paris aligned.
Physical: Risks considered and where possible mitigated.

Gender

Women will continue to make up >30% of the workforce and senior management team.

Spotlight

Learning from listening to the people our projects serve

One of PIDG's core values is impact, which we define as having a strong, positive, and tangible effect on people's lives. This can be summarised as how the customers, end-users and workers benefit from PIDG projects. Accordingly, the number of people expected to have access to new or improved infrastructure from PIDG supported projects has been a key outcome indicator that we have monitored and reported on over the years.

Over the last few years PIDG has evolved its approach to assessing the sustainable development impact potential of prospective investments. This includes a deeper assessment of direct impact on people – including assessments of who the expected end-users are and what difference the PIDG supported infrastructure is expected to make on their lives – with an emphasis on underserved and vulnerable groups including women and girls, and those on low incomes among others.

To support this evolution in our impact management system, the PIDG learning strategy prioritised expanding our data collection to hear more directly and more often from the people whose lives we aim to impact, with two broad aims:

- Help PIDG gather more evidence on our investments in terms of achieving impact against expectations and improve decisions and processes based on what we learn.
- Help our investee companies gather insights that enable them to do even better in serving their customers.

To this end we partnered with 60 Decibels, a tech-enabled social impact measurement and customer intelligence company. Since 2019 they have spoken to over 1,000 customers across five PIDG projects, using their Lean DataSM approach to collect social impact and customer feedback data through phone surveys.



What does it involve?

- PIDG, 60 Decibels, and our project companies developed a set of customised survey questions.
- Project companies provided a list of customers for 60 Decibels' researchers to randomly sample and interview.
- Surveys were conducted over the phone, we aimed to reach at least 150 respondents per project, in order for the results to be statistically significant.
- The responses were then organised along quantitative and qualitative themes, compared to global benchmarks, and further analysed to provide key insights and detailed results.
- PIDG and its project companies then had the opportunity to discuss the detailed results with 60 Decibels.

Headlines figures

- 1,190 people interviewed.
- Across 6 surveys on 5 PIDG supported projects/companies (1 project had two surveys).
- Surveys were conducted between August 2019 and March 2022.
- Two-thirds of the surveys were endline assessments and one third baseline.
- Surveys were conducted in 7 languages (Bahasa, English, French, Krio, Luganda, Tagalog, and Wolof).
- The surveys spanned across 5 countries in sub-Saharan Africa and south-east Asia (Indonesia, Philippines, Senegal, Sierra Leone, and Uganda).

Key insights from surveyed projects

The PIDG supported projects surveyed mainly serve low-income end-users.

- On average, more than two-thirds of customers on surveyed projects lived on less than \$6 per day.
 - **Senegal:** 3 of 5 Bonergie customers were found to live below \$3.20/day, 87% below \$5.50.
 - **Sierra Leone:** 27% of project customers were found to be living in poverty (below \$1.90/day), 84% below \$6.00/day.

The PIDG supported projects surveyed predominantly provide access to underserved populations.

- **First time access:** For the majority of customers, the PIDG supported project was the first time they had accessed this type of infrastructure service.
 - **Philippines:** Nearly all (99%) customers are accessing a service like Philippines Smart Solar for the first time.
 - **Indonesia:** Nearly 9 in 10 kiosk owners report that they are providing wi-fi services at their establishment for the first time.
 - **Sierra Leone:** 77% of the customers surveyed are accessing electricity for the first time
- **No access to alternatives:** On average across the surveyed project, 9 out of 10 of the customers reported having no access to alternatives to the PIDG supported project.
 - **Uganda:** 94% say no good alternatives are available to the KIS power service.
 - **Senegal:** 92% say no good alternatives are available to the solar powered irrigation system.
 - **Philippines:** 89% say they could not easily find a good alternative to the smart solar system.

The PIDG supported projects surveyed are making a real difference to the quality of life of its end-users.

- In a majority of the surveys, a substantial proportion of respondents reported their quality of life improved significantly as a result of accessing the infrastructure.
 - **Sierra Leone:** 65% of customers say their quality of life has very much improved.
 - **Uganda:** 63% reported 'very much improved' quality of life.
 - **Philippines:** 43% of customers say their quality of life has very much improved.
- Varied reasons were provided by customers when asked to describe in their own words the changes they were experiencing from PIDG supported projects.
 - **Senegal:** Customers report using less effort to access water, increased crop production and reduced expenses.
 - **Uganda:** Lighting and the ability to extend their active day were the top outcomes experienced by over 95% of customers.
 - **Philippines:** Customers reported increased use of appliances at home, having increased comfort at night and better access to a reliable power supply.

Examples of what people told us

Philippines:

"Before, we always paid 25 pesos to access a connection to our neighbour's generator. It cost us a lot but gave very limited use. But now, with ILAW meter service, we can use more appliances like TV and we can light our homes whenever we want without limitations."

Female ILAW User, age 29

Senegal:

"I save time when watering [my farm] and my harvests are big." Male, Bonergie user, age 37

Indonesia:

"I gain income from this business and my customers come and stay in my shop. They also buy what I sell during their stay in my shop while using internet service."

Male, Net1 Wi-Fi Kiosk owner, age 40

Sierra Leone:

"The kids are now able to study well at night, home appliances are being used and we no longer have to pay to charge our phones." Female user

Examples of how we are using and learning from this data



Bonergie I

Background: In 2019, InfraCo Africa financially closed a project to support Bonergie to deploy 100 solar-powered irrigation systems to smallholders and farmers across Senegal (Phase 1). In 2021 InfraCo Africa and Bonergie worked on an expansion to deploy a further 2,050 irrigation systems (Phase 2).

Study: In April 2021, 60 Decibels completed 88 phone interviews of Bonergie customers supported during Phase 1. In addition to enabling the gathering and validating a number of key impact metrics, the results showed a broadly successful implementation of Phase 1.

Learning: The results of the survey were fed into the sustainable development impact assessment as part of the investment decision making process for Phase 2 which financially closed in September 2021.



Indonesia
Kiosk Wi-Fi Owners

Background: In November 2020, InfraCo Asia financially closed a project in Indonesia to expand telecommunications infrastructure network to provide fixed wireless broadband and Wi-Fi services on the 450MHz radio spectrum to households and SMEs in rural and remote areas across Indonesia where there is currently no, or underserved coverage. PIDG TA also approved a grant to provide subsidies to women-owned SMEs which are procuring router equipment to start offering Wi-Fi connection services (by selling hourly internet connection vouchers) to their customers.

Study: PIDG worked with Finnfund, who were also partners in the project and worked with 60 Decibels to combine our efforts conducting surveys of both broadband users and the kiosk owners, respectively. In May and June 2021, 60 Decibels completed 152 phone interviews with Wi-Fi kiosk owners.

Learning: The study was conducted prior to the roll out of the TA funded subsidy. PIDG intends to use the results to better understand the barriers facing women, in order to enhance and better target the rollout of the TA, as well as a baseline for a future endline survey of kiosk owners benefitting from the TA.



Sierra Leone
Mini-grid
(PowerGen)

Background: In October 2019, InfraCo Africa financially closed a project to support PowerGen development, and operate a portfolio of solar, battery and diesel hybrid mini-grid serving up to 12,500 customers connections across the southern and eastern half of Sierra Leone. At the Global Disability Summit 2022 (GDS22), PIDG committed to embed questions when undertaking impact assessments and surveys of stakeholders in our projects to assess the particular impact on people with disabilities.

Study: In February 2022, 60 Decibels completed 250 phone interviews of PowerGen customers from 14 new mini-grid sites supported by PIDG.

Learning: This was the first time PIDG employed the Washington Group short disability questions with 60 Decibels to understand the disability profile of customer households. The results showed that customer households have a 7% disability prevalence which is higher than the reported Sierra Leone national population's disability rate. In this instance, 7% of customers said themselves or a member of their household had a lot of difficulty seeing even if wearing glasses. We will be using this information to consider how the project products, services and support could be made more inclusive. Moreover, we will use this experience to identify how best to continue using the Washington Group questions in future end-user surveys, enabling us to meet our GDS22 commitments and learning strategy objectives.

Challenges and limitations

PIDG recognises that there are some challenges and methodological limitations to surveys such as these. For example, getting access to end-users to survey for many infrastructure projects is difficult and taking an aggregate view of results from discrete projects

in different contexts is challenging. However, we feel these studies provide PIDG and our partners an important end-user perspective about our projects and enables us to meet the objectives outlined above.

Supporting smallholder farmers



Total commitment:
\$25m

Provide greater income generation for **8.6k smallholder farmers** and create **780 new jobs** of which **33% will be occupied by women**.

Bangladesh
LDC and FCAS

GuarantCo

Pran

100% guarantee of an onshore Taka denominated 2.1bn (\$25m) bond by Pran to increase production capacity of processed goods in Bangladesh.

Direct impact on people

SDG assessment ● ↗

2.3 – Increase agricultural productivity and incomes of small-scale food producers

Expected impact

8.6k smallholder farmers are expected to benefit. They are likely to be low income and live in rural areas. The largest impact will be felt by previously unemployed farmers and women.

Direct impact on planet

SDG assessment

8.5 – Achieve full and productive employment and decent work for all women and men.

Expected impact

The company will create 780 new jobs – 33% will be taken up by women.

Market transformation

Challenge: Limited number of listed corporate bonds that use proceeds for infrastructure.

Channel: Demonstration of bond tenor that is longer than corporate loan facilities offer and one of the first-ever corporate bonds in country exclusively for infrastructure.

Outcome: An enhanced corporate bond market through replication of similar bonds for infrastructure to unlock deeper pools of capital for projects.

Mobilisation

Mobilised \$10.9m of local equity and \$25m of international debt.

Climate risk

Transition: The sponsor is seeking to integrate solar PV to reduce emissions.

Physical: Bangladesh is likely to be impacted by climate change with an increase in extreme weather events. The agriculture sector is considered particularly vulnerable with impacts on availability of cultivatable land; crop yields and quality. This has been discussed with Pran who will limit risks where possible.

Gender and PIDG TA

A PIDG TA grant will be provided to deliver training targeting female farmers to help them become independent growers and agricultural hub leads.

Supporting smallholder farmers



Total commitment:
\$2.4m

Displace expensive diesel systems, supporting greater income generation for 4.5k smallholder farmers and improve the climate resilience of agricultural communities through reducing the risk of food shortages.

Senegal
LDC

InfraCo Africa

Bonergie

\$2.4m of equity to Bonergie to provide 2k solar-powered pumps and 500 drip irrigation systems to farmers in rural Senegal.

Direct impact on people

SDG assessment ● ↗

2.3 + 9.1 – Increase agricultural productivity and incomes of small-scale food producers through the addition of quality and resilient infrastructure.

Expected impact

The 2k pumps are estimated to be utilised by 4.5k smallholder farmers. 61% live on or below the international poverty line. 69% of farmers are first time users who should experience the largest impact and 86% do not have better alternatives. This will also provide a reliable water supply to improve the climate resilience of agricultural communities through reducing the risk of food shortages.

Direct impact on planet

SDG assessment

13 – Climate change mitigation.

Expected impact

Emissions will be avoided through the displacement of diesel systems.

Market transformation

Challenge: Diesel-powered pumps for irrigation are expensive for smallholder farmers.

Channel: Demonstrate commercial viability of solar pumps for irrigation purposes.

Outcome: Enable Bonergie to continue to scale up and attract further financing in the future and so improve agricultural productivity in the communities they serve.

PIDG TA

Grant of \$53k to provide technical assistance and support the business.

Climate risk

Transition: Paris aligned.

Physical: The project contributes to improved climate resilience.

Supporting smallholder farmers



Total commitment:
\$3.47m

Enable the storage and trade of horticultural products at a lower and more transparent price, supporting greater income generation for **22k smallholder farmers**.

Cambodia
LDC

InfraCo Asia

Kandal Cold Storage

\$3.47m of equity to develop and construct a cold storage cross-docking facility to enable the import and export of horticultural products from Phnom Penh, Cambodia.

Direct impact on people

SDG assessment ● ↓

2.3 + 9.1 – Increase agricultural productivity and incomes of small-scale food producers through the addition of quality and resilient infrastructure.

Expected impact

22k smallholder farmers are expected to benefit. We will undertake a lean data survey to further understand characteristics within the first year of the facility becoming operational.

Market transformation

Challenge: Insufficient cold storage capacity to meet the country's increasing volume of trade of perishable horticultural products.

Channel: Demonstrate first of a kind port-linked cold storage facility in Cambodia.

Outcome: Replication of similar projects in the country leading to an expanded cold chain ecosystem in Cambodia.

Climate risk

Transition: Paris aligned. The storage facility will use solar PV panels and energy efficient equipment.

Physical: Risk considered in the financial analysis and project design given the project's proximity to a river.



Spotlight

Empowering women

in non-traditional roles



K-Electric (KE) is the sole provider of electrical energy in Karachi, Pakistan, covering generation, transmission and distribution to power public buildings, private sector industry, businesses, and households. In 2019, GuarantCo supported KE with a partial guarantee for a \$50 million corporate term loan facility. The proceeds were used to finance an aerial bundled cable (ABC) roll-out, smart grid solutions and other distribution network maintenance initiatives. Such projects are expected to result in long-term savings for KE through reduction in transmission and distribution (T&D) losses, which will in turn allow KE to further invest in infrastructure.

PIDG Technical Assistance provided a grant to co-finance health and safety awareness workshops with a focus on electrical safety. As a result of this grant, the Roshni Baji Women Ambassador Programme was launched in February 2021, with an initial cohort of 40 women. These women then went on to train local communities on electrical safety in areas where energy losses are typically high due to illegal connections. The programme is run by an NGO – Children for Concern and the first cohort graduated in September 2021. Training of a further 60 students will be funded by GuarantCo and KE.

This programme aims to empower women by providing them with a salary and championing them to spread awareness about safety, power theft hazards, and energy conservation in their communities. All 40 women in the first cohort progressed to training on areas including driving two-wheelers, self-defense, electrical safety, life skills and communication. The approach is culturally appropriate and allows KE to reach households during the day, especially if the male head of the household is away from the home. The women are supervised by a KE employee – typically a male – whilst they are in the field to ensure that they have adequate security and safeguarding measures in place. KE have advised that they are training women to be supervisors.

