



Private Infrastructure
Development Group
Pioneering infrastructure changing lives

2019

Annual Review

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	IPP	Independent Power Producer
ATIA	African Trade Insurance Agency	LDC	Least Developed Countries
COD	Commercial Operation Date	LSE	London Stock Exchange
DFI	Development Finance Institutions	LIC	Low-Income Countries
DI	Development Impact	MDB	Multilateral Development Banks
EAIF	The Emerging Africa Infrastructure Fund	MIC	Middle-Income Countries
ECL	Expected Credit Losses	NED	Non-executive Director
EPC	Engineering, Procurement and Construction	OECD	Organisation for Economic Co-operation and Development
ESG	Environmental, Social and Governance	OPP	Operating Policies and Procedures
ESIA	Environmental and Social Impact Assessment	OLIC	Other Low-Income Countries
FCAS	Fragile and Conflict-Affected States	PIDG	The Private Infrastructure Development Group
FVTPL	Fair Value Through Profit or Loss	PPP	Public Private Partnership
GHG	Greenhouse Gases	PSI	Private Sector Investment
H&S	Health and Safety	PV	Photovoltaic
HSES	Health, Safety, Environment and Social	SDG	UN Sustainable Development Goals
IFC	International Finance Corporation	TAF	Technical Assistance Facility
JV	Joint Venture	TCFD	Task Force on Climate Related Financial Disclosures
KPI	Key Performance Indicators	TIC	Total Investment Commitments
ICIEC	Islamic Corporation for the Insurance of Investment and Export Credit	VfM	Value for Money
		VGF	Viability Gap Funding

€ - Euros
\$ - U.S. Dollars

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Private Infrastructure
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About PIDG

The Private Infrastructure Development Group (PIDG) is an innovative infrastructure development and finance organisation delivering pioneering infrastructure in the poorest and most fragile countries in sub-Saharan Africa and south and south-east Asia to help economies grow and change people's lives.

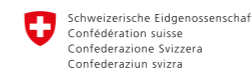
With over 17 years' experience and having raised over \$3bn in funding and future commitments, PIDG plays a pathfinder role in order to address market failures. Operating at the frontier, be that through the lens of geographies, sectors, products or standards, PIDG addresses gaps in the international development architecture to support infrastructure provision that results in high development impact, which is critical to the achievement of the UN Sustainable Development Goals (SDGs).

PIDG works collaboratively along the project life-cycle and across the capital structure. Leveraging its unique attributes, PIDG helps early-stage projects overcome financial, technical or environmental challenges, creating investment-ready, bankable, infrastructure opportunities as well as building local capability and capacity, while providing innovative financing solutions.

Since 2002, PIDG has committed over \$4bn to support 157 infrastructure projects to reach financial close, mobilising \$21bn from the private sector. These PIDG-supported projects are expected to provide an estimated 209 million people with access to new or improved infrastructure.

PIDG is funded by six governments (the UK, 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.



PIDG in numbers

In 2019:

14 projects reached financial close
8 of these were in Fragile and Conflict-Affected Countries

\$2.6bn mobilised by PIDG-supported projects from private sector investors and development finance institutions

6.8m people with access to new or improved infrastructure

700 long-term jobs created
11,000 short-term jobs created

6 projects became commercially operational

63% commitments were to projects in Fragile and Conflict-Affected States

45% commitments were to projects in Least Developed or Other Low-Income countries (DAC I/II)

Between 2002 and 2019:

157 projects reached financial close
80 of these were in Fragile and Conflict-Affected Countries

\$33.2bn mobilised by PIDG-supported projects from private sector investors and development finance institutions

209m people with access to new or improved infrastructure

250,000 long-term jobs created
62,500 short-term jobs created

94 projects became commercially operational

50% commitments were to projects in Fragile and Conflict-Affected States

43% commitments were to projects in Least Developed or Other Low-Income countries (DAC I/II)

PIDG-supported projects reaching Financial Close in 2019 will contribute to the following SDGs



Sustainable Development Goals



1 project deliberately designed to empower women



Litres of water per day
5m litres



Energy access
2.5m people



Long-term direct jobs: **700**
 Short-term direct jobs: **11,000**



Open up access to infrastructure
6.8m people



Mobilise Private Sector Investment (PSI)
\$2bn



The cumulative PIDG results have been adjusted to reflect two significant changes in the reporting approach.

From this year we report on DevCo as part of the PIDG TA. In line with the rest of PIDG TA reporting, DevCo results have been removed from the cumulative figures for the following metrics: Projects reaching Financial Close, Mobilisation, Access, Job Creation and Operational projects.

Secondly, PIDG has changed the point of recognising GuarantCo's expected project results to Financial Close (from signing), which has meant that a number of projects were removed from the cumulative results portfolio, except those that reached financial close during 2019.



01

Introducing PIDG

Message from the Chair – Andrew Bainbridge

PIDG Ltd has now completed its second operating year and we have established a full executive team and a strong central team to support and work with all companies in our group.



Last year, I spoke of how we intend to retain our uniqueness, increase our ambition and maintain our niche by seeking complementarity across PIDG companies and with others, through the development of strategic partnerships to optimise our ability to deliver pioneering infrastructure to help economies grow and to change people's lives. We are already seeing evidence of this in the strengthening of the PIDG Technical Assistance (TA) function, providing support to project development and enabling transactions, improving the affordability and/or impact of projects through Viability Gap Funding (VGF), transaction advisory services, and piloting new programmatic initiatives.

In 2019, PIDG committed \$479m to 55 transactions – \$460m across 18 projects and over \$19m to 36 PIDG Technical Assistance (TA) grants. 63% of those were in Fragile and Conflict Affected States and 45% in Least Developed and Other Low-Income Countries.

PIDG has now received a net \$1.5bn of funding from its Owners. We have made our Owners' funding go a very long way as PIDG has now made cumulative commitments of over \$4bn to infrastructure projects that in turn mobilised \$21bn from private sector investment and over \$33bn overall. Most importantly these investments continue to translate into infrastructure that changes millions of lives for the better where it matters the most.

PIDG remains focused on broadening and deepening its funding sources, working with new public and private sector partners across the capital structure. The total funding disbursed or committed to PIDG is, cumulatively, in excess of \$3.4bn when other sources of funding such as debt financing, guarantees and contingent capital are included, and as a group we seek to become more financially sustainable over the longer term.

PIDG needs and wants to be at the forefront of the response to climate change. Our mandate is to reduce poverty in the most fragile and poorest parts of the world, and these are the places that are – and will increasingly be – worst affected by climate change. Preventing dangerous climate change is crucial to protect and make resilient those communities already enduring precarious and unpredictable livelihoods.

One of PIDG's core values is impact, which we define as having a strong, positive and tangible effect on people's lives.

Fundamental to this is improving outcomes for women and girls. Particularly in the countries that we operate in, a variety of barriers

prevent women and girls from participating in and benefitting from infrastructure equitably, and women are also disproportionately affected by gender-based violence and harassment (GBVH). There is growing recognition that addressing these risks and advancing women's empowerment creates tangible benefits for individuals, businesses and the wider community.

At the Private Infrastructure Development Group, we fully recognise our responsibility to safeguard women and girls across our operations and are committed to empowering women through our investments and to deliver gender equity in the workplace. The [PIDG Gender Equity Action Plan 2020](#) outlines the key actions that we are committed to implementing in 2020 across our group of companies. Having a Gender Equity Action Plan for PIDG gives us a road map that allows us to develop our understanding on the issue of gender to ensure that our policies, culture and activities include a gender perspective.

At PIDG, safety is another core value. We insist on a safety mindset and culture delivered through practical, locally relevant solutions because it is truly a matter of life and death.

Ensuring healthy lives and promoting well-being for all is essential to sustainable development. The right to a healthy and safe workplace environment is an integral component of the right to health. We believe that by working collaboratively with DFIs, FIs and others, collectively we can improve our impact on projects and improve safety performance. Our Safety Culture and Leadership strategy is grounded in a mission to 'Do No Harm' and will provide global leadership and collaboration with others in this area.

As I write this, the world is facing the global challenge of COVID-19. The full effects of this crisis are yet to manifest, but we know that many of the poorer countries across Africa and Asia will face some of the greatest challenges. They will lack the requisite levels of personal protection equipment, the ICU and ventilator capacity of many western countries, as well as their track, trace and testing capabilities. In addition, the lack of healthcare facilities in remote areas will present significant barriers. In poorer countries, lack of housing, together with cultural differences, means that several generations and or several families will likely occupy one dwelling.

I would like to thank our Owners, our people and our partners for their continued support and ongoing efforts which will be vital in the coming months and years as we address these new challenges.



Message from the CEO – Philippe Valahu

As I am writing this, the current [COVID-19 crisis](#) has already had a devastating impact globally and both the immediate response and the recovery will require a huge amount of support and innovation, something that will be particularly pressing in some of the poorest countries in the world where PIDG operates.

While the public health response to COVID is led by governments and specialist agencies, PIDG continues to explore investment opportunities that are relevant to the response, that are within PIDG mandate and that can drive value and impact in the longer term.

Among many other consequences, the COVID crisis means that the COP26 summit – at which key decisions on climate were expected – has been postponed to next year. The urgency of a transition to net zero carbon emissions remain and public and private finance have big roles to play. The crisis has also changed our perspective on established ways of life that would have to change if we are to limit global warming within the goals of the Paris Agreement on climate change. And an unprecedented package of government measures gives us a unique opportunity to restart economies on a different path.

As a responsible investor focused solely on infrastructure in some of the poorest and most fragile contexts, PIDG takes climate change into account in every investment and operation decision. This year we have further strengthened our climate change approach and stepped up action.

In 2019 we reviewed the PIDG climate change approach and adopted an ambitious direction across the Group built into the PIDG 5-year strategy. Our overall commitment is to support the goals of the Paris Commitment on climate change. Building climate considerations into our strategy means that we will continue to pioneer innovative technical and financing solutions to support sustainable infrastructure that meet the socio-economic needs of the population and contributes to climate change mitigation. We will proactively seek to remain at the frontier of what is technological feasible and commercially viable across our sectors.

Another focus area in 2019 has been gender. At PIDG we fully recognise our responsibility to safeguard women and girls across our operations and are committed to empowering women through

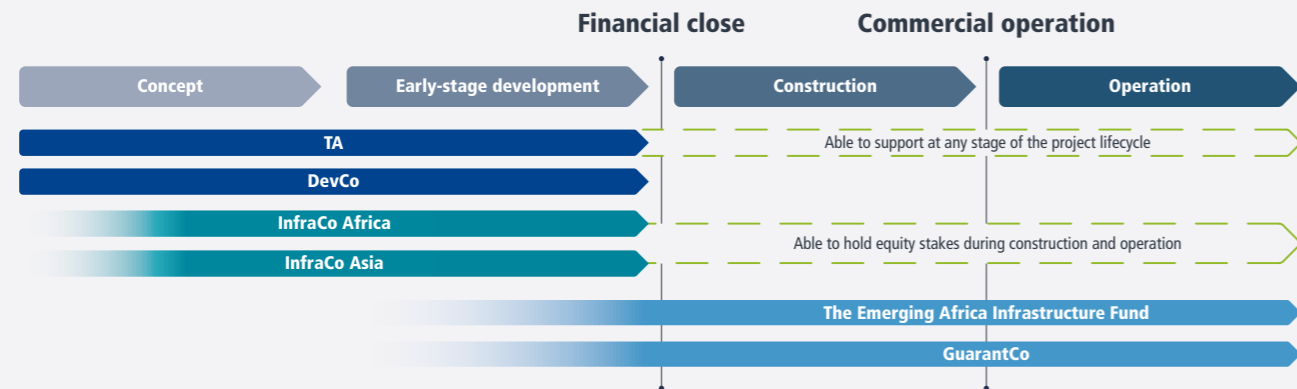
our investments and to deliver gender equity in the workplace. I am very happy that we have now launched our [Gender Equity Action Plan](#) which outlines the key actions that we are committed to implementing in 2020 across our group of companies.

I am proud that when it comes to sustainability, development impact (DI) and affordability we are ahead of the game. Health Safety Environmental and Social Standards (HSES) is at the heart of what we do as well. It's about minimising fatalities and injuries and embedding this into our projects is vital as it links to decent and safe jobs.

In 2019 we enhanced our incident investigation requirements across our portfolio. The PIDG mechanisms for and quality of serious investigation have improved significantly, which allows us to derive lessons learnt and insight to inform future work. A key deliverable in 2019 was the development of the [PIDG life-saving rules](#) which are at the heart of our group's HSES culture.

As we move through the global challenge we are faced with right now, considering what a new normal will look like, there will be a continued need for investment in infrastructure to support people and economies, and through the work we do at PIDG we will help create jobs and build communities. This unprecedented situation will have a significant impact on the work we do, and how we will work going forward, and we will continue to use our expertise and skills to support recovery and rebuilding of infrastructure in some of the most challenging parts of the world. Unlocking the potential of private sector financing is key to achieve progress and boost innovation and economic growth.

PIDG is unique



Upstream Technical Assistance

TA grants support 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 investments in innovative and pioneering projects, or to remedy the absence of capital.

Credit Solutions

EAIF provides long-term foreign currency 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.

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 does not match the needs of 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.

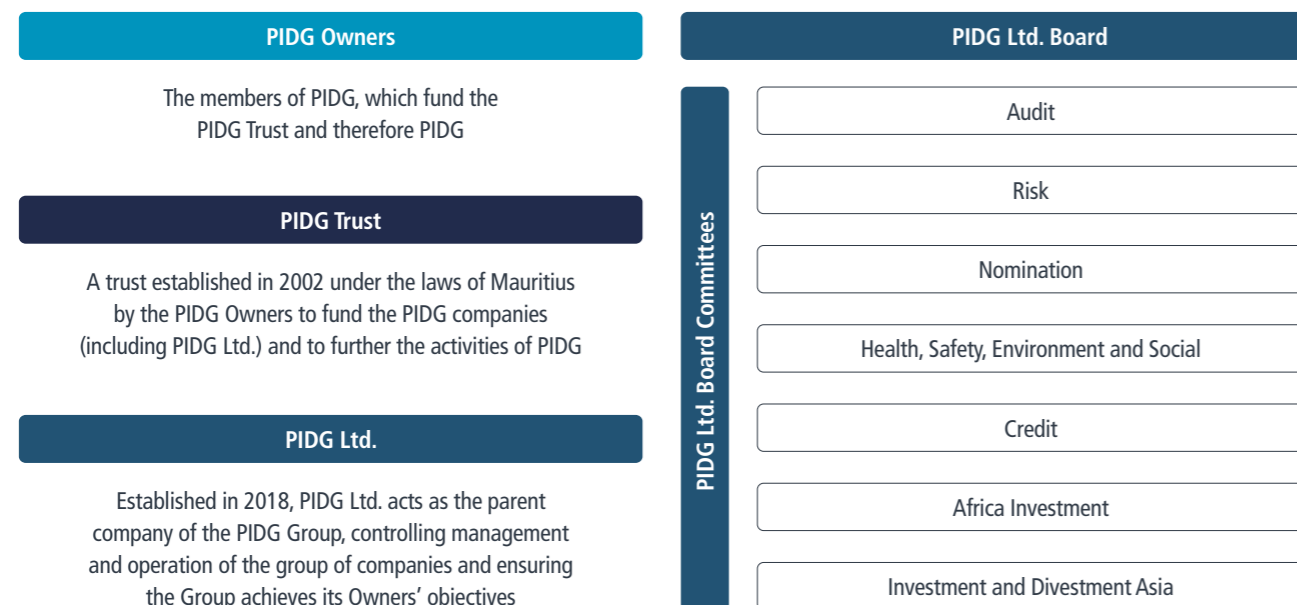
PIDG's experience and expertise allows it to do things which other organisations are unable to do. This 'additionality' gives PIDG a clear and unique value both to the private sector, by enabling it to engage in infrastructure deals in frontier countries, and to the development community, by successfully 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. No large development organisation is as dedicated to infrastructure in FCAS countries as PIDG.

Its exposure to higher risk can be in terms of:

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

Governance

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



The Board of PIDG Ltd.

The Board is comprised of seven non-executive Directors who collectively bring a broad range of business and development experience, which is essential for 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. The Board has established seven committees to assist it in fulfilling its responsibilities. The Board has delegated investment decision powers to the Credit Committee, the Africa Investment Committee and the Investment and Divestment Asia Committee. On 14 January 2020, the two Investment Committees were disbanded and were unified into one Investment Committee. The terms of reference of the PIDG Ltd. Board committees are available online at www.pidg.org.

The Chair and CEO

There is a clear division of responsibility and authority between the Chair and the CEO. The Chair is responsible for leading the Board, ensuring its effectiveness and steering its agenda and ensuring that there is a healthy culture of challenge and debate.

The Chair also evaluates the performance of the CEO and is responsible for succession planning. The CEO is responsible for the management of PIDG on a day-to-day basis. This includes making recommendations to the Board on strategy and other issues.

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 Development Impact

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

This Independent Panel provides an expert view to the Board 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 plays an important role in providing the Board with 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.

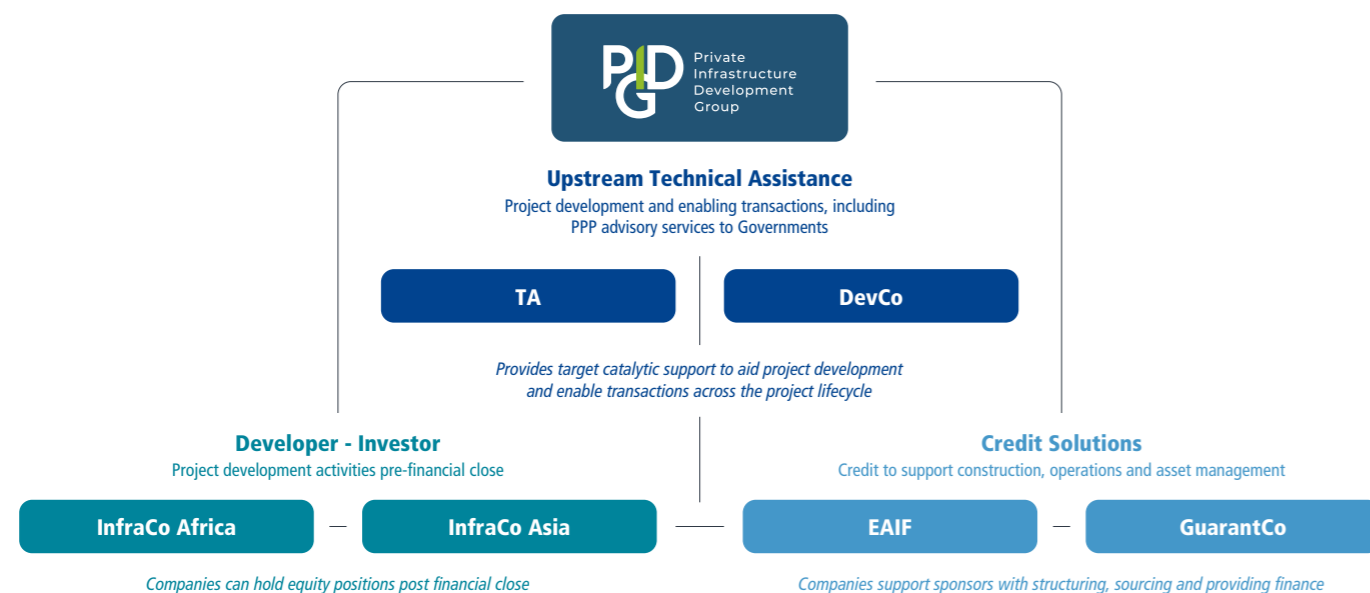
PIDG business lines

PIDG will deliver its pioneering infrastructure through three business lines that deploy a unique set of capabilities

- 01**
Upstream Technical Assistance
– comprising PIDG’s Technical Assistance and DevCo
- 02**
Developer – Investor
– comprising InfraCo Africa and InfraCo Asia
- 03**
Credit Solutions
– comprising the Emerging Africa Infrastructure Fund (EAIF) and GuarantCo

This structure embeds PIDG’s collaborative personality, improves alignment, and allows its companies to be better coordinated to improve efficiency. By providing a common point of entry for investors and developers, PIDG will deliver greater impact and improve value for money for its Owners.

PIDG aims to maximise the development impact of its activities with available resources and to consistently develop its financial sustainability over time.



01 – Upstream Technical Assistance:

PIDG’s Upstream Technical Assistance business supports the other PIDG companies through grants for project development and enabling transactions; improving the affordability and/or impact of projects through viability gap funding; and providing transaction advisory services, including embedded advisers, in some of the countries in which PIDG operates.

The consolidation of PIDG’s Upstream Technical Assistance work provides a more powerful tool for the exploration of centrally driven initiatives that align with its objectives, but which are not specific to a particular company or necessarily focused on a particular country. The Upstream Technical Assistance funding will be used in a more proactive way to provide targeted catalytic and returnable grants in support of projects and initiatives, including programmatic investigations and strategic partnerships.

02 – Developer – Investor:

PIDG’s InfraCos seek to address the lack of suitable ‘bankable’ private infrastructure projects, high upfront costs and risks of infrastructure project development, and the inadequate capacity and expertise in public and private sectors in some of the world’s poorest countries.

InfraCo Africa and InfraCo Asia play a critical role in helping to originate innovative opportunities and to structure projects so that they achieve a greater level of impact, making them more attractive to private sector investment and reducing transaction costs. They undertake early-stage project development, providing management and capital to address risks and develop bankable projects that can attract debt and equity at financial close. This supports projects where private sector developers are generally unwilling or unable to take on the upfront costs and risks (whether actual or perceived) on their own.

Hence the InfraCos will continue to focus on investing in and developing commercially viable projects. This will enable financial close, long-term sustainability and the crowding-in of private sector funding/follow-on investment that permits the InfraCos to exit through the sale of projects to the private sector, recycling funds into new projects.

03 – Credit Solutions:

PIDG’s Credit Solutions business addresses a shortage of long-term, patient funding and a lack of local currency financing and local capital market development for private sector infrastructure projects in developing countries. GuarantCo and EAIF provide funded and contingent hard currency and local currency credit solutions. With greater flexibility to respond to the needs of the market, PIDG’s Credit Solutions business will expand its existing local currency and local capital market activities, both of which have significant potential to strengthen markets.

They will be more creative in applying a range of financing approaches that are responsive to market needs and thus play a greater role in stimulating financial market development whilst also facilitating increased private investment in infrastructure.

Some of the options that will be considered include:

- tailoring financing approaches to the needs of (local and cross-border) institutional investors, particularly local pension and insurance funds. PIDG’s preference is to seek local financing solutions where appropriate, or recognising this will not be possible in all markets at this stage, financing in conjunction with hard currency.

PIDG's mandate is to operate at the frontier

PIDG is focused on delivering pioneering infrastructure projects that offer an innovative, agile and sustainable way of combating poverty and delivering high development impact.