Another focus of the programme is to promote female employment across the sector. KE hired 11 women as permanent full time KE employees from the first cohort and out of the remaining 29, around 14 were hired by other organisations in the sector. There are also approximately 24 female meter readers who can be promoted through the Roshni Baji programme.

KE is an example of an organisation with a pre-existing strong approach to gender equality and inclusion. In addition, they are actively supporting the safeguarding of women through codes of conduct, harassment policy and processes and grievance mechanisms. They have also trained a number of women across electrical engineering and other technical areas through their various programmes and have rolled out diversity and inclusion training across the organisation. KE's culture, coupled with the innovative Roshni Baji programme enabled by GuarantCo, has empowered women to develop their skills and occupy paid roles in a male-dominated sector. More importantly, it has allowed KE to successfully challenge harmful gender norms around women's roles – inside and outside the home.



Promoting gender equality

In 2022 PIDG will launch its first Gender, Equity, Diversity and Inclusion (GEDI) Action Plan, which will expand its social inclusion lens beyond gender to include other determinants of exclusion such as disability and racial equity across its commitments.

Promoting inclusion through its 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 PIDG does. 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, PIDG seeks 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 the constraints that women and girls experience in accessing resources and opportunities for improved livelihoods, and then by challenging these constraints through infrastructure projects. The intended impact is for women and girls to overcome discriminatory social norms so that they can enjoy greater financial and social autonomy, and take greater control and make better decisions over their lives.

PIDG Gender Equity Action Plan

The PIDG Gender Equity Action Plan brings together the different areas of our Group's work and operations that are relevant to gender equity.

It is organised in the three pillars:

1 Safeguarding women and girls

Pillar I encompasses all activities related to the effective safeguarding of women and girls from Gender Based Violence and Harassment (GBVH) in PIDG's work and operations.

2 Empowering women and girls

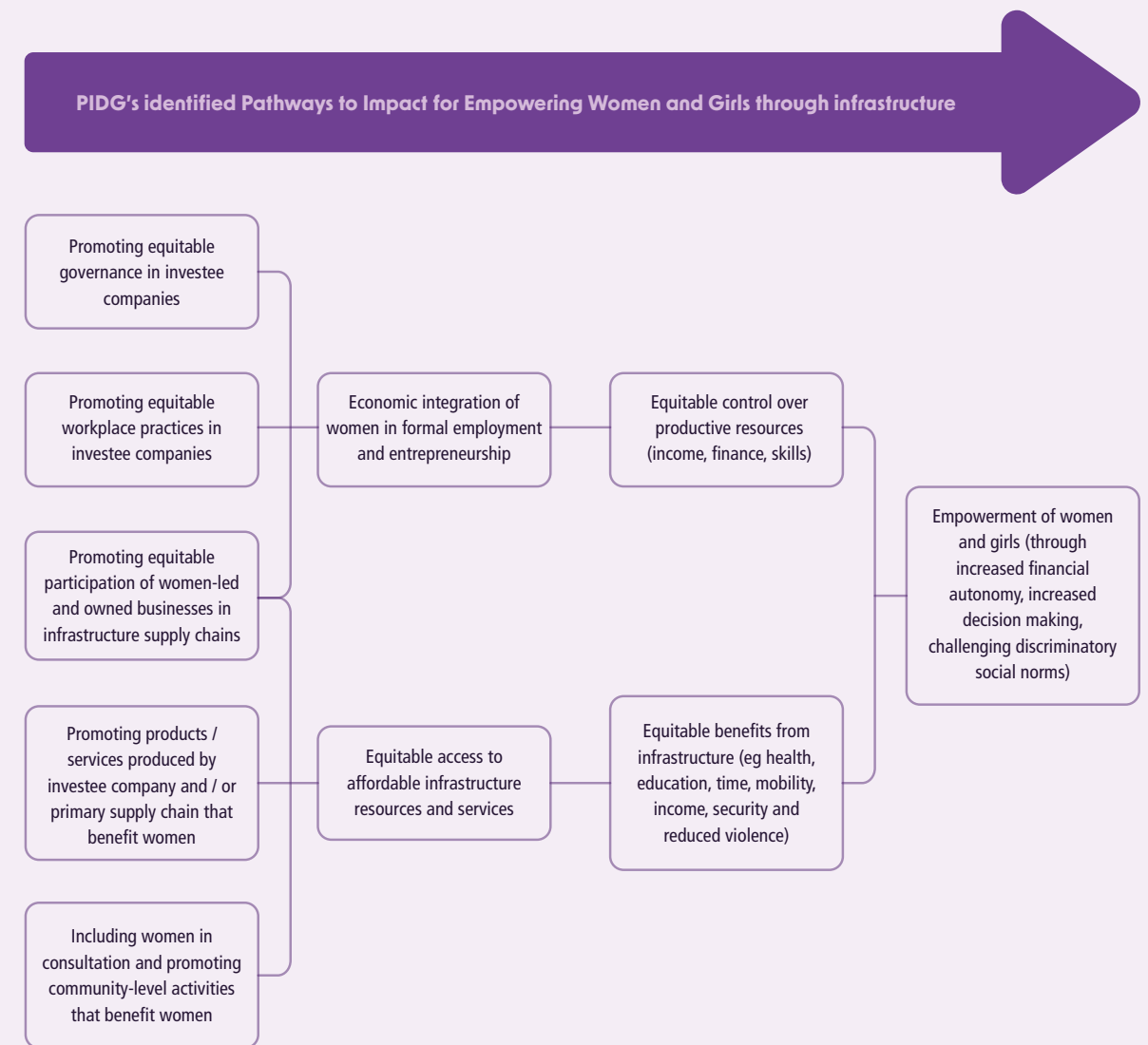
The aim of Pillar II is to drive and demonstrate positive impacts for women and girls through PIDG's investments.

3 Leading by example at PIDG

Pillar III reflects that PIDG undertakes to avoid discrimination and promote diversity, inclusivity, and equal opportunities at all levels across the PIDG Group.

Gender Lens Investment Policy

PIDG defines the empowerment of women and girls through infrastructure as the promotion of equitable access to and control over the benefits created, leading to their greater financial autonomy and decision making power and to challenging discriminatory social norms. PIDG's framework for empowerment is described below.



Spotlight

Disability inclusion: PIDG ambition

Disability inclusion is a global priority – people with disabilities make up at least 15% of the world's population, with prevalence increasing with life expectancy. Research shows that the vast majority of people with disabilities live in developing countries and that women in these countries constitute a majority of people with disabilities. This makes disability inclusion both a development and gender equity priority.

From a business perspective, it is well established that companies which hire diverse teams, have a competitive advantage over those who don't in terms of increased innovation and higher financial returns.

One of the key barriers preventing people with disabilities from benefitting equally from opportunities and resources is the fact that most of the world's built environment is not yet accessible to them. This includes the physical environment and can translate into inaccessible working environments and an absence of inclusive products and services.

Given PIDG's mandate in enabling sustainable infrastructure projects in low-income markets, PIDG has the potential to make an important contribution to the removal of barriers and therefore disability inclusion through inclusive and adaptive design of the infrastructure which it delivers.

In July 2018, PIDG participated in the first ever Global Disability Summit (GDS) and in 2019, PIDG published its Five-Year Strategic Plan which articulated an ambition to develop a specific methodology for disability inclusion. In 2020, PIDG started to develop a systematic and mainstreamed approach to disability inclusion. The first step entailed mapping PIDG's portfolio from a disability inclusion perspective, with support from an FCDO specialist. This exercise led to the development of practical screening tools we could embed into the sustainable development impact review process, as well as the foundation for developing a formal PIDG approach to disability inclusion. This has three pillars:

1. Enhancing how we identify and mitigate negative impact risks, working with local partners.
2. Achieving inclusion through products and services, jobs, and inclusive design on our projects.
3. Generating evidence and learning on disability inclusion.

The approach was initially piloted from August 2021 to February 2022 across the Group, with a stock-take conducted shortly after. The results from the pilot phase, informed PIDG's commitments at the 2022 Global Disability Summit, given the progress made in the following areas:

- Over the six-month pilot phase, approximately 42% of projects initially screened at PIDG have been identified as having potential entry points for empowering people with disabilities. Over half of these also qualified for a gender-empowering bonus point, reinforcing what we already know about the relationship between disability inclusion and gender empowerment.
- We have an ongoing program of end-user surveys on our projects and have piloted the inclusion of the Washington six question set in the Sierra Leone mini-grid project. The results showed that customer households have a 7% disability prevalence, which is higher than the Sierra Leone national population's disability rate of 2.5%. Specifically, 7% of customers said themselves or a member of their household had a lot of difficulty seeing even if wearing glasses. We will be using this information to consider how the project products, services and support could be made more inclusive and how best to continue using the Washington Group questions in future end-user surveys.

- We identified the Acorn Student Housing project in Kenya as a potential case study. We learnt that the design of the rooms for prospective students with disabilities specifically addressed the needs of students with paraplegic impairments and therefore wheelchair users. The mapping exercise as well as the quantitative results from the stock-take show strong potential for developing more case studies going forward.
- We delivered a training session on PIDG's disability inclusion approach across the entire Group in December 2021. The training taught members of staff not just on the approach itself but also on the importance of disability inclusion from various key perspectives, as well as relative to PIDG's mandate. Part of the disability inclusion approach (Pillar 3) is to harness and share lessons learnt on implementing a disability inclusion lens in infrastructure.

PIDG attended the second Global Disability Summit in February 2022 and committed to the following for 2022-25:

- Screen all new projects for disability-specific risks and empowerment opportunities, and where possible and relevant, start working with disabled person's organisations during the early design phases to help materialise this potential.
- Embed questions when undertaking impact assessments and surveys of stakeholders in our projects to assess the particular impact on people with disabilities.
- Identify suitable projects each year and develop project case studies.
- Conduct training and knowledge sharing sessions on disability inclusion to build capacity and raise awareness.



Our safety culture

We aim to support our people with tools to improve health, wellbeing and resilience in the workplace, when working from home and when traveling on business.

Our 2021 HSES culture survey confirmed that safety as a value resonates with staff. Safety has become a personal value for many and awareness has vastly improved; and people shared numerous examples where they have changed their behaviour and actions as a result of the safety conversation during a meeting or a townhall. People are beginning to understand the relevance and tangible benefits of a culture of safety to corporate governance, social and environmental impact.



HSES LIFE-SAVING RULES
CHANGING LIVES
SAVING LIVES ✓



PIDG SAFEGUARDING RULES
CHANGING LIVES
PROTECTING LIVES

This year we will continue to enhance our incident and crisis management response with a focus on training, exercises and drills and strong collaboration across the Group. The impact of the COVID-19 pandemic has given delivery of PIDG’s sustainability strategy even greater relevance. The response of our PIDG Technical Assistance business has highlighted the strength of our values and resilience of our Group, supporting our portfolio projects and their operations and keeping their employees and local communities safe in 2021.

We recognise that for our people to be successful in the workplace, they need support in their personal as well as their professional lives. For this reason, the health and wellbeing of our people is vitally important. This is even more so as we continue to deal with the impacts of the COVID-19 pandemic. All PIDG Companies provide an employee assistance programme. The Group currently offers a comprehensive benefits package which includes a mental health and wellness element. Additionally, in 2021, each employee of the Group was offered up to four counselling sessions with an experienced mental health counsellor.

PIDG ran wellness programmes to support our people to prioritise their physical and mental wellbeing, against a backdrop of increased virtual change. A programme of activities led by our HR teams was supported by expert speakers and institutional services. We aim to support our people with tools to improve health, wellbeing, and resilience in the workplace, when working from home and when travelling on PIDG business.

Health safety environmental and social management system in our portfolio.

As an active HSES investor, our scale and influence helps us drive HSES responsibility into all our investment processes. We have enhanced our risk management and portfolio performance while at the same time helping to create more sustainable investment solutions that deliver positive development impact. Our HSES and governance standards and guidelines are an integral part of PIDG's investment process. Our HSES policies and standards seek to keep portfolio project sites safe, protect the environment and safeguard workers and communities against adverse impacts, including infringements of human rights. Our standards also help our development partners understand the key HSES risks and to contribute positively to the United Nations Sustainable Development Goals (SDGs).

The impact of the COVID-19 has given delivery of PIDG's sustainability strategy even greater relevance. The response of our PIDG Technical Assistance business has highlighted the strength of our values and resilience of our Group, supporting our portfolio projects and their operations and keeping their employees and local communities safe in 2021. The COVID-19 pandemic is likely to be with us for years to come and we have adapted our due diligence and risk systems to address the limitations of the associated travel restrictions by developing desk-based tools and the use of trusted local partners to ensure our pre-deal HSES due diligence and post deal monitoring and assurance remain first-rate. We have seen however, that there is no substitute for field visits, and we will continue to strive to find methods of getting appropriate resources on-site to support our portfolio projects, where this is feasible.

Climate change and biodiversity loss are the biggest global HSES challenges of our time, and PIDG and what we do is very much part of the solution. We continue to enhance and strengthen our climate change standards, along with implementing our climate strategy. We finalised our PIDG Environmental, Social and Health Impact Assessment (ESHIA) guidelines in 2021, which seeks to raise the assessment bar for future investments, particularly in countries where impact assessment legislation is limited or in some cases non-existent. We made a commitment to enhance our biodiversity capacity and knowledge in 2021 and we shall appoint our first biodiversity lead within the Group in 2022, working on nature-based solutions that will become integral to our investment selection process alongside climate and sustainable development impact.

Our relentless focus on delivering safe projects remains unwavering and in 2022 we will continue to develop our safety culture systems to help our portfolio project companies become safety leaders in the sectors in which they operate. The objective is to bring a consistent approach to safety irrespective of the nature of the project. In essence, a safety culture that requires us all to take personal accountability for preparing to do work safely, engaging the rules and tools we use to keep safe and intervening when something looks wrong.

Our portfolio projects have learnt from these incidents and to provide further support we have developed electrical transmission safety best practice guidance and road safety best practice guidance in collaboration with BII and other organisations. In 2022 we aim to publish a good practice guidance note designed to give an insight into how leaders influence the behaviours and culture of their organisation and consequently the Health and Safety performance.

We continued to focus on human rights, with Gender Based Violence and Harassment (GBVH) risk screening, enhanced due diligence and risk assessment processes now in place across all our portfolio projects. We have focused on modern slavery with a modern slavery guidance note providing support to PIDG Companies and our portfolio projects across the whole investment life cycle. We developed and socialised across the Group project security management guidance. We continued the important roll out of the 12 PIDG life-saving rules and 10 HSES Safeguarding rules across the whole Group and our portfolio.

Having embedded our HSES PIDG portfolio risk register into our management systems, we are now using the data to develop risk based and targeted HSES monitoring and assurance reviews (including remote and site visits) of portfolio projects.

Together with our HSES self-assessment questionnaire tool we are now able to support each portfolio project to both identify significant HSES risks and/or gaps, and to have the appropriate HSES management systems in place to manage those risks.

We continue to foster a Group-wide HSES and sustainable development impact (SDI) ethic and look to undertake PIDG-wide collaborative visits in 2022, with representation from HSES, SDI and the PIDG Companies to support our more challenging or poorly performing projects.

We continue to work on the 'culture' and 'governance' strategy rolled out in 2020 with a one PIDG focus. This has enabled greater collaboration and enables us to deliver more efficient HSES support across the Group. We have also enhanced our own HSES culture and ownership through wider participation from PIDG Companies in the HSES Committee and held our first Group-wide annual HSES away day workshop.

We continue to work closely with other DFIs, multilateral development banks (MDBs), financial institutions (FIs) and key stakeholders to raise HSES standards by contributing to workshops, conferences and continuing to host the UK DFI "Re-tuning safety" forum. We introduced the "PIDG Safety Day" aligned to world safety day with input and participation from each of the four PIDG Companies and portfolio projects.

PIDG Group-wide HSES training has continued over the year, and we have agreed a Group-wide cost share budget to pilot our Centre of Excellence strategy with the first HSES/SDI specific PIDG Institute event to be run in Kenya in 2022.

We are very proud of the HSES team that we have built within PIDG – from Singapore, across to Nairobi, Casablanca and in our headquarters in London. The talent, dedication, and effort of our HSES staff is what enables PIDG to be stronger than ever and the future we are building together in the Group is an exciting one.

Impact on planet

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



Facilitating renewable energy



7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION



8 DECENT WORK AND ECONOMIC GROWTH



Total commitment: **\$1.62m**

Expected to avoid **755 tCO2e per year** through the displacement of thermal power and increase access to electricity for C&I users and 1.6k consumers.

Nepal
LDC

InfraCo Asia

Nepal

Rooftop Solar

\$1.62m of equity to install up to 3MW of grid connected rooftop solar projects in major cities in Nepal.

Direct impact on people

SDG assessment ● ↑

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

Expected impact

Excess power will be sold into the grid so 1.6k consumers from a mix of income groups and genders are expected to benefit.

Direct impact on planet

SDG assessment

13 – Climate change mitigation.

Expected impact

Avoid 755 tCO2e per year.

Wider economy

SDG assessment ● ↑

8.5 – Sustain productive employment

Expected impact

3-6 firms will be connected. The largest benefit will be felt by businesses that are highly dependent on electricity and suffer from reliability issues.

Market transformation

Challenge: Seasonal hydro power dominates the energy mix which results in electricity shortages during dry season where the country needs to import power.

Channel: Demonstrate viability of rooftop solar as part of the energy mix.

Outcome: More diversified energy mix and improved resilience of the sector.

Climate risk

Transition: Paris aligned.

Physical: Risks considered and where possible mitigated.

Facilitating renewable energy



13 CLIMATE ACTION



8 DECENT WORK AND ECONOMIC GROWTH



Total commitment: **\$9m**

Avoid/reduce **24k tonnes of greenhouse gas emissions** per year through the displacement of thermal power and reduce **cost of power for firms by 20-45%**.

Pakistan
LMIC and FCAS

GuarantCo

Shams

Solar Power

Provide 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.

What

SDG assessment

13 – Climate change mitigation.

Expected impact

Avoid 24k tCO2e per year

How

SDG assessment ● ↗

8.5 – Sustain productive employment.

Expected impact

7-8 commercial and industrial firms will be connected. The largest benefit will be felt by businesses that are highly dependent on electricity and suffer from reliability issues.

Market transformation

Challenge: Grid is >60% thermal. C&I solar is still relatively nascent.

Channel: Demonstrating templates for investment under a renewable financing scheme initiated by the State Bank of Pakistan.

Outcome: Replication and further use of templates by other investors contributing to more diversified energy mix and improved resilience of the sector.

Mobilisation

Mobilised \$5.2m of local equity and \$12.1m of local debt.

Climate risk

Transition: Paris aligned.

Physical: Risks considered and where possible mitigated.

Gender and PIDG TA

PIDG TA will provide a grant to enable Shams to launch a training programme for women engineers. The company have stated an ambition to employ more women engineers through this programme.

Our Climate Strategy

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The PIDG Climate Strategy illustrates the key strategic priorities of PIDG's climate action. This is a critical time for tackling climate change with increased public demand for action around the United Nations Climate Change Conference process and as the global community deals with the continued repercussions of the COVID-19 pandemic.

There is scientific consensus that Greenhouse Gas (GHG) emissions from human activity have caused irreversible changes to the climate and that GHG must be drastically curbed this decade to avoid the worst impacts. Most countries in which PIDG invests have some of the lowest historic and current per capita emissions of Greenhouse Gases (GHGs) in the world – yet they are the countries that are the most impacted by the changing climate, facing risks to health, livelihoods, food security, water supply, human security and economic growth.

Developing greenfield infrastructure in the most difficult markets, where it matters most to sustainable socio-economic development, requires a deliberate focus of climate finance for an equitable and just transition. In the low income and emerging markets of Africa and Asia, PIDG's role is to demonstrate the technical and financial viability of innovative low carbon and climate resilient infrastructure that contributes to a transition to global net zero carbon dioxide emissions by 2050 at the latest.

PIDG's overall commitment is to support the goals of the Paris Agreement on Climate Change and to invest in projects that assist countries to transition towards a global net zero carbon economy by 2050, in line with the goals of keeping global temperature increase below 2 degrees and towards 1.5 degrees above pre-industrial levels.

PIDG put this commitment at the core of its investment policy, performance indicators and operations, through a comprehensive approach spanning the four Pillars of the Task Force on Climate-Related Financial Disclosures (TCFD) of Governance, Strategy, Risk, and Metrics.

The PIDG Climate Strategy spells out the areas of work that the PIDG Companies will prioritise to fulfil this ambition. While our commitment is long-term, this strategy focuses on priorities to deliver in 2021-23, aligning with PIDG current strategy period. This is a living document guiding concrete action in fast moving markets. We will assess and update our strategy by 2023 based on how markets continue to evolve.

The overall strategic objective of PIDG's climate change action is to accelerate an equitable and just transition to net zero in the countries in which we operate.

PIDG aims to do so by enabling the development of low carbon, climate resilient, sustainable infrastructure and by mobilising flows of climate finance to countries with the widest infrastructure gap, to leapfrog and replace the highest GHG emitting technologies, while stimulating sustainable socio-economic development.

PIDG is conscious of the need to lead by example and we measure and report the carbon footprint of our operations annually. The COVID-19 pandemic allowed us to explore new ways of working involving less travelling, thereby reducing our GHG emissions. Based on this experience we continue to explore ways to reduce our operations' footprint and to positively influence the behavior of our suppliers and contractual partners. We are however aware that the bulk of our GHG emissions come from our investment portfolio, which is the focus of this strategy.

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In 2021-23 PIDG 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.

The PIDG Climate Strategy applies to all companies in the Group. Since 2020, all new investments in the energy and transport sectors that PIDG Companies consider must demonstrate alignment with the goals of the Paris Agreement.

At the operational level, the PIDG Climate Standard covers the minimum requirements that we expect in each PIDG investment, as well as the decision trees that allow us to demonstrate alignment with the Paris Agreement. We also evaluate all investments for their contribution to climate change resilience and screen for physical and transition climate risks.

Since 2020, PIDG also publishes the estimated carbon intensity of its portfolio and in 2021 PIDG published its first Disclosure Report in line with the Task Force on Climate Related Financial Disclosures (TCFD).

This strategy document complements PIDG's Climate Standard and TCFD Disclosure by focusing on the key areas that we are prioritising now to make a significant contribution to a just transition to net zero by no later than 2050.

PIDG acknowledges that there is an urgent need for collaboration, synergies and innovation to address the climate emergency. This strategy provides a direction for PIDG's efforts and aims to inspire new ways to work with our existing and future partners.

Priority themes of PIDG Climate Change Action in 2021-23

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Priorities	Tools	Focus Sector and Countries
Mobilise private climate finance in underserved, fast growing markets, demonstrating the viability of low carbon, climate resilient infrastructure for private investors.	<ul style="list-style-type: none"> PIDG acting as market maker in frontier markets. Leapfrogging technologies and stimulating innovation. Project development, long term finance, local currency solutions, guarantees and green bonds. 	<ul style="list-style-type: none"> Renewable energy (off-grid and distributed energy solutions at scale; battery energy storage solutions). Electric mobility. Energy efficient affordable housing.
Strengthen climate change adaptation and resilience through our investments.	<ul style="list-style-type: none"> Systematic assessment of climate risks (all sectors). Integration of climate resilience considerations in infrastructure design (all sectors). Exploring nature proof and nature positive infrastructure solutions. 	<ul style="list-style-type: none"> Water. Agri-supporting infrastructure (logistics, irrigation). Resilient cities. Exploring natural capital infrastructure.
Mobilise domestic investors and stakeholders in emerging markets including through local currency solutions.	<ul style="list-style-type: none"> Partnership with InfraCredit Nigeria, InfraZamin Pakistan and a new Credit Enhancing Solution in Kenya. Building local capacity for green bonds and local currency solutions. Local stakeholders' engagement and end-users' voices, with a focus on youth and women. 	<ul style="list-style-type: none"> Building capacity of local sponsors and investors to stimulate innovation. Being a conduit for voices from our markets in the global debate on the transition to net zero.
Integrate climate and gender investment lenses in our work.	<ul style="list-style-type: none"> Partnerships with regional organisations (Asia, Africa) as per Gender Equity Action Plan 2021. 	<ul style="list-style-type: none"> Off-grid and water sectors. Women led businesses in infrastructure supply chains.

Climate and gender lens investing

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PIDG puts both climate and gender equality considerations at the core of its investment approach. At the Group level we introduced climate and gender KPIs for each company in 2019.

In investment decision making, compliance with PIDG's Climate Change Standards and Gender Equality Standards are two of three minimum compliance thresholds in the very first investment screening (the other being financial additionality).

The development impact rating of each deal is heavily influenced by its expected outcomes for the planet and for women. Deals that directly empower women and demonstrate innovative climate solutions receive bonus ratings and the expected development impact rating of each deal is a core consideration in the investment decision making process. Conversely, analysis of climate and gender related risks is prioritised.

We screen all projects for both gender risks, opportunities and potential for positive gender outcomes against five gender lens domains, which are largely based on the 2X gender challenge criteria but have been adapted to the infrastructure sector. These are company and project governance, workforce, supply chain, consumer market (products and services) and community.

Since the introduction of these KPIs, the approach has shown positive results in bringing about innovative climate solutions with a gender lens in infrastructure, as evidenced in PIDG's 2020 and 2021 investments.

In 2021, we started developing two practical briefs which explore the latest evidence on, and best practice of, how to implement a gender lens in water and sanitation and off-grid solar projects; two programmatic sectors for PIDG. Investigating the intersection between climate and gender lens investing is crucial as it is well established that women are disproportionately affected by climate change and at the same time possess invaluable skills and knowledge that are key to solving some of the biggest climate challenges. For example, women's pivotal role in the community to adapt to climate-related stresses and shocks or as change agents in the community is also well-documented.

Facilitating renewable energy



7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION
8 DECENT WORK AND ECONOMIC GROWTH

Total commitment: **\$12.8m**

This is expected to avoid **52k tCO2e per year** through the displacement of thermal power, increase access to reliable electricity for **65k consumers** and increase productivity for firms, and so lead to economic growth.

India
LMIC

InfraCo Asia

Pareng Hydro Power

\$12.8m of convertible loans and debt to develop and construct a 14.5MW run-of-river hydro power plant in Arunachal Pradesh, India.

Direct impact on people

SDG assessment ● ↑
7.1 + 7.2 – Access to affordable, reliable renewable energy.

Expected impact
65k consumers are expected to benefit. The largest impact will be felt by users that consume the most power.

Direct impact on planet

SDG assessment
13 – Climate change mitigation.

Expected impact
Avoid 52k tCO2e per year.

Wider economy

SDG assessment ● ↗
8.5 – Create productive employment.

Expected impact
Large number of businesses are expected to benefit.

Market transformation

Challenge: Fossil fuels dominates India's energy mix, and the country has an extensive plan to deploy more renewables (hydro, wind and solar) to meet its net zero targets.

Channel: Develop PPA template for hydro assets that can be used for future projects in the state.

Outcome: Further investment into hydro projects leading to more diversified energy mix.

Climate risk

Transition: Paris aligned.
Physical: Changes in water flow and availability have been considered in the financial analysis and risks of landslides and flooding have been factored into project design.

Facilitating renewable energy



7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION
8 DECENT WORK AND ECONOMIC GROWTH

Total commitment: **\$35m**

Increase access of reliable electricity to **303k consumers**, increase productivity for firms to create indirect jobs and avoid/reduce **31k tCO2e per year** through the displacement of

Kenya
FCAS and LMIC

EAIIF

Kesses Solar

\$35m of debt to develop, construct and operate 40MW greenfield solar plant in Kesses, Kenya.

Direct impact on people

SDG assessment ● ↗
7.1 + 7.2 – Access to affordable and reliable renewable energy.

Expected impact
65k consumers are expected to benefit. The largest impact will be felt by users that consume the most power.

Direct impact on planet

SDG Assessment
13 – Avoid and reduce greenhouse gas emissions.

Expected impact
Avoid 31k tCO2e per year.

Wider economy

SDG assessment ● ↗
8.5 – Achieve full and productive employment.