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, replicability, affordability and transformation, PIDG provides an innovative vehicle for investment that delivers both life-changing opportunities for the poorest and most fragile countries, and 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.

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 insustainable infrastructure.

PIDG four strategic priorities are:
Scale, Transformation, Affordability, Replicability – STAR

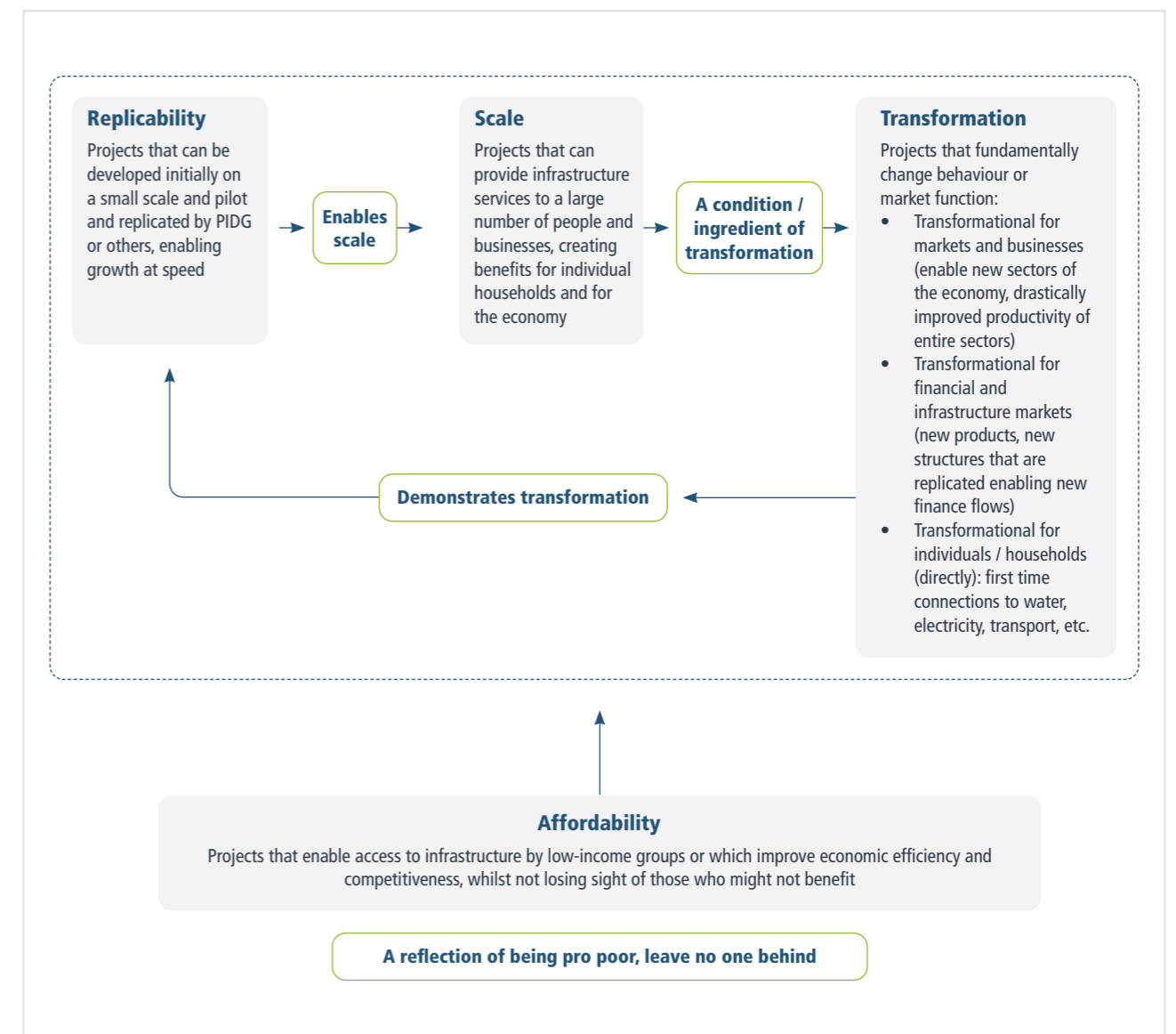
Scale:
PIDG invests in projects that can provide infrastructure services to a large number of people and businesses, improving lives and driving economic growth and poverty reduction.

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 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

PIDG investments historically focused largely on the more traditional infrastructure sectors of energy and transport and on capital market development.

PIDG 2019-23 Strategy identified four programmatic sectors where PIDG will deliberately continue to build expertise and focus, maximising synergies across the Group and strategically leveraging experience and partnerships.

While we will continue investing in our more traditional sectors of expertise, the additional programmatic sectors are:

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, InfraCo Africa's 2019 investment in Sierra Leone Mini Grids is an example of this work.

Affordable housing:
Aware of the huge development needs associated to this sector and the relative lack of focus that it received from impact investors.

Water:
Aware of the chronic underfunding to achieve access to water, the importance of the sector for health, production and environment and the difficulty to find viable models of private sector investment. We build on EAIF and PIDG TA landmark public private partnership investment in Kigali Water and growing expertise in Asian markets by InfraCo Asia and GuarantCo.

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

Operating at the frontier: Blended finance

As an early proponent of blended finance, PIDG is committed to ensuring that it is used efficiently, by being targeted, transparent and supporting national priorities.

Mobilising private sector funding

A key part of PIDG's mission is to mobilise private sector funding. PIDG leverages Owner funding, blending it with Private Sector Investment from local, regional and international sources and with funding from Development Finance Institutions.

There is a growing need for blended finance and its potential to mobilise private finance for development related investments. This is evident from the increasing demand for PIDG's intervention and our record of achievements in the sector. It also underpins PIDG's five-year strategy.

In least developed countries the barriers to attracting private capital are often higher than elsewhere because of both the real and perceived risks, a lack of investment-ready opportunities or robust policy and regulatory frameworks.

At PIDG, we believe increased public and private financial flows are vital for the world's most vulnerable countries and their rural and remote communities, or they risk being left behind.

Since 2002, the blended finance model pioneered by PIDG has made 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. PIDG has committed over \$4bn to infrastructure projects in the world's poorest countries, with \$21bn private sector investment mobilised into PIDG-supported projects.

One indication of the success of the PIDG approach is that of the 157 projects which have reached financial close, 80 have been in Fragile and Conflict-Affected States (FCAS). PIDG is committed to transparency, collaboration and continuous improvement.

Differentiating between the stages of the project cycle is required for tailor-made blended finance structures in line with de-risking and addressing specific market gaps. PIDG was developed to differentiate the use of blended finance and concessionality along various stages of the infrastructure project and investment cycle.

An important but often overlooked aspect of mobilisation of private capital through blended finance projects are exits, as risk profiles improve over the life of a project or a fund.

Successful examples in both of these respects are provided by InfraCo Africa and InfraCo Asia who take on early project development, providing management, expertise and capital to address early-stage risks and developing bankable projects that can attract private investors. This facilitates long-term sustainability and the crowding-in of private sector funding and follow-on investment that, crucially, permits the InfraCos to exit through the sale of projects to the private sector. This has the potential to benefit (depending on the additionality and concessionality) from the increased value from the risks managed and mitigated during the project development and construction phase and recycling funds into new projects.

Project examples include:

- **Coc San Hydro Power Project:**

PIDG company InfraCo Asia was approached to develop the 29.7MW project when it ran into difficulties in 2011, investing \$7.5m at the development stage. As the majority stakeholder, InfraCo Asia worked with the project's Vietnamese and international backers to ensure that it met stringent environmental standards and was structured to attract further private sector capital to achieve financial close. Coc San began delivering clean and affordable power to the people of Lao Cai province in 2016, under the direction of Nhu Quynh Tra – one of the first women to take a lead role in Vietnam's renewable energy sector. In November 2018, InfraCo Asia divested its share in the project to Tokyo Electric Power Company Holdings, Inc (TEPCO), making its first hydropower investment outside Japan.¹

- **Gul Ahmed and Metro Wind Power projects:**

PIDG company InfraCo Asia achieved its first exit from a utility-scale renewable energy project in 2017, selling its stakes in the Gul Ahmed and Metro Wind Power projects to private sector company Daelim Energy. InfraCo Asia supported Pakistan's Government's attempt to harness the country's largely untapped wind power resource by bringing to financial close and construction two significant projects – that together contribute 100MW renewable energy generation capacity and benefit approximately 700,000 people with improved access to electricity. Having worked with the local sponsors to support the development of the two ground-breaking projects through to operation, InfraCo Asia exited in favour of the private sector, recycling public funds into the early-stage development of new infrastructure. Gul Ahmed and Metro Wind is Daelim Energy's first projects in Pakistan, bringing key energy and infrastructure expertise to the country.²

¹<https://www.pidg.org/project/coc-san-hydro-power/>

²<https://www.pidg.org/ar2017/project/gul-ahmed-and-metro-wind/>



02

Delivering impact

Changing lives

PIDG's projects are transformative – they drive change and improve people's daily lives.

PIDG operates in the world's poorest and most fragile states, where 2 billion people live on less than \$3.20 per day, and 734 million live on less than \$1.90 per day.

In these countries almost a billion people still lack access to electricity supply and 2.4 billion lack access to basic sanitation out of which almost 800 million are denied access to clean water. In some of the African countries where PIDG operates, infrastructure constraints are estimated to cut productivity by around 40%, severely affecting competitiveness and limiting opportunities for jobs to help lift people out of poverty.

PIDG is focused on delivering high development impact in the poorest and most fragile countries. Through its work, PIDG strives to promote social and economic growth and to meet its commitments to the UN Sustainable Development Goals (SDGs).

Fragile and Conflict-Affected States (FCAS) are generally defined by political instability, weak governance and institutional capacity, economic and social insecurity, and greater susceptibility to the effects of climate change.

PIDG adopts a strategic approach in FCAS states, striving to deliver sustained economic progress and improve the daily lives of many thousands of people.

PIDG aims to deliver high-impact development to combat poverty in these rural and remote populations, to increase the supply of jobs, improve livelihoods and create essential links to urban areas.

This chapter introduces a selection of projects that PIDG companies contributed to bring to financial close in 2019.