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

Market transformation

Challenge: Kenya has an extensive plan to deploy more intermittent renewables (wind and solar) to meet its net zero targets alongside seasonal hydro and geothermal.

Channel: Demonstrate viability of one of the first solar projects as part of the energy mix.

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

Mobilisation

Mobilised \$63.46m from the private sector – 75% foreign investors and 25% domestic investors.

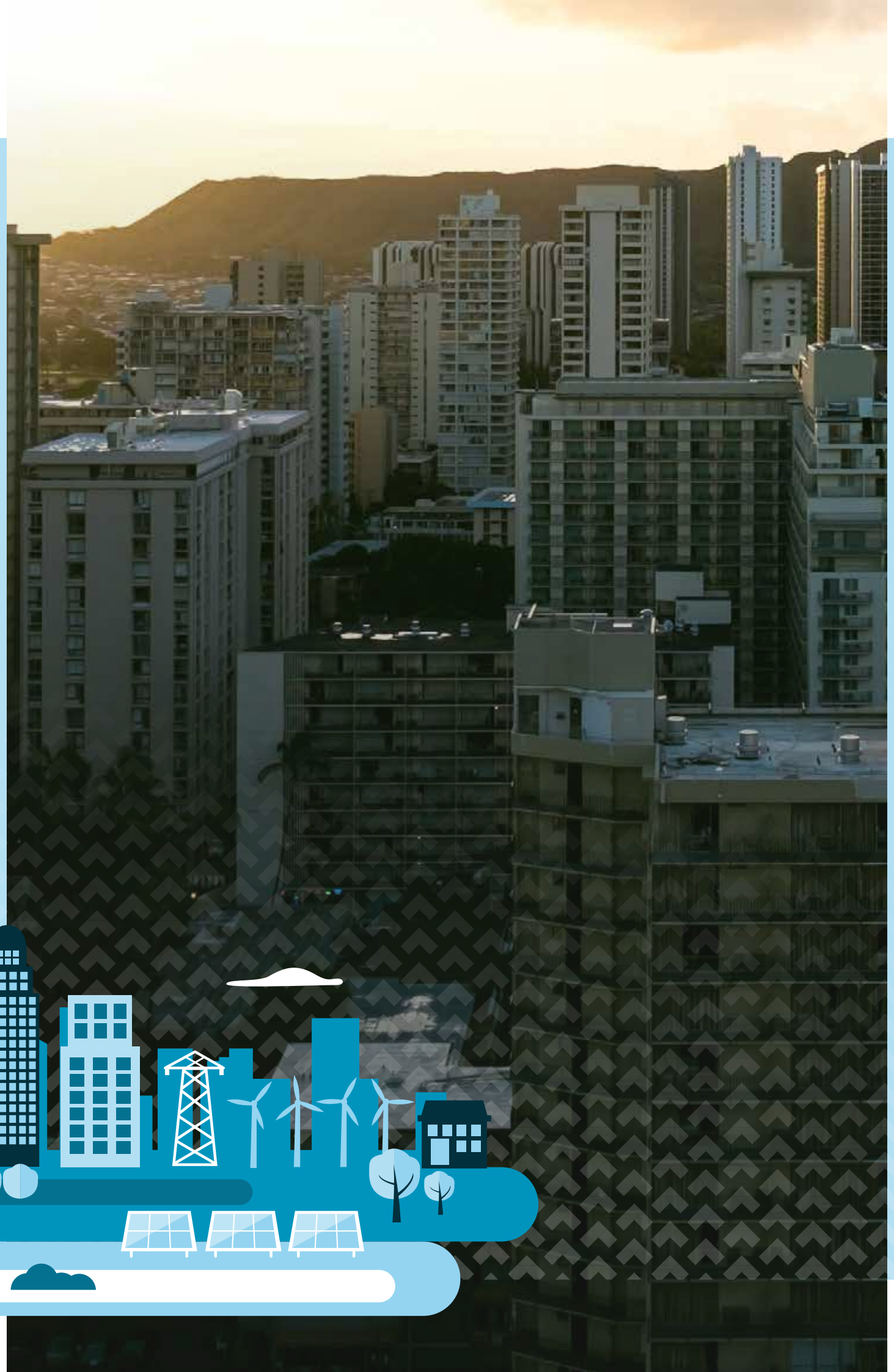
Climate risk

Transition: Paris aligned.
Physical: Risks considered and where possible mitigated.

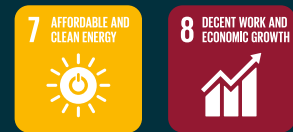
Impact on the wider economy

PIDG projects creates 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.



Powering economic growth



Total commitment: **\$38.25m**

This will increase access to reliable electricity to at least **500k consumers improving quality of life**, and increasing productivity for firms, and so creating indirect jobs

Mozambique
LDC and FCAS

EAIF

Temane

\$38.25m of debt to develop, construct and operate a 450MW gas-fired power plant in Mozambique. In the first instance, power will be sold into the Southern African Power Pool (SAPP) and it is expected that after 2030, this will also be utilised within Mozambique.

Direct impact on people

SDG assessment ● →
7.1 – Access to affordable and reliable energy.

Expected impact

At least 500k consumers are initially expected to benefit through the South African Power Pool (SAPP). The number of beneficiaries could increase depending on changes in domestic consumption within Mozambique and SAPP country offtake over time.

Wider economy

SDG assessment ● ↑
8.5 – Achieve full and productive employment.

Expected impact

Large number of businesses are expected to benefit which will in turn create indirect jobs in the economy. The largest impact will be felt for businesses that are highly dependent on electricity and those that suffer from reliability issues.

Market transformation

Challenge: Expensive power in parts of Southern Africa.
Channel: Addition of high volume and low-cost power to the SAPP trading system.
Outcome: Reduction in electricity trading prices for utilities and consumers.

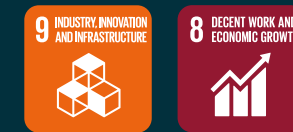
Climate risk

Transition: Paris aligned – Passed PIDG Paris Alignment Gas Decision Tree.

- High development need given only 30% of the population have access to electricity.
- Project and associated transmission line will support greater integration of renewables.
- Flexible tolling agreement that allows the plant to transition into a peaker as more renewables come online.
- Most efficient CCGT technology chosen.
- The PPA ends before 2050.

Physical: Risks considered and where possible mitigated.

Facilitating internet access



Total commitment: **\$15m**

Network improvements will include deployment of fibre infrastructure and data centres to increase access to reliable internet to consumers to improve quality of life and increase access of reliable internet to firms to enable economic growth.

Pan-Africa

EAIF

Liquid Telecom

\$15m of debt to anchor the \$620m Liquid Telecom bond issuance. Some of the proceeds were used to support part of the company's wider capex programme in DRC, South Sudan and South Africa.

Direct impact on people

SDG assessment ● →
9.C + 8.5 – Significantly increase access to Information and Communication Technology (ICT) and provide universal and affordable access to the internet.

Expected impact

215k new consumers are expected to benefit. The largest impact will be felt by first time users of the internet and those that consume the most.

Wider economy

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

Market transformation

Challenge: Lack of affordable internet access remains a key contributor to people in emerging economies.
Channel: Supporting the expansion of Liquid Telecom's networks which are run on an open access basis, making it cheaper for competitors, customers and suppliers to purchase access on their network.
Outcome: Improved competitiveness of the markets for broadband internet across Africa by providing access to shared broadband infrastructure to all retail operators under open access.

Mobilisation

Mobilised \$480m of private sector investment.

Climate risk

Transition: Paris aligned. Data centres generally have a high carbon intensity. However there are still issues related to grid reliability in the countries of operation so back-up power generation is still needed to ensure reliability of service. We are actively working with various data centre providers to pilot alternative power sources that enable lowering the carbon footprint of data centres.
Physical: Risks considered and where possible mitigated.

Facilitating economic growth



Total commitment: **\$27m**

First ferry will operate on Lake Victoria between Port Bell, Uganda and Mwanza, Tanzania which will reduce travel time and drive cost savings for firms and suppliers.

Uganda

LDC and FCAS

Tanzania

LDC

InfraCo Africa

East Africa Marine Transport

The project has raised over \$27m of equity to fund port construction works and launch a new first scheduled freight ferry.

Wider economy

SDG assessment ● →

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

Expected impact

Firms and Suppliers moving freight are expected to benefit. Greatest impact for those that are highly sensitive to time for operations.

Market transformation

Challenge: Freight transport is undertaken on an ad hoc basis and vessels sail only when full. This approach has economic and opportunity costs for businesses, particularly those working with time sensitive cargo.

Channel: Demonstrate the concept of a fixed day scheduled freight ferry service.

Outcome: It is anticipated that the first ferry will demonstrate market appetite for a scheduled service, attracting further investment to expand freight capacity and to provide additional cross-border routes in the future.

PIDG TA

Commitment of USD 250k for an infrastructure and customs clearance study to support government agencies involved in the project.

Climate risk

Transition: Paris aligned. Marine transport is the most efficient way to move freight and the project is directly reducing travel time. Low carbon alternatives are not commercially available.

Physical: Lake Victoria gets most of its water from rain so changing rainfall patterns will have an impact on water levels in the lake, this has been taken into consideration in the design of the port infrastructure.

Gender

EAMT has identified 25 crew members to begin crew training in Q1 2022 and >30% are female.



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.



Building capital markets



Total commitment:
\$50m

Establish a for-profit credit enhancement facility in Pakistan to address a gap in the local infrastructure financing market through increased use of credit guarantees.

Pakistan
LMIC and FCAS

InfraCo Asia / GuarantCo

Infrazamin Pakistan (IZP)

GuarantCo is providing a Contingent Capital Facility of up to \$50m equivalent in local currency (PKR 8.25bn). IZP will adopt high quality HSES, development impact, climate change and gender equality standards.

Direct impact on people

SDG assessment ● →
7 – Access to affordable, reliable infrastructure.

Direct impact on planet

SDG assessment ● ↗
13 – Climate change mitigation.

Wider economy

SDG assessment
8.5 – Sustain productive employment.

Expected impact across all dimensions

Impact will be monitored by asset as the business provides guarantees.

Largest impact will be felt by consumers and businesses that are highly dependent on the infrastructure provided.

Market transformation

Challenge: A significant unmet demand need for long-term local currency financing for infrastructure projects in Pakistan.

Channel: Establishment of a local credit enhancement facility (IZP) to issue local credit guarantees for infrastructure-related debt instruments.

Outcome: Improved capital market efficiency through significantly increased flow of local currency investment to infrastructure projects in Pakistan.

PIDG TA

USD 1 million grant was awarded for the platform set up and \$166k for capacity building events.

Climate risk

Transition: The company will only pursue Paris aligned projects.

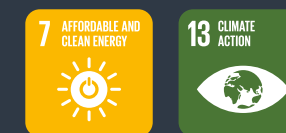
Physical: The company will consider physical risks and mitigate any risks for each guarantee.

Gender

There are three women within the senior management team, including the CEO, CIO and legal counsel.

Infrazamin, like InfraCredit Nigeria and other credit enhancement facilities that we are developing, is a PIDG Group-wide investment, combining PIDG Technical Assistance (TA) for feasibility, equity from InfraCo Asia and, in 2021, callable capital from GuarantCo.

Piloting storage technology



Total commitment:
\$19m

Increase access of reliable electricity to **66k consumers** to improve quality of life and expected to avoid/reduce **6.3k tCO2e per year** through the displacement of thermal power.

Mozambique
LDC and FCAS

EAIF

Cuamba Solar

\$19m of debt and \$7m of viability gap funding from PIDG TA to develop, construct and operate 19MW greenfield solar plant and 7MWh battery energy storage in Cuamba, Mozambique.

Direct impact on people

SDG assessment ● →
7.1 + 7.2 – Access to affordable and reliable renewable energy.

Expected impact

66k consumers are expected to benefit across a mix of income groups/gender. Largest impact will be felt by users that consume the most power.

Direct impact on planet

SDG assessment
13 – Climate change mitigation.

Expected impact

Avoid 6.3k tCO2e per year.

Market transformation

Challenge: Solar energy is intermittent which poses challenges for operation of the grid to consistently and reliably meet electric demand.

Channel: Demonstration of first utility scale energy storage system in Mozambique and one of the first in SSA.

Outcome: The utility and the project company will share the data and learnings publicly which should encourage other utilities and investors to adopt battery technology in the future.

PIDG TA

\$7m of viability gap funding was provided along with \$130k for an advisor to the utility to build capacity and support the completion of commercial agreements.

Climate risk

Transition: Paris aligned.

Physical: Risks considered and where possible mitigated.

Piloting electric vehicles



Total commitment:
\$2.8m

Enable 2k drivers at any one time to buy or lease electric motorcycle taxis to reduce greenhouse gas emissions and local air pollutants, particularly NOx.

Uganda
LDC and FCAS

InfraCo Africa

Zembo

\$2.83m of equity to deploy 2k new electric bikes and more than 60 charging stations which use a mix of solar PV and grid power in Kampala, Uganda.

Direct impact on people

SDG assessment ● →
11.6 + 13 – Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality.

Expected impact
Urban communities will benefit from reduced air pollution as the model scales up. The largest impact will be felt by people suffering from air pollution issues.

Direct impact on planet

Expected impact
Reduce/avoid new greenhouse gas emissions.

Market transformation

Challenge: Rapid urban growth and limited public transport has led to congestion and poor air quality in Kampala.
Channel: Demonstrate viability of low emission public transport and electric vehicle market.
Outcome: Enable expansion of the EV sector in Uganda and play an important role in building the necessary legislative framework for similar business models.

Climate risk

Transition: Paris aligned.
Physical: Risks considered and where possible mitigated.

Building energy efficient housing



Total commitment:
\$78.2m

Provided support across three companies to build energy efficient accommodation for 22.7k students with integrated gender and disability considerations.

Kenya
LMIC and FCAS

InfraCo Africa / EAIF / GuarantCo

Acorn

With PIDG's support, Acorn have raised \$78.2m in private sector investment to add beds for 22.7k students and build energy efficient housing units.

Direct impact on people

SDG Assessment ● →
11.1 – Ensure access for all to adequate, safe and affordable housing.

Expected impact
22.7k students are expected to benefit. 48% are anticipated to be women. The largest impact will be felt by first time students or students currently living in worse conditions.

Direct impact on planet

SDG assessment
13 – Climate change mitigation.

Expected impact
Buildings will comply with IFC EDGE, reducing their environmental impact by at least 20%.

Market transformation

Challenge: At the time of this commitment, only one I-REIT has been established since 2015 in the country.
Channel: Demonstrate REITs offer a viable funding source for the affordable housing sector.
Outcome: Improved capital market efficiency through an increase in the number of REITs in the country that will be publicly listed, increasing overall flow of financing to eligible housing projects.

PIDG TA

Provided \$212k to support the sub-national loan note issue and \$64k to cover legal advisory and exchange listing fees for the listing of the local currency green bond on the London and Nairobi Stock Exchanges.

Mobilisation

GuarantCo/EAIF mobilised \$65.1m of domestic debt and equity.

Climate risk

Transition: Paris aligned.
Physical: Risks considered and where possible mitigated.

Gender

Acorn has developed solutions to ensure the safety and well-being of female students. This includes employing female housekeeping and security staff, having dedicated female floors and rooms, CCTV, improved lighting around the buildings and restricted access through biometric cards.

Disability

Rooms have also been designed for prospective students with disabilities. Design features include lowered counter tops, beds and widened lifts and designated washrooms across communal areas.

Spotlight

Ninh Thuan solar, InfraCo Asia

PIDG helping to transform markets in Vietnam



Financial Close:

Q4 2018

InfraCo Asia Development (IASD) and InfraCo Asia Investment (IASI)

PIDG commitments:

\$10.62 (IASD) + \$9m (IASI)

The project is a 168 MWp utility-scale solar farm located in the My Son commune, Ninh Son district, Ninh Thuan province of Vietnam. Power generated is sold to EVN (the national utility company) under a 20 year Power Purchase Agreement (PPA).

Challenge

Prior to Ninh Thuan, a solar PPA in Vietnam was considered unbankable due to several factors.

- Required local rather than international arbitration.
- Contract could be cancelled with only 12 months of revenues payable as compensation (rather than the full term).
- Insufficient protection from curtailment, as the offtaker (EVN) – could reduce its purchase of electricity at times of high overall generation.

Solution

PIDG was able to help address these concerns in several ways, providing comfort to lenders and allowing the project to go ahead.

- Curtailment risk was addressed by connecting to a second transmission line with more spare capacity.
- PIDG led discussions between the debt provider and Vietnamese authorities to discuss concerns around arbitration and ensuring the PPA was honoured.
- Extensive modelling was done to show that it was very unlikely that the contract would be cancelled due to Vietnam’s future energy needs.

Transforming markets

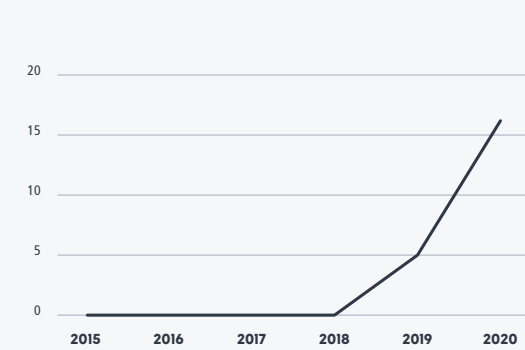
Risks were demonstrated to be lower than feared:

- EVN has fully honoured the contract, with limited curtailment during the time InfraCo Asia was involved in the project.
- A more generous tariff had been offered as part of the PPA, compared with an average price of 5–6 cents in solar PV auctions in the region.
- Initial findings from independent evaluators¹ found that no one today is concerned about the bankability of solar in Vietnam, a sharp contrast with the pre-Ninh Thuan situation, where developers found it impossible to attract investment because of such concerns.

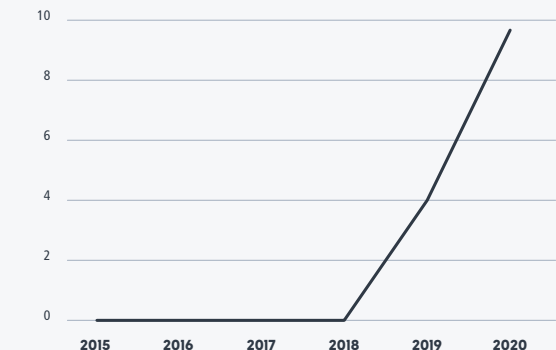
The demonstration effects of Ninh Thuan have led to a huge increase in solar capacity in Vietnam.

- 1.7 GW of generation capacity added in Vietnam since PIDG’s investment in Ninh Thuan.
- Independent evaluators found that demonstration effect created by Ninh Thuan was one of the most important factors in the expansion of solar capacity in the country.
- “The combination of a generous tariff and low risks as demonstrated by Ninh Thuan seems to have led to the huge increase in solar capacity in Vietnam that followed, with 1.7 GW of generating capacity added.” Itad May 2022²

Vietnam installed solar capacity (GW)³



Vietnam Solar energy production (TWh)³



1. An Owner commissioned independent evaluation of the development impact of PIDG is currently ongoing undertaken by Itad.
 2. Vietnam Country Report, Evaluation of the development impact of PIDG (May 2022 draft), Stephen Spratt, Talar Bogosyan, Dirk Willenbockel, Ly Quoc Dang and Chris Barnett, submitted by Itad.
 3. Source: BP (2021) BP Statistical Review of World Energy 2021. London. <https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/xlsx/energy-economics/statistical-review/bp-stats-review-2021-all-data.xlsx>

Mobilisation of funding from private sector and development finance sources

66

Since 2002, PIDG-supported projects have mobilised \$37.6bn in total, including \$23bn 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 frontier role, often mobilising private capital in deals where no other DFI is involved, PIDG 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 next both the overall private sector mobilisation in PIDG projects and the OECD attribution, where relevant.

The table opposite shows the amount of PSI mobilised:

- a comparison for the years 2012-2019 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 2021 with the figures calculated according to OECD's methodology. The OECD figures will be confirmed when its exercise takes place in mid-2022.

As the table shows, during 2012-20 PIDG-supported projects mobilised \$13.8bn, with \$6.7bn attributed per OECD methodology. For 2021, PIDG-supported projects mobilised \$0.99bn in private sector financing; the OECD approach would allocate \$0.3bn of this to PIDG.

Total investment commitments (TIC) mobilised by PIDG activities, by sector: 2002-2021 (\$m)

	Total investment commitments	Private sector investment	DFI investment	Grant**
Agri-infrastructure	473.6	201.0	259.1	13.6
Bulk storage / logistics	1,232.3	836.3	395.4	0.5
Digital communications infrastructure	11,061.1	8,788.3	2,272.8	-
Energy	11,490.2	4,935.8	6,528.4	25.7
Gas transportation, distribution and storage	773.1	502.5	270.6	-
Manufacturing	3,921.9	2,183.7	1,738.2	-
Mining and upstream oil and gas	527.0	218.7	308.3	-
Multi-sector	942.7	439.0	497.3	6.4
Oil transportation, distribution and storage	715.0	429.0	286.0	-
Social infrastructure	260.5	203.9	56.6	-
Transportation	5,929.6	4,159.4	1,769.7	0.4
Water, sewerage and sanitation	288.7	122.6	163.3	2.8
Total	37,615.6	23,020.2	14,545.8	49.4

* Energy DFI includes \$34m mobilisation from State-Owned Entities

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

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

2021 results	\$m	OECD results compared to PIDG 2012-2020	\$m
PSI mobilised by projects supported by PIDG	987.4	PIDG: Reported PSI mobilisation by projects for 2012-20	13,815.5
Estimated PSI mobilised as per OECD methodology	323.8	Share of PSI attributed by OECD 2012-20	6,714.7

67

Predicted access

by sector (2002-2021)

68 **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 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 PIDG website.

Estimated number of people with new or improved access to infrastructure timescale

	Predicted access (cumulative)
Agri-infrastructure	148,737
Bulk storage / logistics	3,352,615
Digital communications infrastructure	52,525,751
Energy	98,807,196
Gas transportation, distribution and storage	28,664,195
Manufacturing	17,837,003
Mining and upstream oil and gas	27,500
Multi-sector	1,320,489
Oil transportation, distribution and storage	3,306,105
Social infrastructure	69,477
Transportation	13,841,002
Water, sewerage and sanitation	535,936
Total	220,436,006

Projected employment

(2002-2021)

69 **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.

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.

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.

Actual or predicted cumulative employment directly generated by PIDG-supported projects

	Short-term employment	Long-term employment
Agri-infrastructure	2,882	8,001
Bulk storage / logistics	7,276	1,395
Digital communications infrastructure	4,366	10,720
Energy	21,228	1,116
Gas transportation, distribution and storage	2,527	357
Manufacturing	11,973	4,277
Mining and upstream oil and gas	1,000	425
Multi-sector	175	940
Oil transportation, distribution and storage	3,800	2,000
Social infrastructure	4,796	332
Transportation	10,710	221,318
Water, sewerage and sanitation	585	49
Total	71,318	250,930

Commitments by infrastructure sector

In 2021, PIDG committed more than

\$507m

- being

\$480m

to 21 projects and

\$27m

to 37 PIDG TA grants

Of these commitments:

By value	- 51% were to projects in Fragile States
	- 51% were to projects in Least Developed or Other Low Income countries (DAC I/II)
By number of projects, excluding PIDG TA and DevCo	- 57% were in Fragile States
	- 57% were in Least Developed or Other Low Income countries (DAC I/II)
By number of grants	- 43% were in Fragile States
	- 46% were in Least Developed or Other Low Income countries (DAC I/II)

In 2021, **86%** of PIDG commitments to energy generation projects were to renewables

In 2021, **90%** (by number) of the energy generation projects invested in by PIDG were renewable

PIDG Commitments by Sector: 2021 (\$m)

	PIDG commitments	%
Agri-infrastructure	2.5	0.5%
Bulk storage / logistics	3.5	0.7%
Capital market development (TA only)	2.3	0.5%
Digital communications infrastructure	15.5	3.1%
Energy	283.6	55.9%
Manufacturing	40.6	8.0%
Multi-sector	33.5	6.6%
Social infrastructure	72.0	14.2%
Transportation	49.9	9.8%
Water, sewerage and sanitation	3.8	0.7%
Total	507.1	100.0%

Since 2002, PIDG has committed

\$4.8bn

of which \$4.6bn in 250 investments and \$176m in 344 PIDG TA grants and DevCo mandates

Of these cumulative commitments made by PIDG since 2002:

By value	- 52% were to projects in Fragile States
	- 46% were to projects in Least Developed or Other Low Income countries (DAC I/II)
By number of projects, excluding PIDG TA and DevCo	- 52% were in Fragile States
	- 53% were in Least Developed or Other Low Income countries (DAC I/II)

PIDG commitments by sector: Cumulative (\$m)

	PIDG commitments	%
Agri-infrastructure	100.3	2.1%
Bulk storage / logistics	173.6	3.6%
Capital market development (ta only)	6.5	0.1%
Digital communications infrastructure	687.3	14.4%
Energy	1,757.6	36.7%
Gas transportation, distribution and storage	168.5	3.5%
Manufacturing	425.5	8.9%
Mining and upstream oil and gas (legacy)	46.2	1.0%
Multi-sector	389.6	8.1%
Oil transportation-distribution and storage (legacy)	96.1	2.0%
Social infrastructure	263.9	5.5%
Transportation	583.7	12.2%
Water, sewerage and sanitation	89.7	1.9%
Total	4,788.4	100.0%

Active portfolio at end 2021

	PIDG commitments	%
Agri-infrastructure	30.3	0.9%
Bulk storage / logistics	154.9	4.6%
Capital market development (ta only)	4.0	0.1%
Digital communications infrastructure	303.1	9.0%
Energy	1,473.4	43.9%
Gas transportation, distribution and storage	103.9	3.1%
Manufacturing	174.8	5.2%
Multi-sector	338.7	10.1%
Oil transportation-distribution and storage (legacy)	96.1	2.9%
Social infrastructure	261.4	7.8%
Transportation	343.5	10.2%
Water, sewerage and sanitation	73.9	2.2%
Total	3,357.9	100.0%

PIDG commitments by geographies

In 2021, PIDG committed more than **\$507m** – over **\$480m** to 21 projects and **\$27m** to 37 PIDG TA grants

Africa vs. Asia

Commitments made in 2021

By value	<ul style="list-style-type: none"> 81% were to projects in Africa 18% were to projects in south and south-east Asia and Pacific 1% were to projects in other or multiple regions
By number of projects	<ul style="list-style-type: none"> 86% were in Africa 14% were in south and south-east Asia and Pacific

Cumulative commitments

By value	<ul style="list-style-type: none"> 70% were to projects in Africa 22% were to projects in South and south-east Asia and Pacific 8% were to projects in other or multiple regions
By number of projects	<ul style="list-style-type: none"> 68% were in Africa 28% were in South and south-east Asia and Pacific 4% were in other or multiple regions

DAC and FCAS

Commitments made in 2021

By value	<ul style="list-style-type: none"> 51% were to projects in Fragile States 51% were to projects in Least Developed or Other Low Income countries (DAC I/II)
By number of projects	<ul style="list-style-type: none"> 57% were in Fragile States
[Excluding PIDG TA and DevCo]	<ul style="list-style-type: none"> 57% were in Least Developed or Other Low Income countries (DAC I/II)
By number of grants	<ul style="list-style-type: none"> 43% were in Fragile States 46% were in Least Developed or Other Low Income countries (DAC I/II)

Commitments made in 2021

By value	<ul style="list-style-type: none"> 52% were to projects in Fragile States 46% were to projects in Least Developed or Other Low Income countries (DAC I/II)
By number of projects	<ul style="list-style-type: none"> 52% were in Fragile States
[Excluding PIDG TA and DevCo]	<ul style="list-style-type: none"> 53% were in Least Developed or Other Low Income countries (DAC I/II)

PIDG commitments by energy

In 2021, **86%** of PIDG commitments to energy generation projects were to renewables

In 2021, **90%** (by number) of the energy generation projects invested in by PIDG were renewable

PIDG energy commitments (2002-2021)