PIDG in numbers

In 2019:

14 projects reached financial close

8 of these were in Fragile and Conflict-Affected Countries

\$2.6bn mobilised by PIDG-supported projects from private sector investors and development finance institutions

6.8m people with access to new or improved infrastructure

700 long-term jobs created

11,000 short-term jobs created

6 projects became commercially operational

63% commitments were to projects in Fragile and Conflict-Affected States

45% commitments were to projects in Least Developed or Other Low-Income countries (DAC I/II)

Between 2002 and 2019:

157 projects reached financial close

80 of these were in Fragile and Conflict-Affected Countries

\$33.2bn mobilised by PIDG-supported projects from private sector investors and development finance institutions

209m people with access to new or improved infrastructure

250,000 long-term jobs created

62,500 short-term jobs created

94 projects became commercially operational

50% commitments were to projects in Fragile and Conflict-Affected States

43% commitments were to projects in Least Developed or Other Low-Income countries (DAC I/II)



Rural Electrification Services

– Myanmar

Development of a hybrid mini-grid using the Anchor-Business-Community Model

- **Financial close: November 2019**
- **Total project investment \$2.76m**
- **Investment by InfraCo Asia Development \$1.72m**
- **PIDG TA funding \$0.67m**

Challenge:

- Telecommunications towers in rural parts of Myanmar are currently powered by diesel generators which are expensive and cause noise and air pollution
- Villages in rural parts of Myanmar often do not have access to reliable and/or affordable electricity
- The commercial viability of rural electrification projects have not been proven hence there is difficulty in raising capital

Impact:

- The pilot will enable 276 households in Kha Laing village to have access to reliable energy
- Access to energy is expected to enable and increase local business and employment opportunities
- The project will reduce emissions through the use of renewable energy technology

Solution:

- The proposed project seeks to hybridise the current supply of energy required by the telecoms tower (anchor off-taker) by introducing solar generation and storage capability
- Nearby villages will be connected by a mini-grid to the generator, thus giving villagers access to excess energy produced
- InfraCo Asia and partner, SolarRiseSys, will provide the funding and expertise that is required for construction of the pilot facility in Kha Laing
- Successful operation of the pilot will prove the commercial and technological viability of the project, thus allowing further funds to be raised to expand the portfolio up to 220 mini-grids



Sierra Leone Mini-Grids

– Sierra Leone

Rolling out off-grid energy access

- **Financial close: October 2019**
- **Total project investment \$10.61m**
- **Investment by InfraCo Africa \$6.9m**

Challenge:

- Sierra Leone has a rural electrification rate of just 6.4%
- The Government of Sierra Leone's National Renewable Energy Action Plan recognises the potential of off-grid solutions to address electricity needs in rural areas
- Following the impact of the Ebola virus, the President's Recovery Priorities include access to energy
- DFID has supported the development of a Rural Renewable Electrification Project which is being implemented by the UN Office for Project Services and aims to electrify 94 communities across four regions

Impact:

- The working assumption is that around 85% of connections will be households, which will provide significant positive impact upon living standards in rural Sierra Leone. 15% of connections are expected to be to micro, small and medium enterprises and public institutions such as schools and health clinics. As the deployment continues through 2020 we will evaluate its success to understand the impact of this innovative solution.

Solution:

- PowerGen is responsible for developing off-grid power solutions in two of Sierra Leone's four geographic regions under a 20-year public-private partnership with the government
- InfraCo Africa will work with PowerGen, to develop a portfolio of solar, battery, diesel hybrid mini-grids serving up to 12,500 customers across the southern and eastern half of Sierra Leone
- Construction began in 2019. At December 2019, the project had connected 2,214 domestic and business customers across 15 sites



Ba Lai Water Supply (Phase I)

– Vietnam

Development of a 5,000 m³/day water treatment plant for retail distribution

- **Financial close: November 2019**
- **Total project investment \$5m**
- **Investment by InfraCo Asia Development \$2.45m**

Challenge:

- The quality of treated water provided by existing water treatment plants in the area has been determined to be unstable and unsafe as per local regulations
- In addition, the majority of the residents who do not have access to treated water currently rely on rainwater which is highly unstable due to fluctuations of rainwater level between the rainy/dry seasons
- The Sponsor, Darco Water Technologies (DWT), has been unable to raise sufficient funding from the market to build the proposed water treatment plant

Solution:

- To address the stated challenges, InfraCo Asia will co-invest with DWT to meet the gap in funding required for construction of phase I of the water treatment plant
- Successful operation of the first phase will set a precedent to enable raising additional funds from the market for expansion of the plant to 15,000 m³/day (phase II)
- Additional grants may be sought to improve the commercial viability of the project, which is subject to the final tariff decided by the local authority

Impact:

- As the project expands capacity following phase I, it is expected that over 101,000 people are to benefit from access to a regular supply of clean water
- The project is expected to particularly benefit women and girls in households without access to treated water and rely on public sources, given women and girls are typically responsible for water collection
- For residents who rely on bottled water, the water provided by the treatment plant is expected to be sold at one-third of the price of bottled water



Kacific

Telecommunications – Asia and the Pacific Islands Region

Connecting Asia and the Pacific Islands region through affordable, high speed, broadband service

- **Financial close: December 2019**
- **The total investment for Kacific is \$222.8m**
- **GuarantCo has provided a partial credit guarantee with a 7-year tenor of \$50m. This will cover a loan of \$60m**

Challenge:

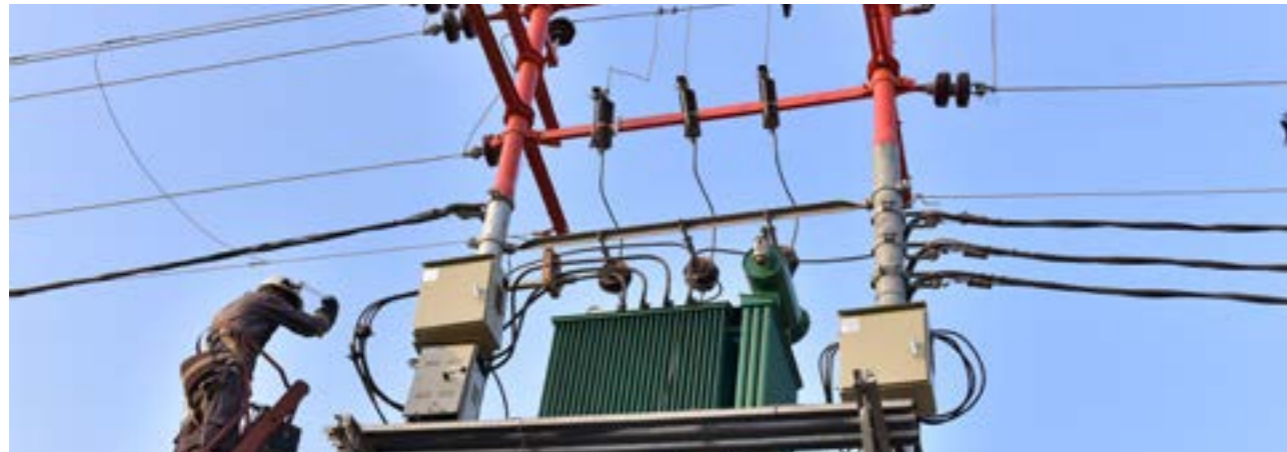
- Debt financiers are unfamiliar with the target markets for Kacific's services and would not be able to lend to the project for the requisite tenor of 7 years
- Currently, over two billion people in Asia and the Pacific Islands do not have access to broadband internet. This is a result of small remote island populations, and mountainous areas with low population densities and geographical barriers which make current broadband provision unaffordable, unreliable, or simply non-existent
- Many of the areas that Kacific will be reaching have low GDP per capita

Solution:

- GuarantCo will provide a partial guarantee cover which will allow Kacific to build, own and operate a cost-effective broadband service to its wholesale clients (internet service providers, telcos and the public sector)
- A satellite is the only viable option to connect people in many of Kacific's target areas which have previously been neglected and had no broadband connections. A satellite can overcome geographical barriers that terrestrial solutions cannot address

Impact:

- The guarantee enables Kacific to overcome the challenge of raising long tenor funding from the private sector, particularly senior debt institutional investors focused on funding projects in Asia and the Pacific regions. This will cut the end-user price, allowing poorer communities to benefit from the opportunity that broadband internet connectivity provides
- This transaction helps to provide affordable broadband access for internet service providers, the public sector, as well as businesses across markets in Asia and the Pacific regions



K-Electric Energy – Pakistan

Improving the safety and reliability of power and electricity among the lower income population of Karachi

- **Financial close: September 2019**
- **GuarantCo has provided a partial credit guarantee of \$47.5m which allows Standard Chartered Bank (SCB) to provide a corporate term loan facility made up of two equal tranches, a USD and a PKR tranche. This will cover a loan of \$50m**
- **PIDG TA is providing a grant of \$185,000**

Challenge:

- In Pakistan, almost a fifth of electricity is lost during the transmission and distribution to consumers. The losses are both technical, due to poor infrastructure, and non-technical, related to faulty metering and theft
- The industry has high health and safety risks for workers, which require high standards to avoid serious accidents
- The labour force participation of women in Pakistan is over three times lower than men
- In Pakistan, local banks are only able to lend in local currency. However, the capex investments required to upgrade the network, needed funding in USD, because the raw materials are imported from dollarised markets

Impact:

- The transaction allows K-Electric to access cheaper funding than using the derivative market, improving the affordability of the service for end users
- K-Electric will be able to reach their target of reducing their transmission and distribution losses to 13.4% by 2023
- Since 2009, power theft has declined and incidents resulting from stealing electricity have been reduced. With TA funding a wider audience can be educated in a shorter period of time to create awareness on safety threats
- K-Electric's openly inclusive attitude allows women to break stereotypes and reach higher paid and more skilled roles

Solution:

- GuarantCo has worked with SCB to provide K-Electric with a hybrid USD/ PKR financing structure that will make electricity safer to access in the long term
- K-Electric wants to use aerial bundled cables (ABC) which are insulated to increase the safety and the reliability of supply and voltage
- TA is providing a grant to teach segments of the community about the hazards created by illegal electricity infrastructure
- K-Electric have purposely worked to increase women's representation in roles which were previously exclusive to men



Ho Chi Minh Infrastructure Investment Transport – Vietnam

Cutting journey times in Vietnam, to join important economic regions, with safer and shorter roads

- **Financial close: January 2019**
- **GuarantCo is providing a full guarantee for a VND 1,150b local currency bond to support the construction of a four-lane expressway in the Mekong Delta**
- **PIDG TA is providing post transaction support through funding of \$75,000 for the development of an Environmental, Social, Health and Safety Management System**

Challenge:

- Bond investors in Vietnam are unaccustomed to and therefore unable to accept project construction and operational risk
- Vietnam's roads ranked 89th out of 138 in the world for quality of its roads (according to a World Economic Forum competitiveness study for 2016-2017). Consequently, commuters and truck drivers travelling between Ho Chi Minh City and the Mekong Delta, both key economic areas, face significant traffic congestion
- Private sector investment is needed to support the government's national plans

Solution:

- GuarantCo has provided a VND 1,150 billion (circa. \$50m) 100% guarantee to Ho Chi Minh Infrastructure Investments. Furthermore, GuarantCo played an active role in shaping the transaction, leading to the issuance of the bond
- The project involves building a four-lane toll road in the Mekong Delta to increase the safety of drivers, as well as cutting travel time from Ho Chi Minh City to Can Tho in half
- GuarantCo will support the Government of Vietnam to attract private capital to realise its national development strategy, which sees improved connectivity as a catalyst for further economic development

Impact:

- GuarantCo has enabled CII to issue its first 10-year bond. The proceeds of the bond will part finance the 55.6km Trung Luong – My Thuan expressway which is expected to benefit almost 4 million people during the initial years of operation
- This toll road will stimulate key economic activities including; agriculture, fisheries, garment and manufacturing and tourism through improved access to its markets. It is also expected to facilitate increased urbanisation which will lead to economic prosperity
- Attracting long-term domestic institutional investors as the target investors and helping improve lender confidence in private sector investments

Foster the development of emerging and frontier capital markets

Through partnerships, PIDG collaborates with institutions that share its vision and draw on its extensive experience in delivering guarantee and credit enhancement solutions.