	PIDG commitments (\$m)	
Renewable	1,019.5	64%
Biomass	87.0	9%
Geothermal	45.6	4%
Hybrid	17.0	2%
Hydro	348.7	34%
Solar	470.4	46%
Wind	50.8	5%
Non-renewables	583.8	36%
Coal	1.8	0%
Gas	423.6	73%
Hybrid	15.5	3%
Oil	143.0	24%

Commitments by year (\$m)

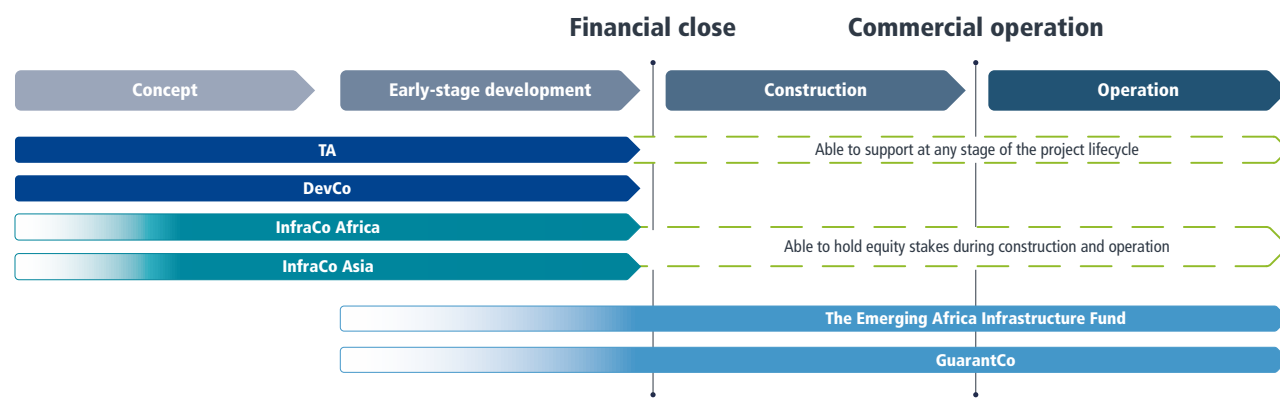
	2003-08	2009-14	2015-21	Total
Renewable	59.8	154.4	805.3	1,019.5
(% of total commitments)	42%	38%	77%	46%
Biomass	0.7	38.6	47.8	-
Geothermal	-	15.0	30.6	-
Hybrid	-	-	17.0	-
Hydro	48.6	58.1	242.0	-
Solar	2.2	14.9	453.4	-
Wind	8.3	27.9	14.6	-
Non-renewables	82.7	254.9	246.2	583.8
(% of total commitments)	58%	62%	23%	36%
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	1,051.5	1,603.3

PID GTA Companies at a glance



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); and/or
- 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	UK Aid, DGIS, SECO, Sida, World Bank-IFC, DFAT
Cumulative PIDG Member funding disbursed to the PIDG Trust	\$148.1m
Total commitments by PIDG TA at 31 December 2021	\$51.3m to 262 TA Grants \$6.8m to 7 Capital Grants \$63.5m to 10 VGF Grants \$15.3m to 3 DevCo Grants
PIDG TA's 2021 commitments	\$10.1m for 33 TA Grants \$1.4m for 1 Capital Grant \$12.2m for 2 VGF Grants \$3.3m to 1 DevCo Grant

PIDG TA approved 37 new grants in 2021, including:	Countries	Project
	Kenya	Kenya PPP Unit – Technical Assistance support programme
	Ethiopia	Corbetti – Solar pre-feasibility study
	Senegal	Port Autonome de Dakar – Development and advisory costs
	Tunisia	Limaoua Solar – Due diligence
	Nepal	Nabil Bank – Transaction support costs
	Pakistan	InfraZamin – Capacity building events
	Kenya	Hass Kenya Road Annuity Programme – Conflict analysis
	Cote d'Ivoire	Biovea – VGF
	Multiple Countries (SSA)	Equatorial Power – Capital grant

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	UK Aid, 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 2021	\$39.7m to 62 projects/mandates, including 42 that have reached Financial Close, 9 that have reached commercial close, 6 under active development, and 5 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

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

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At a glance

Established	InfraCo Africa Limited (IAfD): 2004 InfraCo Africa Investment Limited (IAfI): 2014
PIDG Members who have provided funding	IAfD: UK Aid, DGIS, SECO IAfI: UK Aid
Cumulative PIDG Member funding	InfraCo Africa Development: \$296.2m InfraCo Africa Investments: \$79.8m
Managed by	InfraCo Africa
Total commitments as at 31 Dec 2021	IAfD: \$179.1m to develop 30 projects, 20 of which have reached Financial Close IAfI: \$38m to develop 3 project, 2 of which have reached Financial Close
2021 commitments	IAfD: \$9.5m across 3 new projects, all of which reached Financial Close IAfI: \$11m across two new projects, 1 of which reached Financial Close

Projects that reached Financial Close in 2021 (InfraCo Africa Development, unless stated)

- East Africa Marine Transport, Multiple Countries
- Acorn Affordable Student Housing REIT, Kenya – IAfI
- Bonergie Irrigation II, Senegal
- Kudura Power East Africa, Kenya
- Zembo EV, Uganda

Projects that became operational in 2021

- Salima Solar, Malawi

Expected development impact

	2021	Cumulative
Financially-closed projects	5	22
Total investment commitments (TICs) (\$m)	69.3	1,457.4
% of projects in LDC/OLIC		72.7%
% of projects in FCAS		51.5%
Access (in millions)	0.62	11.0
Job creation: short-term	1,843	6,008
Job creation: long-term	739	1,700
Fiscal benefits (\$m)	3.6	521.0

Note:

- Note: this table combines the results for InfraCo Africa Development and InfraCo Africa Investments.

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At a glance

Established	InfraCo Asia Development Pte Limited (IASD): 2010 InfraCo Asia Investments Pte Limited (IASI): 2014
PIDG Members who have provided funding	IASD: UK Aid, SECO, DFAT, DGIS IASI: UK Aid
Cumulative PIDG Member funding	IASD: \$187.1m IASI: \$98.9m
Managed by	InfraCo Asia
Total Commitments as at 31 Dec 2021	IASD: \$117.32m to develop 30 projects, of which 15 have reached Financial Close IASI: \$77.7m on 7 projects, all of which have reached Financial Close
2021 Commitments	IASD: \$3.5m on 1 project, which reached Financial Close IASI: \$9.9m to 1 IASD project that reached Financial Close

Projects that reached Financial Close in 2021

- Pareng Hydro Power, India
- Nepal Rooftop Solar – Phase 1
- Kandal Cold Storage, Cambodia – Phase 1

Expected development impact

	2021	Cumulative
Financially-closed projects (IASD, IASi or both)	3	17
Total investment commitments (TICs) (\$m)	33.0	820.7
% of projects in LDC/OLIC		31.3%
% of projects in FCAS		37.5%
Access (in millions)	0.1	4.2
Job creation: short-term	365	4,629
Job creation: long-term	72	1,041
Fiscal benefits (\$m)	0.7	52.8

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	UK Aid, DGIS, Sida, SECO
Cumulative PIDG Member funding	\$394.9m
Fund capacity	Capacity of over \$1.1bn
Managed by	Ninety One
Total commitments as at 31 Dec 2021	\$2,114m to 96 projects, of which 90 have reached Financial Close
2021 commitments	\$252.4m to 9 projects, of which 3 reached Financial Close

Projects that reached Financial Close in 2021

- Kesses Solar, Kenya
- Indorama Eleme Fertilizer and Chemicals Ltd (IEFC) – FCU II, Nigeria
- Ciprel V, Cote d'Ivoire
- Liquid Telecoms, Multiple Countries
- Cuamba Solar, Mozambique
- Central Termica de Temane, Mozambique

Projects that became operational in 2021

- Kigali Bulk Water, Rwanda
- Kenmare, Mozambique
- Sonatel, Senegal

Expected development impact

	2021	Cumulative
Financially-closed projects	6	90
Total investment commitments (TICs) (\$m)	2,031.9	25,558.1
Private sector investment commitments (\$m)	854.5	15,192.9
% of projects in LDC/OLIC		72.9%
% of projects in FCAS		63.5%
Access (in millions)	7.7	151.4
Job creation: short-term	2,143	36,927
Job creation: long-term	99	23,104
Fiscal benefits (\$m)	37.2	2,388.1

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	2006
PIDG Members who have provided funding	UK Aid, SECO, DGIS and DFAT, plus DGIS through FMO
Cumulative PIDG Member funding	\$322.8m
Fund capacity	Capacity of over \$1.5bn
Managed by	GuarantCo Management Company Ltd
Total commitments as at 31 Dec 2021	\$1,466.1m to 64 projects, of which 56 have reached Financial Close
2021 commitments	\$194.0m to 6 projects, 1 of which reached Financial Close

Projects that reached Financial Close in 2021

- Pran Agro Limited 1, Bangladesh
- Acorn Holdings Expansion, Kenya
- Infra Zamin Pakistan
- Shams – Phase 1, Pakistan
- Bboxx Kenya

Expected development impact

	2021	Cumulative
Financially-closed projects	5	56
Total investment commitments (TICs) (\$m)	136.0	6,001.5
Private sector investment commitments (\$m)	96.8	4,975.4
% of projects in LDC/OLIC		32.8%
% of projects in FCAS		53.1%
Access (in millions)	0.5	43.1
Job creation: short-term	718	13,693
Job creation: long-term	990	221,499
Fiscal benefits (\$m)	27.7	1,810.0

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	\$10m; current carrying value \$7.8m
Managed by	Cordiant Capital Inc.
Total commitments as at 31 Dec 2021	\$568.4m to 19 projects that have reached Financial Close and / or have been repaid

Expected development impact

	2021	Cumulative
Financially-closed projects		19
Total investment commitments (TICs) (\$m)		3,747.5
% of Committed investment in LDC/OLIC		25.8%
% of Committed investment in FCAS		30.8%
Access (in millions)		10.5
Job creation: short-term		9,981
Job creation: long-term		3,562
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	UK Aid, Norway MFA
Cumulative PIDG Member funding	\$44.7m gross; \$12.5m net of repayments
Total commitments as at 31 Dec 2021	\$21.1m to 1 project that has reached Financial Close

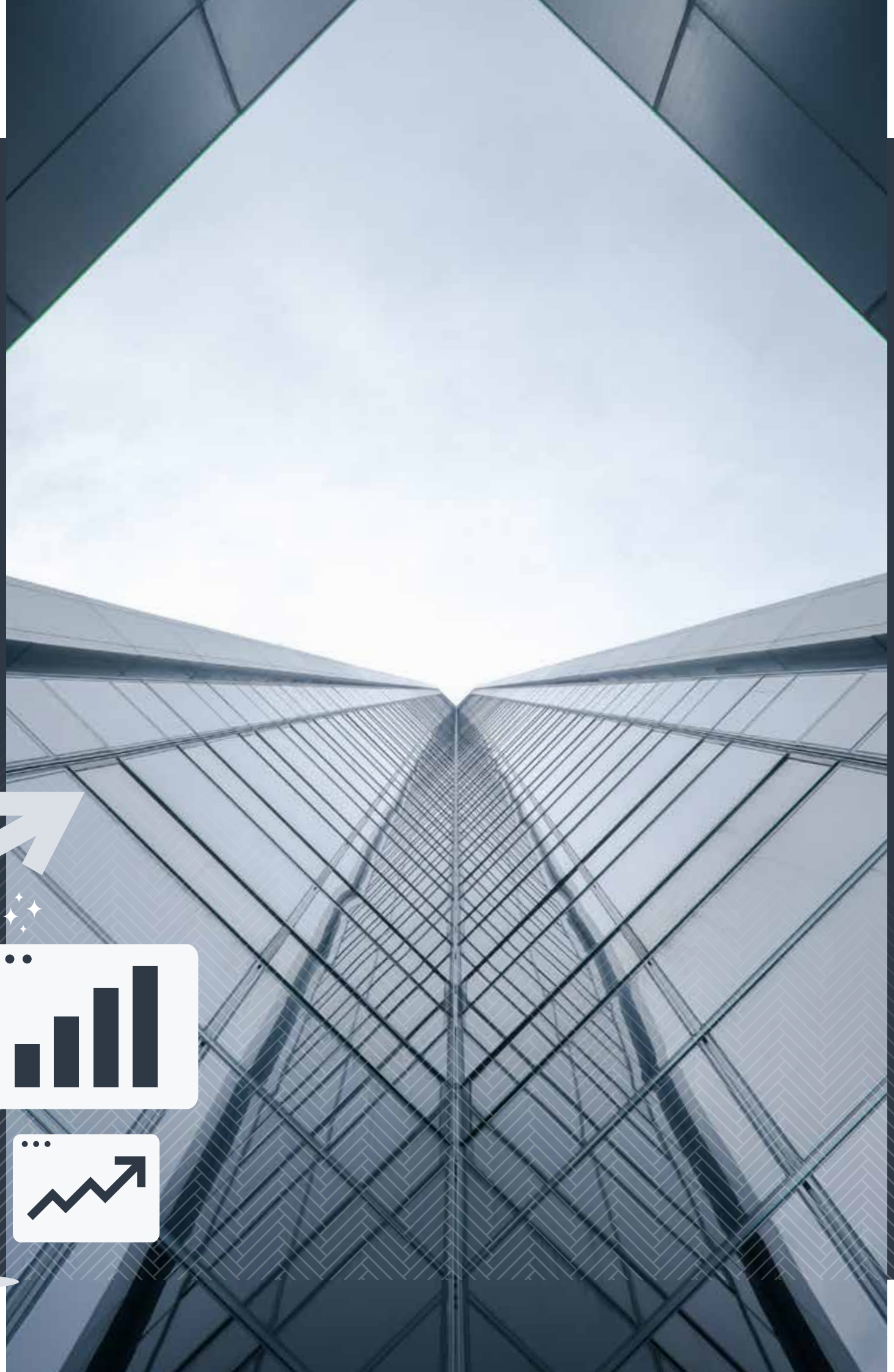
Expected development impact

	2021	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



Owner funding

PIDG Member and other donor funding table

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Donor/Company (\$m)	 UK Aid	 DGIS	 SECO	 DFAT	 Sida	 FMO	 KfW	 WB-IFC	 Norway MFA	Other ¹	Total
PIDG Group (2021)	101.4	20.0	4.3	0.8	0.7	-	-	0.6	-	-	127.8
Cumulative 2002-2021											
TA	92.6	22.3	21.0	0.6	0.2	-	-	7.9	-	3.5	148.1
DevCo	63.5	5.5	-	-	3.3	-	-	11.7	-	7.0	91.1
InfraCo Africa Development	183.8	71.0	35.1	-	-	-	-	-	-	6.4	296.2
InfraCo Africa Investment	79.8	-	-	-	-	-	-	-	-	-	79.8
InfraCo Asia Development	99.0	34.5	21.6	32.0	-	-	-	-	-	-	187.1
InfraCo Asia Investments	98.9	-	-	-	-	-	-	-	-	-	98.9
EAI ³	322.9	30.0	22.0	-	20.0	-	-	-	-	-	394.9
GuarantCo ⁴	214.9	5.0	46.9	7.0	15.0	34.0	-	-	-	-	322.8
ICF Debt Pool	-	-	-	-	-	-	7.8 ⁵	-	-	-	7.8
GAP	6.4 ³	-	-	-	-	-	-	-	6.1	-	12.5⁶
AgDevCo ⁴	67.0	-	-	-	-	-	-	-	-	-	67.0
Project Development	2.6	0.1	0.3	-	0.1	-	-	0.3	0.5	-	4.0
Total less admin	1,231.5	168.4	146.8	39.6	38.6	34.0	7.8	19.9	6.6	16.9	1,710.1
General admin	22.9	7.8	9.4	4.5	6.4	-	2.0	6.2	2.1	3.3	64.7
Totals	1,254.4	176.2	156.2	44.0	45.0	34.0	9.8	26.2	8.7	20.2	1,774.8²

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

2. Total 2021 contributions represents all net cash disbursements received by the PIDG Trust from the Owners as at 31 December 2021. 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.

3. UK Aid includes disbursements from BEIS to GAP.

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

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

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

Other sources of funding (\$m)

as at 31 December 2021










In addition to the net \$1.8bn 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. The total of all funding disbursed or committed is now cumulatively \$3.5bn¹.

During PIDG's 20 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)	 UK Aid	 AFD	 FMO	 DFAT	 KfW	 AfDB	 Allianz	 Standard Chartered	 GAC	Total
TA	23.5 ²	-	-	-	-	-	-	-	-	23.5
InfraCo Africa Development	54.3 ²	-	-	-	-	-	-	-	-	54.3
InfraCo Asia Development	42.4 ²	-	-	-	-	-	-	-	-	42.4
EAI ³	-	-	-	-	-	-	-	-	-	-
GuarantCo ⁴	-	-	50.0	-	334.1	75.0	110.3	50.0	-	619.4
ICF Debt Pool ⁵	-	-	-	-	176.2	-	-	-	-	176.2
Debt	176.0	113.8	-	-	-	-	-	-	31.8	321.6
Debt	-	-	-	-	-	-	-	-	-	-
Totals	296.3	113.8	50.0	-	510.3	75.0	110.3	50.0	31.8	1,237.5⁶

1. \$3.5bn includes amounts provided by KfW to ICF-Debt Pool that have now been repaid (see note 5 below), as well as future commitments due from Owners under letters of arrangements with them.

2. In addition to the funding disbursed by UK Aid, 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 2021, the amount of undisbursed cash under issued promissory notes stood at \$120.3 (£88.8m).

3. EAI³ has access to committed loans as at 31 December 2021 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.

4. GuarantCo:

- Access to £130m callable capital arrangement with UK aid 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 UK aid 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).

5. ICF Debt Pool:

As at 31 December 2021, €154m was disbursed net of repayment from an original commitment of €500m.

6. Of, \$1,237.5m of other sources of funding, \$770.0 is outstanding and currently available for use.

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 unaudited consolidated results below (based on the audited results of its Group entities).

In 2021 the Group's income decreased when compared to 2020 due to a reduction in income and deal flow in GuarantCo and delays in closing transactions, in part due to COVID-19. Administrative and other costs were broadly flat, whilst third party fund management fees and project costs increased as the portfolio grows.

Fair value movements includes the valuation of project investments under International Private Equity and Venture Capital Valuation (IPEV) guidelines. The result also includes expected credit losses for the credit companies. In 2021 GuarantCo experienced \$33m of fair value losses and \$17m of expected credit losses on its guarantee portfolio (2020: \$5m and \$3m respectively). The Group ended 2021 with total equity of \$1,058m, up from \$1,034m in 2020.

Unaudited consolidated income statement

USD'm	Year Ended 31 Dec 2021	Year Ended 31 Dec 2020
Guarantee fees and net interest income	52.6	56.8
Other income	18.8	20.9
Total income	71.4	77.7
Fund manager fees	(33.9)	(28.7)
Project development expenditure	(23.8)	(16.9)
Administrative and other costs	(29.9)	(28.9)
Total expenditure	(87.6)	(74.5)
Income less expenditure	(16.2)	3.2
Fair value movements and impairments	(60.8)	(11.1)
Loss before tax	(77.0)	(7.9)
Tax	(0.9)	(1.4)
Loss after tax	(77.9)	(9.3)
Attributable to:		
Owners of the Companies	(72.0)	(9.4)
Non-controlling interests	(5.9)	0.1
Loss after tax	(77.9)	(9.3)
Other comprehensive income (OCI)	(0.7)	-
Total comprehensive loss for the year	(78.6)	(9.3)
Attributable to:		
Owners of the Companies	(72.8)	(9.3)
Non-controlling interests	(5.9)	-
Total comprehensive loss for the year	(78.7)	(9.3)

Other income includes investment income and grant funding

Unaudited consolidated statement of financial position

USD'm	Year Ended 31 Dec 2021	Year Ended 31 Dec 2020
Investments in subsidiaries, JVs and associates	144.8	76.1
Loans and advances and related instruments	754.6	755.1
Guarantee and financial instruments at FVTPL	128.4	130.3
Money Market Funds	131.7	147.6
Other assets	28.1	31.4
Cash at bank	265.2	206.1
Total assets	1,452.8	1,346.6
Loans and Borrowings and related instruments	(244.1)	(211.7)
Guarantee and financial instruments at FVTPL	(62.8)	(30.7)
Other liabilities	(87.6)	(70.7)
Total liabilities	(394.5)	(313.1)
Total equity	1,058.3	1,033.5
Attributable to:		
Owners of the Companies	1,033.9	1,003.3
Non-controlling interests	24.4	30.2
	1,058.3	1,033.5

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 Owner 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 to continue 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 2021:

- 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 2021.

The results for 2020 have been restated in line with the audited statutory accounts for EAIF for the year ended 31 December 2021.

All of these statutory accounts received unqualified 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 and InfraCo Africa Investments 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. PIDG Trust GA results have also been treated in the same way.

These GA costs represent the general administration costs incurred by the Private Infrastructure Development Group Limited (PIDG Ltd.) statutory entity for the year ended 31 December 2021 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 2021.

In terms of technical assistance costs, TA and DevCo costs have been excluded as PIDG's objective is to achieve ongoing sustainability without the consideration of TA. The results of ICF Debt Pool have also been excluded as this reflects that the PIDG Group does not have any portfolio management responsibility for the 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.

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.

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 Ninety-One (formerly part of Investec Asset Management) for running GuarantCo and EAIF respectively. The reduction in income reflects lower fee income due to fewer transactions closing, 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 in expected credit losses mainly related to certain guarantees on transactions within GurantCo.

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 2021 include \$47m disbursed by FCDO and \$3.4m disbursed by SECO just prior to the year-end. Cash balances (and government 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 metrics

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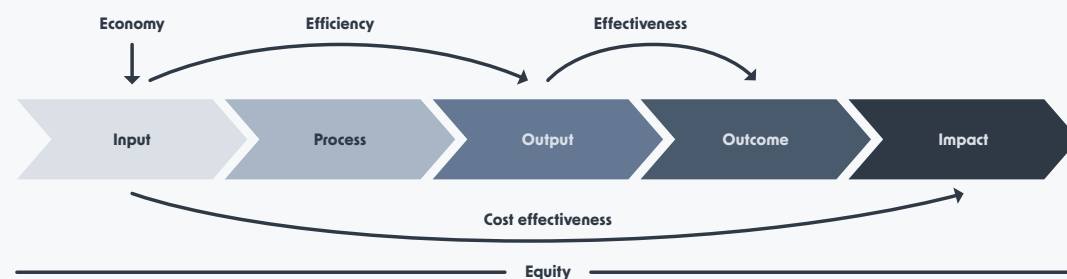
Value for money (VfM), in the context of PIDG's mission, is about maximising the impact of each dollar spent to improve the key outcomes PIDG is focused on – delivering infrastructure where most needed to reduce poverty and address climate change.

PIDG has considered what constitutes good value for money for our Owners and therefore the way in which our inputs are best transformed into our outputs, outcomes and overall impact such that we can maximise the impact of each dollar we spend against our objectives.

Value for money metrics: The 4 E's framework

PIDG considers and tracks a wide range of metrics; below are those deemed currently most suitable and meaningful to demonstrate this. In order for PIDG to demonstrate how it is making the best use of every dollar received in funding, we have applied the "4 E's" model to report on metrics covering the following areas:

- 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.



Economy

In the context of the 4E framework, economy relates to how well PIDG convert costs into inputs such that they are suitable for purpose and are no more than what is required and are utilised to the maximum extent. This includes the degree to which inputs are being purchased in the right quantity and at the right price.

Overall service

PIDG's credit companies services were market tested / competitively tendered (most recently in 2016) and the operation of these companies was outsourced on a best bid basis. EAIF is currently managed by Ninety One and GuarantCo by GuarantCo Management Company Ltd.

Staff costs

The Group is subject to an overall remuneration framework set by its Owners.

Procurement

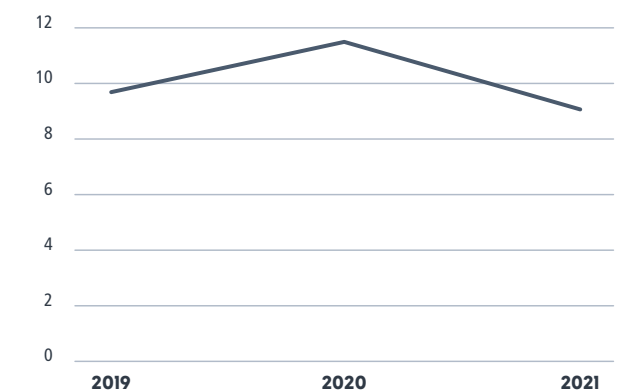
The Group operates a procurement policy and procedures to ensure this is operated on an economic basis - this includes obtaining a number of competitive quotes and formal tenders at various levels of expenditure. In addition, to ensure transparency of our expenditure, all procurement spend or contracts with a value in excess of \$10,000 are published on our websites on a quarterly basis.

Project commitments

PIDG monitors the level of its financial commitments to projects as a percentage of administrative / non project costs, as shown in this section. The fall in this ratio reflects both a rise in costs to support the future growth of the Group as we scale up, but also a slight slowdown in commitments due to factors such as the impact of COVID-19 on our projects. Whilst the Group still enjoys a robust project pipeline, factors such as this – and some localised conflicts – have slowed down the ability to progress a number of projects as quickly as planned.

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New commitments/non project costs (\$)



Efficiency

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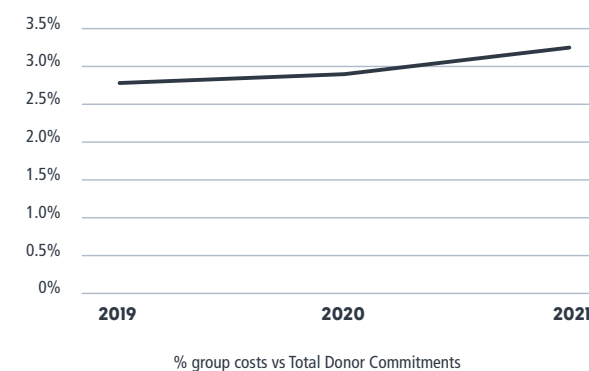
Efficiency involves assessing how efficiently the project is delivering its outputs, considering the rate at which intervention inputs are converted to outputs and its cost-efficiency. As efficiency metrics relates to processes, we have adapted metrics for the PIDG Companies to reflect their business drivers. In addition, Group wide metrics are also reported below.

For the Developer-Investor businesses, PIDG considers costs as a percentage of Owner future commitments available for the companies as operating costs reflect the cost of deploying the full amount committed by the Owners, not just the amount that has been drawn down.

For the Credit Solutions businesses, both GuarantCo and EAIF are able to leverage off Owner contributions and hence their capacity to fund or guarantee projects is a multiple of their net assets. PIDG considers costs as a percentage of this leveraged capacity.

Despite continued investment across the Group in 2021, Group costs as a percentage of total Owner commitments remain close to 3%. As a result of the expiry of Owner's multi-year funding arrangements at the end of 2021, which are currently being renewed, future commitments are modest in comparison with prior years' data presented. The renewal of these arrangements is expected to lower the ratio in 2022.

Group operating costs vs Total Owner Commitments



Whilst total Owner Commitments remained largely flat (due to the expiry in 2021 of Owner commitments that are now being renewed), operating costs rose to fund future growth.

Group operating cost ratio



Group operating costs as a percentage of gross assets grew slightly in the year. The Group saw slightly higher costs (for example a rise in management fees in the Credit companies to finance future growth and increased loan commitments) but actual loan drawdowns and InfraCo project capitalisations lagged slightly behind.