The Acorn issuance marked an important milestone for the capital markets in Kenya and the region”
Geoffrey Odundo, CEO of the Nairobi Stock Exchange

Funding the construction of environmentally-friendly accommodation for 5,000 students in Nairobi

- Financial close: December 2019
- Total project investment \$61.9m
- GuarantCo provided partial credit guarantee to investors in Acorn’s KES 5 billion note programme. EAIF has committed \$12.6m
- PIDG TA funding \$421,000

Challenge:

- Kenya currently faces a chronic shortage of student accommodation as university enrolment in Kenya has grown from 27,000 students in 1990 to around 550,000 students today whilst there are less than 40,000 beds available in the universities, creating a huge deficit
- Constraints in the local capital market limits avenues for the financing of infrastructure projects and investment alternatives for local institutional investors

Solution:

- The Emerging Africa Infrastructure Fund (EAIF), anchored the KES 4.3b 5-year issue as the largest single investor in the ‘restricted public offer’ provided by GuarantCo
- Partial credit guarantee issued to Acorn Holdings covers 50 percent of principal and interest due under their KES 5b note programme
- The resulting B1 rating by Moody’s is above that of the sovereign and enhanced demand from investors
- Listed on the Nairobi Securities Exchange and London Stock Exchange in January 2020

Impact:

- Construction of up to 6 green-certified student properties developed by Acorn, creating clean, safe, accessible and affordable accommodation for 5,000 students in Nairobi
- The note programme is the first ever corporate bond to achieve green certification in Kenya, which ensures the programme genuinely contributes to reducing carbon emissions
- Develops capacity in the local capital market by introducing several firsts to the Kenyan capital market including the first deferred draw-down structure for a listed note programme in the market

Building local capacity

PIDG’s strategy remains focused on encouraging more private sector funding into frontier activities and markets.

The private sector will only invest in infrastructure projects which are financially sustainable, and when they have the confidence that the project is to be properly executed. PIDG therefore plays an important role in creating the conditions in which that is possible,

by supporting and building capacity, supporting early-stage projects to become bankable, and enabling projects to replicate and scale up.

By building local capacity, PIDG aims to enable countries to develop and fund their own infrastructure projects, as well as to facilitate investor confidence and investment flow into infrastructure projects in the targeted markets.

Bonergie Irrigation I – Senegal

Expanding access to solar powered irrigation technology

- Financial close: October 2019
- Total project investment \$700,000
- Investment by InfraCo Africa \$320,000



Challenge:

- In Senegal, agriculture accounts for over 70% of jobs and up to 17% of the country’s GDP. However, the majority of farmers depend upon rain-fed agriculture; limiting yields and leaving farmers vulnerable to fluctuating rainfall
- Where they have been adopted to date, pumps used to extract ground water for irrigation are largely fuelled by diesel. Fuel, deployment and pump maintenance account for a significant proportion of farmer’s operational costs; making it difficult for small-scale farming to be profitable

Solution:

- InfraCo Africa and solar equipment specialist, Bonergie Senegal, have established Bonergie Irrigation, to produce and implement high quality Solar Powered Irrigation Systems across rural Senegal
- The first phase of the project will deliver 100 units. Tailored to the needs of each farmer, units can harness electricity from up to 20 solar panels, pumping water up to 30 metres from the source
- The project’s first phase is expected to become operational in 2020 and, if successful, will trigger a second phase to substantially scale up access to solar powered irrigation in Senegal

Impact:

- Access to irrigation will enable small and medium-scale farmers to diversify their crops, harvesting throughout the year to feed their families and to increase household incomes
- Bonergie Irrigation will provide farmers with water management training to prevent over-abstraction of groundwater
- Supplanting diesel pumps is expected to reduce farmers’ costs, increase profitability and cut CO₂ emissions
- Bonergie Irrigation’s accessible financing model will ensure that accessing the cleaner technology is affordable for small-scale farmers. At the end of a Hire Purchase period, each farmer will own their system outright

Spotlight: Taking action on climate change

The time for action on climate change is now. As a responsible investor focused solely on infrastructure in some of the poorest and most fragile contexts, PIDG takes climate change into account in every investment and operation decision.

Climate change is accelerating fast, and we are running out of time to alter the current trajectory of global Green House Gas (GHG) emissions and to transition towards net zero emissions by 2050, in line with the goals of the Paris Agreement on Climate Change. This is the last decade at our disposal to change course before irreversible damage to our planet and the time for global action is now. The large stimulus packages that governments are arranging to address the COVID-19 pandemic, provide an unprecedented opportunity to accelerate a fundamental transition. Private finance and investors have a key role to play in this transition. As a responsible investor focused solely on infrastructure in some of the poorest and most fragile contexts, PIDG takes climate change into account in every investment and operation decision. This year we have further strengthened our climate change approach and stepped up action. Here is why and how.

There are five dimensions that define the markets in which we invest and that particularly inform our approach.

First, PIDG invests where the infrastructure needs are the greatest to fulfil basic socio-economic development needs. For example, despite some progress in recent years, according to the UN, over 800 million people still have no access to electricity, 785 million people still lack a basic drinking water service, and over 1 billion people still live in slums. Access to electricity, water and housing is fundamental to achieve poverty reduction and it enables so many other Sustainable Development Goals, including decent jobs, health and education. Take SDG7 – Energy for All; the latest World Bank data available for the countries in which PIDG invested last year show that. In Sierra Leone less than a quarter of people have access to electricity, and only 5% in rural areas. In Senegal access to electricity is above 60% but less than 40% in rural areas. In Myanmar, electricity access is higher at 70% on average, and 60% in rural areas. Everywhere in Europe by comparison, nearly 100% of people have electricity access.

Second, infrastructure investments are long term. Today's choices will lock-in future GHG emissions for decades. And the infrastructure that we plan today must be future-proof and consider the risks of future climate scenarios, which brings us to the third aspect.

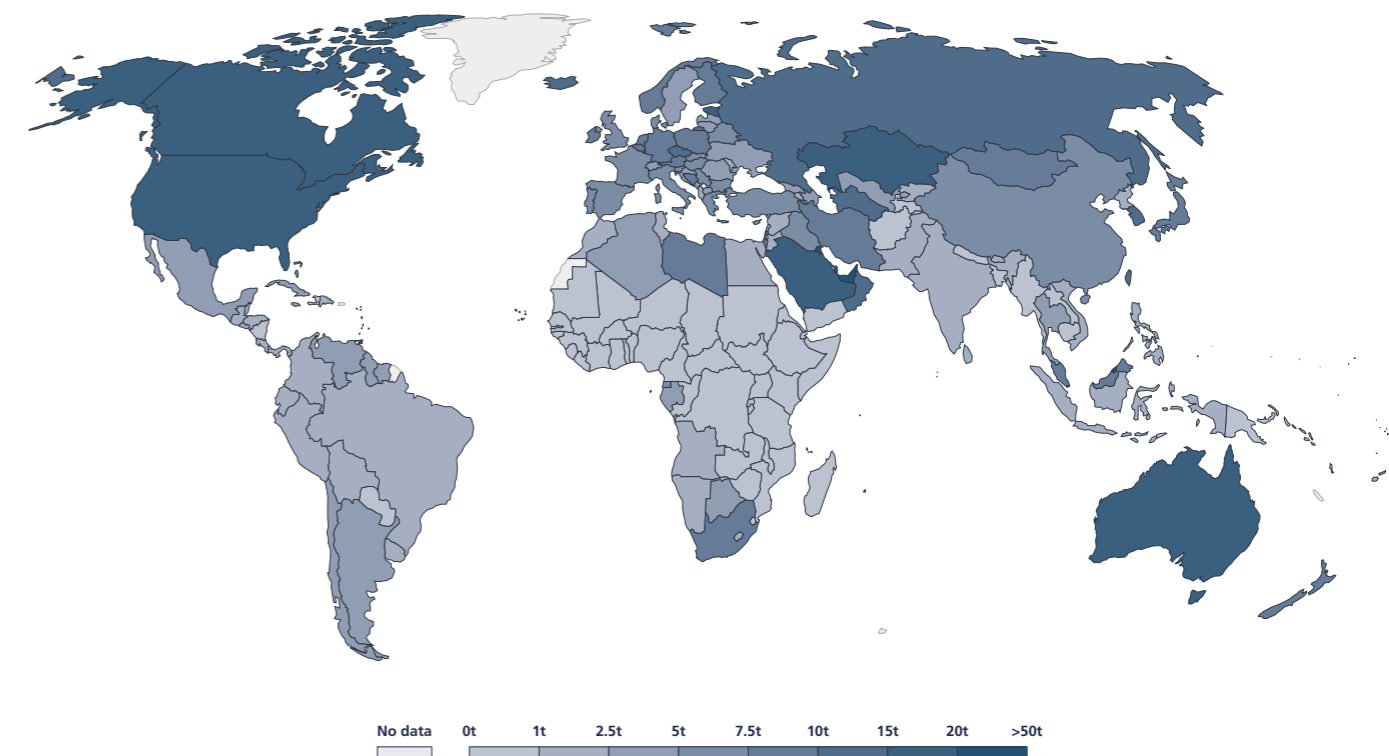
The regions in which PIDG invests – sub-Saharan Africa, south and south-east Asia, the Pacific – are the regions with the highest current and future vulnerability to climate change in the world.

They are consistently the countries least resilient to climate shocks and therefore face the greatest risks to health, livelihoods, food security, water supply, human security, and economic growth, from climate change.

Fourth, in the next three decades, the regions we invest in will see the fastest population and urbanisation growth on Earth. UN forecasts show that Africa will account for a quarter of the world population by 2050. There is a huge opportunity to harness the so-called 'population dividend', the energy and ingenuity of a large young population and their aspirations but also a major challenge to find the appropriate models of sustainable socio-economic development. We can be sure of at least one thing, the need to develop infrastructure will become even more pressing and the current vulnerabilities – including to extreme climate events – will be made even more complex with increasing populations. Fig 1 below illustrates the previous two points, looking at climate risk vulnerability and population forecasts of different regions.

Fifth and by no means last, the countries in which PIDG invests consistently present the lowest current and historic per capita GHG emissions. All available data confirms this and the map on this page illustrates the point. It could be said that people living in those countries face the consequences, bearing little responsibility for the problem.

CO₂ emissions per capita, 2017
Average carbon dioxide (CO₂) emissions per capita measured in tonnes per year.



Source: OWID based on CDIAC; Global Carbon Project; Gapminder & UN OurWorldInData.org/co2-and-other-greenhouse-gas-emissions/ • CC BY

PIDG's role to pioneer sustainable infrastructure

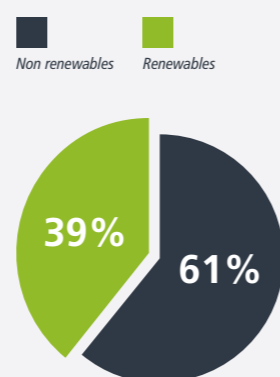
PIDG has been a pioneer in promoting sustainable infrastructure, mindful of the specific contexts in which we invest.

An analysis of our investments in the energy sector, PIDG's largest sector, highlights the role that PIDG companies played. InfraCo Asia enabled the first FDI investment in a large hydropower plant in [Northern Vietnam](#) as well as the first investments in [wind generation in Pakistan](#), and played a key role in one of the [largest solar plants ever planned in Vietnam](#). All these investments have since been successfully exited. EAIF invested in a portfolio of mini hydropower [projects](#) in Uganda that now contributes significantly to the local grid. In Rwanda, EAIF invested in the first [commercial solar on grid facility in East Africa](#) and in the groundbreaking [KivuWatt project](#), harnessing harmful gas from Lake Kivu to produce clean energy. InfraCo Africa is being instrumental in developing what will be the [first geothermal project in Ethiopia](#) and [the first large solar project in Chad](#). Last year GuarantCo with EAIF enabled [the first green bond in East Africa](#) (in local currency), focused on the highest standards of green construction. GuarantCo previously financed local currency green bonds to enable greenfield renewable projects in [India and the Philippines](#).

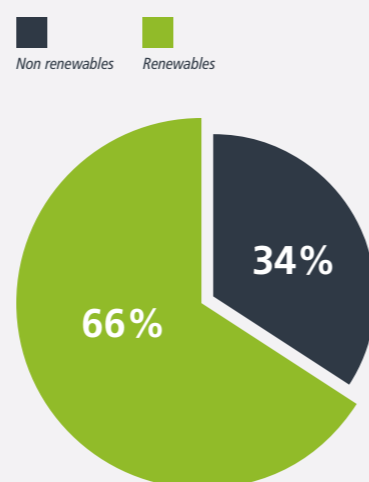
In 2002-19 PIDG committed \$1.58bn to energy projects in some of the most difficult investment contexts. Just over half of those commitments were in renewables. Of the total, 1.42bn USD were in power generation, 56% of which was in renewables. But this is only part of the story. Over half of PIDG energy commitments were signed since 2015, the year of the Paris Agreement on Climate Change.

The trajectory in the share of renewables in PIDG investments pre and post 2015, shows a clear commitment and action towards pushing the frontier of renewable energy investment.

Power Generation Commitments 2003-14 (\$558m)



Power Generation Commitments 2015-19 (\$864m)



PIDG's commitment to action in 2020 and beyond

In 2019 we took a fresh look at PIDG's climate change approach driven by the urgency to accelerate a transition toward net zero carbon. We estimated the carbon emissions of our portfolio by sector and decided to take further action in the highest emission sectors. We adopted an ambitious climate change approach across the Group, incorporating *Governance, Strategy, Risk and Metrics and Targets*, along the pillars of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to which PIDG is now a signatory.

PIDG's overall commitment is to support the goals of the Paris Agreement on Climate Change. Specifically, PIDG investments will support the countries in which we invest 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.

Incorporating climate considerations in the PIDG strategy means that we will continue to pioneer innovative technical and financing solutions to support sustainable infrastructure that meet the socio-economic needs of the population and contributes to climate change mitigation. We will proactively seek to remain at the frontier of what is technological feasible and commercially viable across our sectors.

We are conducting a systematic climate risk assessment of our portfolio and we have fully incorporated climate risks (physical and transition risks) in our risk management approach and investment decisions.

In terms of metrics and targets we are making two fundamental commitments:

1. Following international best practice guidance we started with the energy sector as it is the largest and highest emitting PIDG investment sector. In 2020 we are developing a methodology and targets for the transport sector. We will progressively expand our approach to other sectors.

For our energy investments, in practice this means that we will continue to invest in renewable energy generation. Coal power generation is already outside PIDG's investment policy. We will not start working on new energy generation projects powered by Heavy Fuel Oils and we do not expect to financially close any further HFO projects.

We will only invest in gas fired power generation where it meets stringent tests and a robust investment decision tree based on international best practice. PIDG does not invest in gas exploration or extraction. Evaluations of investment in gas power generation are made against our commitment to be part of the transition to zero carbon by 2050. The decision tree includes consideration of the economic status of the country, the need for infrastructure, the alternatives available – for example for baseload power generation – and whether the investments replace higher-emitting fuel sources, and do not displace investments in renewables. Crucially we look at the physical and transition risks of the infrastructure itself, ensuring that it adheres to technological best practice on climate emissions and that a transition and repurposing of the gas infrastructure is planned and costed before 2050. We firmly believe that this country by country and investment by investment approach is the most appropriate balance between the urgency of the infrastructure needs and the need to ensure that the infrastructure will not be climate inadequate or hamper the transition to zero carbon by 2050.

2. From 2020 we are estimating the future GHG emissions of all our investments and we will report annually on the carbon intensity of the PIDG portfolio as part of our commitment to the Task Force on Climate Related Financial Disclosures (TCFD) recommendation.

We focus on actual GHG emissions in our approach rather than avoided emissions. While we will first report in line with TCFD recommendations in 2021 for 2020, we are publishing this year on the PIDG website the draft data on the carbon intensity of the PIDG portfolio (aggregate for the active portfolio and per \$ million invested) and the methodology that we use.

We will continue to refine our methodology and we reserve to fine-tune the final data reported in the 2021 TCFD disclosure. We believe that this early disclosure is in line with our role as a pioneer responsible investor and a sign of real commitment on this journey. We will succeed or fail together and the time for action is now.

Starting the journey to solar power

- **Financial close: June 2019**
- **Total project investment \$75.84m**
- **Investment by InfraCo Africa \$6.5m**
- **PIDG TA funding of \$6.44m (\$6m VGF and \$0.44m grants)**

Challenge:

- Malawi’s electrification rate is 18.2% and existing installed capacity is dominated by hydro power. Low water levels have impacted power supplies
- The Government of Malawi has recognised energy as a key driver of economic growth and is working to establish the regulatory frameworks needed to attract private sector investment
- The government is also aware of the need to diversify Malawi’s energy mix, mitigating against the vulnerability of its power supply to drought and fluctuating oil prices

Impact:

- The project is expected to generate over 146GWh of energy annually, which is enough power to meet the average consumption of over 1.4m people
- Salima Solar will catalyse new opportunities for local businesses, create jobs in the area and reduce reliance upon expensive diesel generators, improving indoor air quality and cutting carbon emissions
- As one of the country’s first commercial-scale solar IPPs, Salima Solar has considerable potential for replication; increasing investor confidence and promoting further development of Malawi’s renewable energy sector

Solution:

- InfraCo Africa is working with JCM Power and Matswani Capital PTY to co-develop the 60MWac Salima Solar project
- Construction commenced on site in June 2019
- The project is expected to mobilise \$63m in investment from DFIs and the private sector



Kikagati Cross border hydropower generation – Uganda

EAIF provided secured long term USD debt to Kikagati HPP – the first cross border hydropower project between Uganda and Tanzania on the Kagera river

- **Financial close: August 2019**
- **Total project investment \$87.7m**
- **Investment by EAIF \$26.79m**
- **PIDG TA funding \$0.8m**

Challenge:

- Uganda and Tanzania have low electrification rates of 42.6% and 35.6% respectively, with rural access rates falling to 38% and 18.8%. Uganda and Tanzania are both growing economies that have suffered from underinvestment in their power sectors
- Tanzania’s power sector has limited participation from IPPs. The parastatal offtaker and system operator TANESCO faces several challenges affecting its operational and financial performance, and lacks a credible payment track record vis à vis IPPs
- Kikagati is a low-head, run-of-river cross-border project – its construction is complex and there are logistical and legal challenges around moving equipment and labour across the border

Impact:

- The project is expected to generate over 110GWh of clean energy annually, which is enough power to meet the average consumption of approximately 815,590 people in Uganda and Tanzania
- The project will provide employment for c.250 people during construction. Most hires are local workers who will benefit from training and development programmes
- As the first cross border power IPP, this project and financing is expected to have significant demonstration effects by promoting further integration of the East African Power Pool
- The project is located in a remote and underserved area along the border and will benefit the local population in both countries

Solution:

- EAIF and FMO are providing 16 year term loans to finance the development of the project. Such long term loans continue to be unavailable in the regular banking channels in East Africa
- 100% of the energy generated at Kikagati will be bought by the Uganda Electricity Transmission Company, Uganda’s national power utility. It will then sell 50% of Kikagati’s power to Tanzania. The commercial and legal arrangements underpinning the sale of electricity is governed by Bilateral agreements. This structure limits project offtake risk exposure to UETCL, thereby ensuring and enhancing bankability
- When operational, Kikagati plant will benefit from the GET FIT programme, which is funded by the EU and a number of European governments it brings down the average cost of power to consumers

Spotlight: Empowering women and girls

Regardless of where you live, gender equality is a fundamental human right. Advancing gender equality is critical to all areas of a healthy society, from reducing poverty to promoting the health, education, protection and the well-being of girls and boys.

Enabling women and girls to have equal access to education, health care, decent work, and representation in political and economic decision-making processes will fuel sustainable economies and benefit societies and humanity at large.

Implementing new legal frameworks regarding female equality in the workplace and the eradication of harmful practices targeted at women is crucial to ending the gender-based discrimination prevalent in many countries around the world.

Women's and girls' empowerment is essential to expand economic growth and promote social development. The full participation of women in the labour force would add percentage points to most national growth rates – double digits in many cases.

PIDG has developed a Gender Equity Action Plan

One of PIDG's core values is impact, which we define as having a strong, positive and tangible effect on people's lives. Fundamental to this is improving outcomes for women and girls. Particularly in the countries that PIDG operates in, a variety of barriers prevent women and girls from participating in and benefitting from infrastructure equitably, and women are also disproportionately affected by gender-based violence and harassment (GBVH). Yet there is growing recognition that addressing these risks and advancing women's empowerment creates tangible benefits for individuals, businesses and the wider community.

At PIDG we fully recognise our responsibility to safeguard women and girls across our operations and are committed to empowering women through our investments and to deliver gender equity in the workplace. The PIDG Gender Equity Action Plan outlines the key actions that we are committed to implementing in 2020 across our group of companies.

What have we done so far?

Multiple teams across the PIDG Group have been engaged with gender-related work, including:

- PIDG HSES (Health, Safety, Environmental and Social) team – creating policies and standards on gender equality and gender-related risks (including GBVH)
- PIDG HR and Communications – addressing discrimination and promoting diversity and equal opportunities within the workplace
- PIDG DI team – implementing processes and guidance to advance gender lens investing
- GuarantCo – creation of GuarantCo Gender Task Force to identify and drive relevant actions at the level of GuarantCo company
- All PIDG companies – working to improve gender outcomes within investments for women in project companies and communities

PIDG Gender Equity Action Plan 2020

Building on the activities across the group so far, the PIDG Gender Equity Action Plan is comprised of three pillars:

Pillar I – Safeguarding Women and Girls from GBVH in PIDG Investments and Operations

This pillar encompasses all activities related to the effective safeguarding of women and girls from GBVH, building on the implementation of PIDG Gender Equality Standard

Pillar II – Empowering Women and Girls through PIDG Investments

This pillar encompasses all activities related to driving and demonstrating positive impact for women and girls within PIDG investments. We are piloting a new Gender Lens Investment Guide and updated PIDG Gender Ambition Framework. The aim is to support investment teams to systematically consider gender in investments across the five domains of company governance, workforce, supply chain, products and community.

Pillar III – Leading by Example at PIDG

This pillar encompasses all activities related to avoiding discrimination and promoting diversity, inclusivity, and equal opportunities across the PIDG Group.