InfraCos' efficiency

InfraCo Africa Aggregate	2021	2020 ¹⁶	2019 ¹⁶
Operating costs ¹ / Total Donor Commitments ²	1.0%	0.7%	0.9%
InfraCo Asia Aggregate	2021	2020 ¹⁶	2019
Operating costs ¹ / Total Donor Commitments ²	0.9%	1.0%	1.5%

Credit Companies' efficiency¹²

GuarantCo	2021	2020 ¹⁶	2019 ¹⁶
Total costs ³ /Total Donor Contributions ¹ Capacity ⁴	1.0%	1.2%	1.3%
Total costs ³ /Total Donor Commitments ¹ Capacity ⁵	1.0%	1.2%	1.3%
EAIF ¹³	2021	2020 ¹⁵	2019 ¹⁵
Total costs ³ /FUM ⁶	2.1%	1.8%	1.8%
Total costs ³ /Total Donor Commitments ¹ Capacity ⁷	1.8%	1.4%	1.3%

PIDG General Admin

	2021	2020	2019
Total Costs ⁸ /Total Donor Commitments ⁹	0.4%	0.4%	0.4%
Total Costs ⁸ /Total gross assets ¹⁰	0.5%	0.5%	0.6%

PIDG Group costs¹⁴

	2021	2020 ^{15,16}	2019 ^{15,16}
Group Costs ¹¹ /Total Donor Commitments ⁹	3.2%	2.8%	2.8%
Group Costs ¹¹ /Total gross assets ¹⁰	3.8%	3.5%	3.9%

1. Excludes success fees.

2. Represents period end share capital as well as future donor commitments per active letters of arrangement with Owners and outstanding commitments on active promissory notes.

3. Operational costs.

4. Represents average share capital in the period and callable capital multiplied by leverage capacity.

5. Represents period end share capital as well as future donor commitments per active letters of arrangement with Owners and average callable capital multiplied by leverage capacity.

6. Total costs/funds under management (FUM) represents portfolio value and cash together with undistributed loan commitments.

7. Represents period end share capital and retained earnings in the period as well as future Owner commitments per active letters of arrangement and leverage capacity based on facilities available.

8. Costs of PIDG Ltd. and costs within PIDG Trust as reflected in the two General Administration bank accounts.

9. All accumulated Owner contributions into PIDG Trust as well as all future commitments via letters of arrangement with Owners and promissory notes.

10. Total gross assets of the Group per the unaudited consolidated statement of financial position, including non-controlling interest.

11. Includes operating costs of the Developer-Investor businesses, total cost of the Credit Solutions business and total cost of PIDG General Admin excluding gains/losses on foreign exchange and realisation of assets.

12. Credit company management has been outsourced via competitive tender and represents best price, therefore efficiency has been optimised.

13. EAIF costs rising due to 1) rising management fee reflecting increasing portfolio commitments; and 2) higher performance fee in 2020.

14. Total expense ratio is rising due to building up Credit companies business to get to scale and reflects growth in balance sheet size and commitments / planned business growth. Looking forward, we expect this ratio to fall as both commitments and borrowings to fund this are expected to increase.

15. EAIF's statutory results for 2020 were restated.

16. Prior period data has been restated to conform with the current period definition.

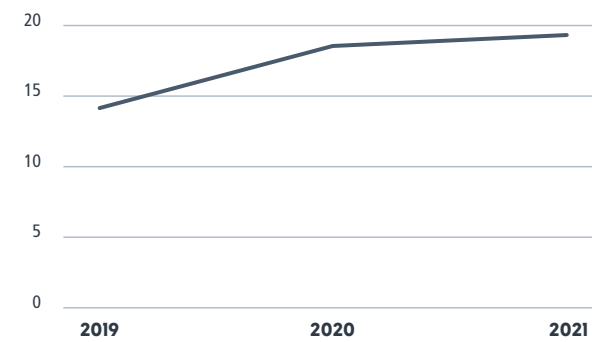
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Effectiveness

Effectiveness involves assessing the quality of the intervention's work by assessing the rate at which outputs are converted into outcomes and impacts, and the cost-effectiveness of this conversion.

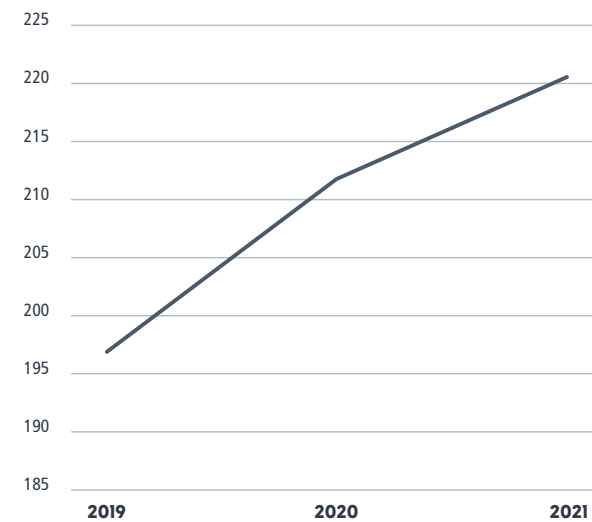
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Number of projects reaching Financial Close in year



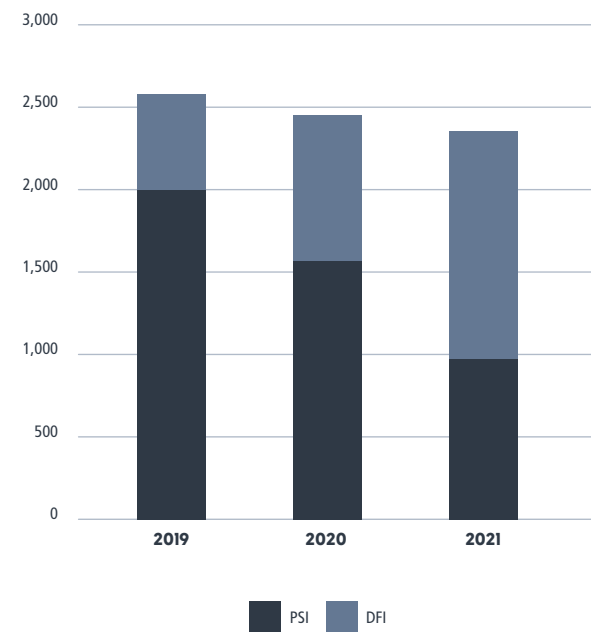
The effect PIDG has on people's lives in is closely connected to the number of projects that the Group is able to start, de-risk and bring to Financial Close. This number increased in 2021.

Access to infrastructure (millions of people, cumulative)



PIDG projects provide people with new or improved access to infrastructure – by end of 2021 this was expected to increase to over 220 million people.

Mobilisation (\$m)



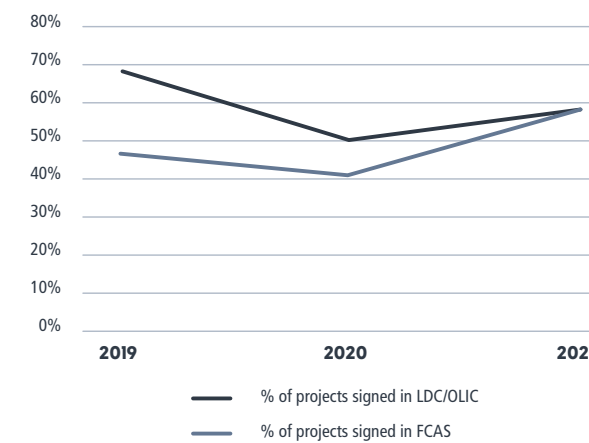
A key aspect of the 'Effectiveness' of PIDG's investments is the mobilising of both private sector and DFI investments. This 'crowding in' multiplies up the impact of PIDG's investments.

2021 results show that we succeeded in financially closing a very high percentage of projects in LDC/OLIC and FCAS countries. However due to extraordinary challenging market conditions, both PIDG and DFIs had to scale up their investments in order to bring projects over the line. This countercyclical role means that the share of private sector investment, although high, is lower than in previous years.

Equity

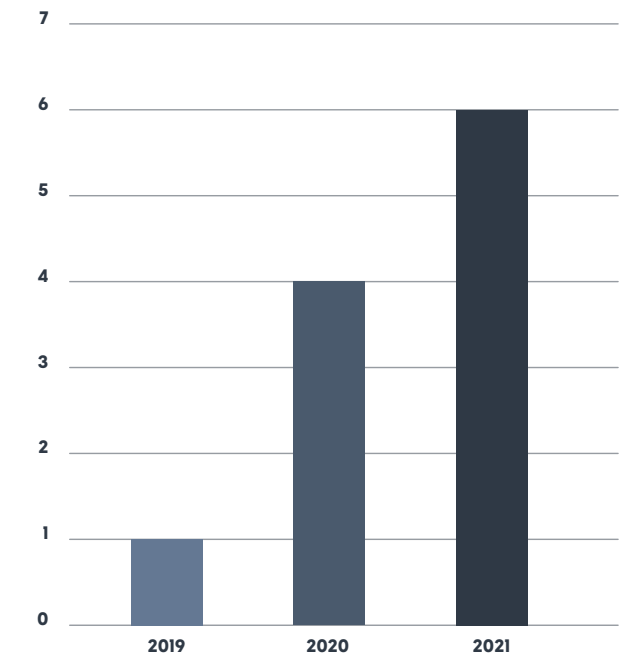
Equity focuses on the fairness of impact, namely the degree to which the results of the intervention are equitably distributed. The metrics below show how much of the Group's work is at the frontier of poorer countries (FCAS and LDC/OLIC), and how many of the projects that reach Financial Close were deliberately designed up front to empower women and girls.

Working at the frontier – number of projects in FCAS and LDC/OLIC



PIDG continues to work at the frontier as demonstrated by the percentage of our projects in FCAS and LDC/OLIC countries.

Number of projects deliberately empowering women / girls



PIDG continues to increase the number of projects classified as empowering women (according to PIDG criteria drawn from the 2X Challenge criteria).

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Responsible tax disclosure

The values of the Private Infrastructure Development 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 2021 PIDG entities reported tax payments of \$1.7m. In addition, the projects in which our developer-investor businesses reported tax payments of \$1.7m and those in which our credit solutions businesses funded or guaranteed debt reported over \$240m of tax payments. 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 comprises only those taxes separately reported within each entity's financial statements, primarily corporation tax but also payroll taxes and withholding taxes where disclosed. It does not include, for example, sales taxes, so the total tax actually paid 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 2021 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.

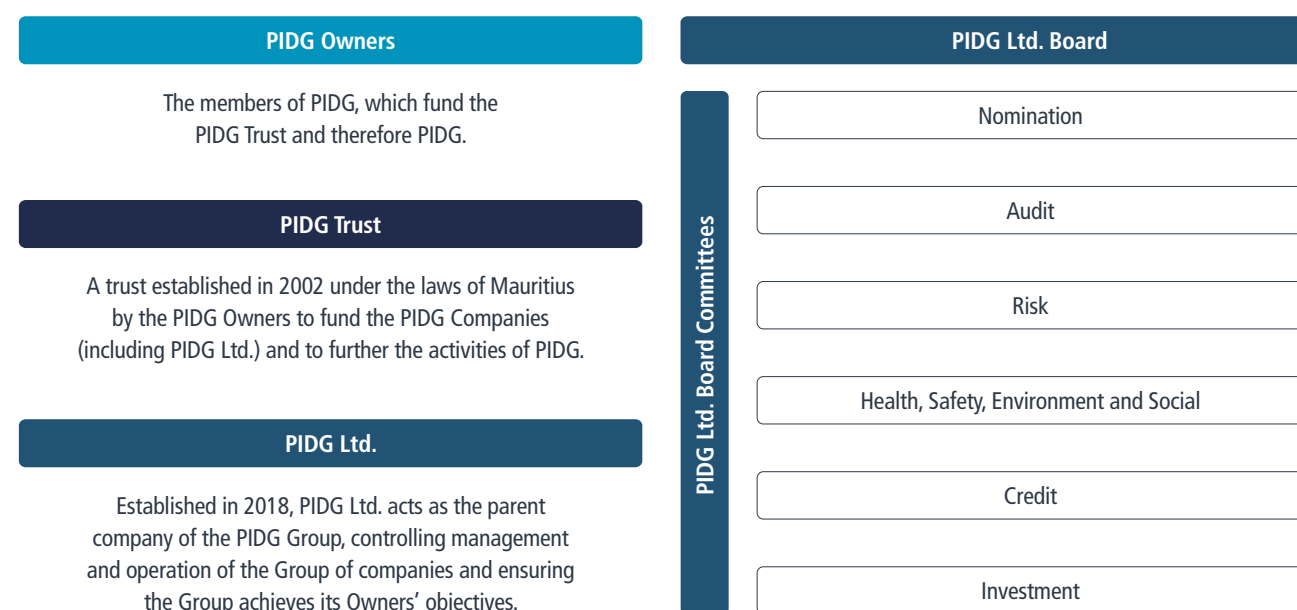
2. For taxation purposes, the PIDG Trust is treated as resident in the UK. HMRC has agreed that the PIDG Trust has Crown and Sovereign immunity for the purposes of income tax and is therefore exempt from UK tax on any income and gains arising.

3. To quantify the tax paid 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.

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 7 Non-Executive Directors who collectively bring a broad range of business and development experiences which is essential to the effective running of PIDG.

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 6 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 was undertaken during the year, including the effectiveness of the Board Committees. To respond to the findings we are moving to 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 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.

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PIDG Company Boards

A further change arising from the effectiveness review, is that the PIDG company boards will move to an Executive composition model with local Non-Executive Directors being retained where required. This is to create a clearer division of responsibilities between PIDG Board level governance and senior management 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 executive 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's Executive team meets regularly with CEOs of the PIDG Companies (together called the "ExCo"). The ExCo also meets to review the PIDG Companies' performance against their key performance indicators including development impact, financial performance, risk management, staff and communications developments.

Independent Panel on Sustainable Development Impact

PIDG has contracted three individuals to act as an Independent Panel on Sustainable Development Impact, reporting to the PIDG Ltd. Board.

This Independent Panel provides an expert view on whether PIDG is evaluating the development impact of its activities in a way which properly reflects the nature of those activities, enables useful conclusions to be reached about the impact of those activities, and generates learning about what delivers the greatest development impact. The Independent Panel provides an Annual Report to the Board which provides assurance that PIDG's reported development impact is robust and that suitably rigorous evidence is being generated efficiently and cost-effectively to inform strategic decision-making.

The logo consists of the letters 'PID' stacked above the letter 'G'. The 'P' and 'I' are connected at the top, and the 'D' is connected to the 'I'. The 'G' is positioned below the 'D' and 'I', with its top curve overlapping the bottom of the 'D'.

PID
G

www.pidg.org