Classic Fashion Garment industry – Jordan

From refugees to workers: transforming lives for Syrian women refugees through safe employment

- **Financial close: December 2019**
- **The deal has a total investment commitment of \$61.9m. Made up of a \$42.5m term loan facility plus \$19.4m equity**
- **GuarantCo issued a 100% guarantee for a \$42.5m 5-year tenor corporate loan**
- **Working alongside the CFAI Social Development team, \$305,000 TA Funding has been approved**



Challenge:

- Classic Fashion required debt financing in order to expand its capacity. However its lender Standard Chartered Bank (SCB) faced single borrower limits
- UNCHR reports that at end of 2019 655,000 registered Syrian refugees lived in Jordan; an additional 30,000 returned home from Jordan in the year and up to 5,000 moved to a third country. 165,000 Syrian refugees have been issued work permits and can potentially contribute to the Jordan economy. Many of these Syrian refugees have been forced to work in the informal sector, without labour protections (Human Rights Watch, 2018). The government of Jordan need support to integrate these refugees and reach the refugee quota

Solution:

- GuarantCo has provided 100% credit guarantee to SCB who provided a 5-year \$42.5m corporate loan to Classic Fashion
- The funds will be used to build a fabric mill, a centralised cutting facility, a carton and bag factory and a laundry unit, all of which will cater for increased demand

- Classic Fashion provides staff free meals and accommodation, a high standard of HSES at workplace and training centres
- During the current COVID crisis the factory can keep operating due to the workforce being on site and special safety measures adopted with PIDG TA support. The factory has partly temporarily reconverted to protective equipment for health workers due to global demand

Impact – Empowering Women:

- GuarantCo and PIDG worked with the company to assess and improve impact on women, as part of the wider support to train, employ and develop skills for Jordanian, Syrian, and migrant workers
- Applying a gender lens to the investment meant looking at areas like governance, workforce, products, supply chain and community to identify the most significant ways to improve outcomes for women. We identified the following measures as the most promising:
 - **Women in the workforce:**
 - Technical Assistance funding will

- be used to expand operations of the training centre, in order to improve capacity to provide training and employable skills
- Each cohort aims for 80% female and 20% male graduates, with 10% reserved for people with disabilities. To improve the centre's accessibility for female and refugee participants, trainees are fully compensated by CFAI throughout the programme
- The centre employs female trainers who also act as mentors. Gender-based violence and harassment (GBVH) training is also conducted to raise awareness and support trainees

- **Women in the workforce:**
 - GuarantCo's support will facilitate CFAI employing 1,000, to be expected mostly female refugees, within three years
 - After graduating from the programme, trainees are encouraged alongside Jordanians and existing groups of migrant workers, to seek employment at CFAI. Such an opportunity effectively lowers workforce entry barriers for women, and particularly female refugees



03

Driving and demonstrating impact

Driving and demonstrating impact

Impact is a core value at PIDG, defined as a strong, positive and tangible effect on peoples' lives.

We integrate this value across the investment cycle and since last year we have further strengthened our systems to drive and demonstrate impact.

PIDG investments change people lives and contribute substantially towards the SDGs where it matters the most.

Contributing to the SDGs

At PIDG we work to ensure that each of our efforts accelerate progress towards meeting the SDGs.

Our sole focus on infrastructure means that PIDG investments underpin economic growth, creating decent jobs, transforming economies and contributing to SDG 1 and SDG 8. PIDG's investments in specific sectors deliver against SDG 6 (clean water and sanitation), SDG 7 (affordable and clean energy),

SDG 9 (industry, innovation and infrastructure), SDG 11 (sustainable cities and communities through our affordable housing investments).

As outlined earlier in this review, in the past year we continued to advance our contribution to action against climate change (SDG 13) and Gender Equality (SDG 5), which are now integrated in all stages of the PIDG investment cycle.

PIDG also continues to strengthen our focus on managing potential negative impacts in our investments. All new projects are assessed against efficiency and responsible consumption in alignment with SDG 12 (responsible consumption and production). For all projects, PIDG companies consider the potential risk to biodiversity and the ecosystem, and the health of the project impacted communities, through PIDG's risk management and Environmental Social Health Impact Assessment (ESHIA) process. This aligns with SDGs 3, 14 and 15 (good health and well-being, life below water and life on land).



PIDG contributes to the SDGs in a clear and measurable way.

Providing access to cheaper or more efficient power supplies, better routes to market, improved communication or enhanced irrigation, storage or processing facilities should enable businesses to become more productive and enable them to grow and employ more people. Where its investments improve the availability and cost of infrastructure, this can increase the opportunities for full and productive employment and decent work.

This in turn will create opportunities for local employment, so that people do not have to leave/migrate from their countries in pursuit of economic opportunities.

PIDG's five-year strategy has an enhanced focus on the affordability of the infrastructure it enables. PIDG will test how each investment is expected to improve access to infrastructure, whether for low-income individuals or for businesses or for both. Where PIDG can support areas of economic activity with associated infrastructure, it may be possible to forge strong links so that the revenues of the businesses and the infrastructure providers are mutually supported.

PIDG-supported projects reaching Financial Close in 2019 will contribute to the following SDGs:

5 GENDER EQUALITY
1 project deliberately designed to empower women

7 AFFORDABLE AND CLEAN ENERGY
 Energy access
2.5m people

9 INDUSTRY INNOVATION AND INFRASTRUCTURE
 Open up access to infrastructure
6.8m people

6 CLEAN WATER AND SANITATION
 Litres of water per day
5m litres

8 DECENT WORK AND ECONOMIC GROWTH
 Long-term direct jobs: **700**
 Short-term direct jobs: **11,000**

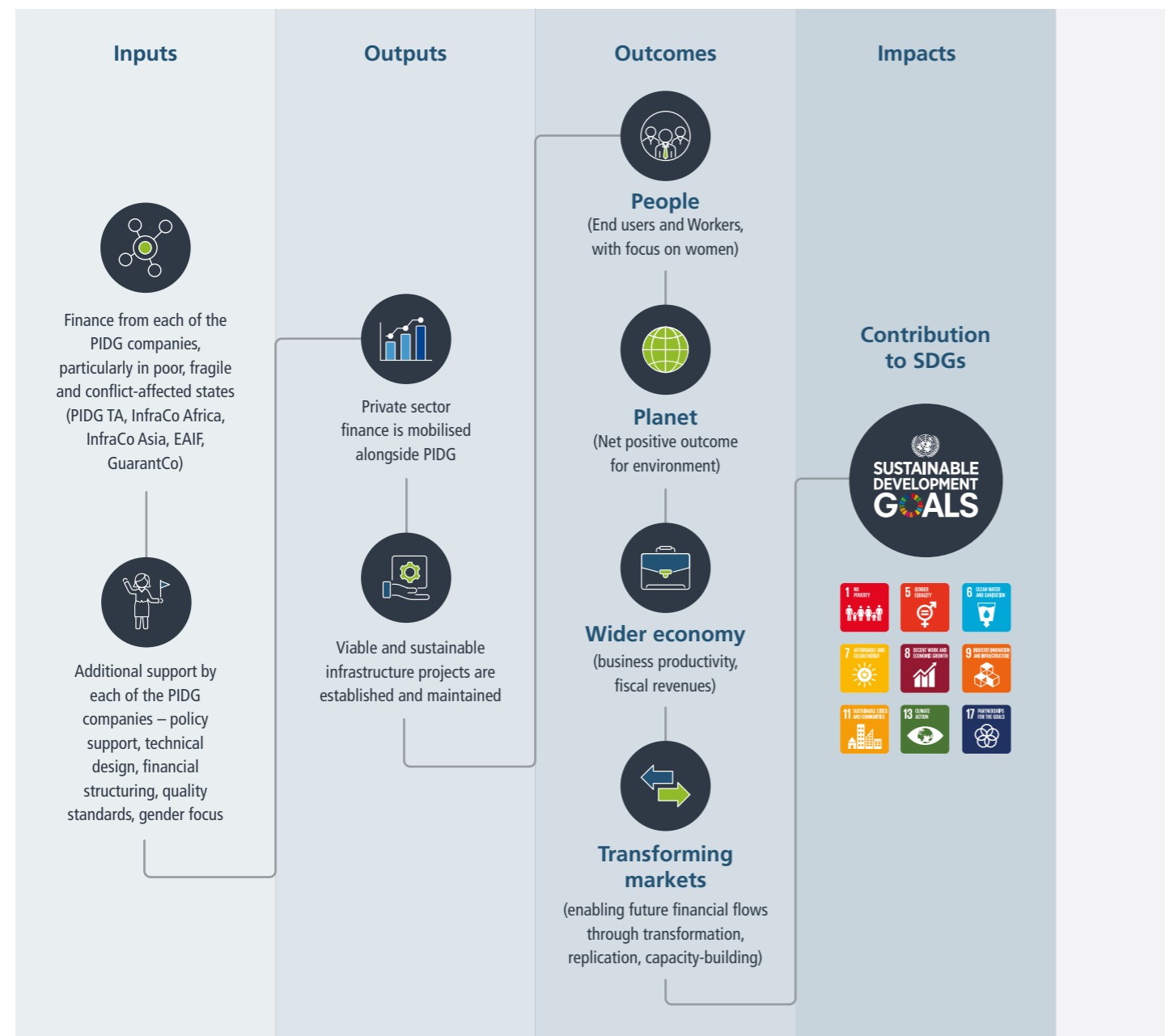
11 SUSTAINABLE CITIES AND COMMUNITIES & **17 PARTNERSHIPS FOR THE GOALS**
 Mobilise private sector investment (PSI)
\$2bn

Theory of change

PIDG helps transform economies and improve lives. It mobilises private sector funding and capacities to deliver infrastructure projects that would not otherwise happen, in the most difficult geographies and where it is most needed.

PIDG's pathway to impact relies on the following steps:
 PIDG provides finance and technical support to infrastructure projects in low-income countries, alongside private sector funds.

These infrastructure projects are commercially viable, either immediately or over time, providing a sustainable model for delivering essential services and a demonstration effect to crowd in more private sector investment and funding to infrastructure in the future.



Projects generate positive outcomes for society by providing new or improved access for households to essential services such as energy, water, communications, transport and housing.

In order to achieve impact, these infrastructure services must be affordable to households. They may achieve a scale of impact either through their size or through their replication. Positive outcomes for women and girls are particularly important.

Alternatively, or additionally, improved infrastructure helps businesses to grow and create more and better jobs. In order to achieve impact in this way, these services must be affordable to businesses. There may also be employment opportunities generated in the supply chain of the PIDG-supported infrastructure.

The infrastructure company will pay taxes, as will the companies in the supply chain and those benefiting from the infrastructure.

As a responsible investor in infrastructure projects in some of the countries most vulnerable to climate change, we take our role very seriously. PIDG seeks infrastructure projects which contribute to the mitigation of – and adaptation to – climate change, and which are themselves resilient in the face of climate change. While PIDG prioritises low-carbon solutions, higher emissions projects are also supported where there is an urgent social need and no viable alternative. From this year we will track the estimated actual emissions of all our investments and our portfolio, and we will start to disclose emissions data as part of our commitment as a signatory to the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). This year, we have started to make our draft estimates public on our website, in line with our overall commitment to transparency.

PIDG's investments may also have an influence on the wider capital market, enabling more funds to flow to infrastructure in the future. At a minimum, they create an important track record in frontier markets, but PIDG companies go further, building local capacities and developing solutions to transform markets enabling future flow of finance to infrastructure.

PIDG's investments may demonstrate the viability of a structure (for example, a public private partnership), an innovative technology or a geography, so that other investors are attracted into that market and engage without the need for PIDG's involvement.

As a Group, PIDG companies deploy their financing solutions along the entire investment cycle in flexible ways, to enable the delivery of investment, sustainable infrastructure and impact.

Driving positive impact at all stages of investment

This year we continued to strengthen our systems to drive and demonstrate impact through our investments.

PIDG is now a signatory to the IFC Impact Management Principles – as we believe it is important to drive consistency, professionalism and transparency in impact management.

We screen and monitor all investments for net positive impacts across common impact areas that map across the PIDG Theory of Change:

Impact on people and planet

- End users
- Workers
- Climate change and environment

Impact on the wider economy

- Business productivity
- Government fiscal impacts

Mobilising investment

- Quantity and quality of capital mobilised, lowering the risks and building capacity of new players to enter the market

Transforming markets

- Developing the track record and innovative solutions to allow future finance of infrastructure beyond PIDG investments

We run a robust process so that new investments from each PIDG company are screened at a very early stage for additionality and compliance with PIDG strategy – including geography, sector, climate change and gender impacts and any potential negative impact. Minimum criteria must be met before investments can proceed. At this stage we also identify the key routes to impact and key questions to explore as the investment develops, to maximise impacts and ensure that we can track them if investments go ahead.

The process is highly iterative, ensuring that Development Impact screening, clearance, and full endorsement precedes key steps of the investment approval process.

For each investment we identify who benefits, the depth of the positive impact, the scale of impact, the risk to impacts materialising and our contribution to relevant SDGs.

Key monitoring requirements agreed with our investees ensure that we can track those impacts and keep a live account of the estimated future impact of the PIDG portfolio.

Committed to transparency and learning

As an early proponent of blended finance, PIDG is fully committed to transparency, accountability and learning.

We continue to publish information on our investments and their impacts on the online [PIDG Results Monitoring Database](#).

All our evaluations are public and online as per OECD guidance.

At the end of 2019 we have taken stock of our evaluation and learning work and we are in the process of developing a new DI learning strategy 2020-23.

One exciting feature that we look forward to implementing in 2020 is an enhanced focus on the outcomes of our investments on end users, including a series of users feedback surveys so that we hear directly from the people whose lives we aim to transform.

This will be in addition to our ongoing evaluation work and a new independent evaluation to be commissioned in 2020 by PIDG Owners.

HSES – building the foundations to deliver positive impact

We are aware that in order to deliver positive impacts on people and planet, we first need to ensure that we identify, address and mitigate the risks of negative impacts.

COVID-19 is changing the health, safety, environmental and social (HSES) risk profile of our projects. We need to remain vigilant to forestall any potential increase in human rights risks to our local and migrant workers and project related communities during restricted working and lock down measures. During this time and integral to any recovery plans, we need to ensure that we meet existing HSES standards that we have worked to achieve in 2019. PIDG is committed to maintaining good HSES governance across our portfolio and will continue to maintain strong communication lines and offer guidance to our companies and project teams through this difficult time.

Our focus is on responsible investment and it requires strong HSES governance that runs across all our companies and is at the heart of all our investment decisions. While we have been engaged in the development of the PIDG HSES Framework, 2019 saw a notable surge in momentum. During the year, we announced the formation of the PIDG Safety Culture Strategy to drive our safety culture efforts both across our portfolio and internally. Safety is our central value. Our values are the principles that guide the way we all work. Our ambitions in this area are sizable. We have set a target of rolling out a number of focused campaigns with the aim of reducing serious worksite incidents and accidents.

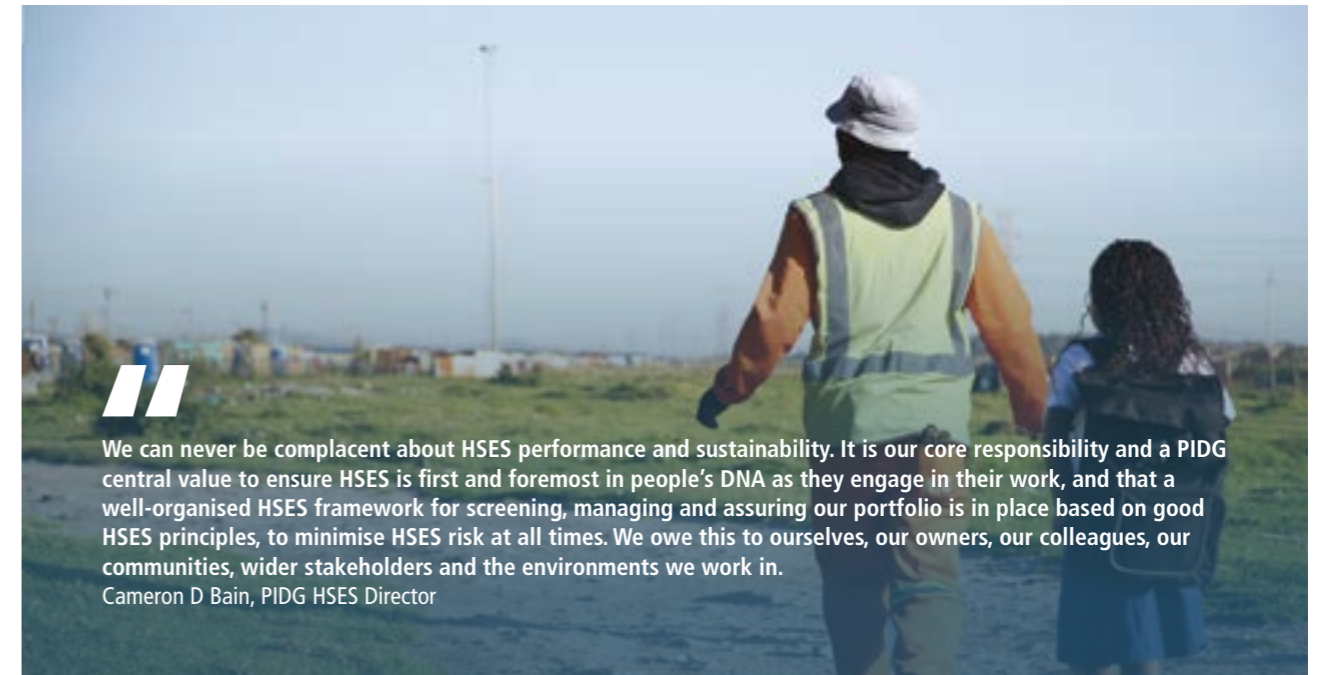
2019 served as a stark reminder of the importance of safety in the various projects that we support. The number of serious workplace accidents has brought our attention to just how challenging some of the projects can be and the respect these should command. In 2019 we enhanced our incident investigation requirements across our portfolio. The PIDG mechanisms for and quality of serious investigation have improved significantly, which allows us to derive lessons learnt and insights from these incidents and then share widely through our Lesson learnt sharing alert bulletins. There will be additional focus and investment in the development of learning, and information and investigation quality in the coming years.

Basic worksite contractor safety continues to remain a significant challenge in the countries where we operate. Our PIDG life-saving rules are at the heart of our group's HSES culture, as reflected in a number of well received workshops in 2019. As part of this strategy we focussed our attention on 12 high risk situations which had been shown to be the source of our most serious incidents over the years and introduced the [12 PIDG life-saving rules](#) in response to these situations. Together the life-saving rules, the PIDG HSES framework and enhanced HSES terms and conditions in new transactions are helping us build a culture in PIDG where people know and follow the rules that keep us safe. However, documentation and compliance alone are not enough – we need to be leaders in setting a strong safety culture. These life-saving rules will continue to be a mainstay of our group focus and we will continue our safety culture development around these in 2020.

Transport risk remains at the top of the agenda; this is especially evident as shown by the number of transport related incidents in recent years. In 2019 we developed the PIDG Transport and Road Safety Guideline which will form the centrepiece of a focused campaign in 2020. We continue to work with DFIs and FIs to build on these guidelines with the aim of setting out industry wide best practice notes that can be shared freely with our projects.

Alongside this important contribution to building our safety culture, we have continued to show leadership in managing our environmental and social impacts responsibly, investing in and developing our people, and protecting the human rights of our people and local communities.

We have developed our first set of documents which set out our minimum requirements for the management of project-related social performance across our companies and projects. Aligning with the IFC Performance Standards and Good International Industry Practices (GIIP) the documents enable our companies and projects to obtain stronger guidance from the central PIDG HSES team on local employment and labour management, stakeholder engagement and grievance mechanisms and gender equality and safeguarding against gender-based violence and harassment (GBVH).



“ We can never be complacent about HSES performance and sustainability. It is our core responsibility and a PIDG central value to ensure HSES is first and foremost in people's DNA as they engage in their work, and that a well-organised HSES framework for screening, managing and assuring our portfolio is in place based on good HSES principles, to minimise HSES risk at all times. We owe this to ourselves, our owners, our colleagues, our communities, wider stakeholders and the environments we work in.

Cameron D Bain, PIDG HSES Director

- The objective of the PIDG Local Employment and Labour Management Standard is to ensure the fundamental rights of all workers and gender equality across all PIDG projects.
- The PIDG Stakeholder Engagement Standard sets out the requirements for meaningful and effective engagement with all our project affected stakeholders, and will facilitate their informed participation in project decision making.
- The PIDG Grievance Mechanism Standard aims to guarantee that there is an effective mechanism in place across all PIDG projects, to receive and facilitate the resolution of workers and stakeholder's concerns and grievances regarding project related HSES issues.
- The purpose of the PIDG Gender Equality Standard is to help our projects achieve gender equality, to economically empower women and to safeguard women and girls from sexual harassment, sexual exploitation and abuse across all PIDG projects.

We recognise that minimising the effects of our projects on the environment, understanding local social issues and positively contributing to our host communities are essential enablers that allow us to achieve the SDGs. We will continue our focus on GBVH in 2020 through GBVH focused training across the company. We will also focus on climate change and biodiversity in 2020. We will be preparing biodiversity and ecosystems service guidance focusing on due diligence and ESHIA processes.

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 well-being of our people is vitally important, even more so as we deal with the impacts of the COVID-19 pandemic.

Our overall approach to HSES risk has always been about doing what is practical, sensible, proportionate and acceptable – managing risks so that they are 'As Low As Reasonably Practicable' (ALARP); in other words, to manage foreseeable risk in a way that allows our projects to achieve effective project outcomes whilst also effectively managing HSES risk. We have been working on new HSES risk screening tools to help us better identify, understand and mitigate these risks.

Our framework includes several basic principles:

- We manage the HSES risk with the same care and discipline as we do other business risks
- We weigh HSES impacts in all relevant business selection decisions
- We decline projects when potential HSES impacts cannot be mitigated to ALARP, or when unacceptable risks conflict with our HSES policies and standards.

Because HSES risk management is so critical we focus on training our people in HSES due diligence and risk management. The most common HSES failures occur in the poor implementation of management systems and safeguards. In 2020 additional effort will go into the assurance of these systems by HSES data gathering and reporting along with on the ground portfolio assurance activities.



04

Key development impact metrics for PIDG Group and companies

PIDG commitments by geographies

In 2019, PIDG committed \$479m to 55 transactions – \$459.6m across 18 projects and over \$19.6m to 36 TA grants

Of these commitments:

63% were to projects in **Fragile and Conflict-Affected States** **45%** were to projects in **Least Developed or Other Low-Income countries (DAC I/II)**

Overall, PIDG has committed \$4.1bn to 477 transactions – \$3.98bn across 286 transactions, and \$85m to 191 TA grants

Of these cumulative commitments made by PIDG since 2002:

50% were to projects in **Fragile and Conflict-Affected States** **43%** were to projects in **Least Developed or Other Low-Income countries (DAC I/II)**

PIDG commitments by infrastructure sector

PIDG commitments by sector: 2019 (\$m)

	\$m	%
Agri-infrastructure	0.3	0.1%
Bulk storage and logistics	0.0	0.0%
Energy	244.9	51.1%
Housing	12.8	2.7%
Manufacturing	42.8	8.9%
Mining and upstream oil and gas	70.0	14.6%
Multi sector	56.7	11.8%
Multi sector: capital market development	0.9	0.2%
Telecoms	50.1	10.5%
Transport	0.3	0.1%
Water, sewerage and sanitation	0.3	0.1%
Total	479.2	

PIDG commitments by sector: cumulative (\$m)

	\$m	%
Agri-infrastructure	97.7	2.4%
Bulk storage and logistics	103.5	2.5%
Energy	1,579.8	38.9%
Gas transportation, distribution and storage	137.5	3.4%
Housing	154.9	3.8%
Manufacturing	369.6	9.1%
Mining and upstream oil and gas	116.2	2.9%
Multi sector	251.0	6.2%
Multi sector: capital market development	4.7	0.1%
Oil transportation, distribution and storage	96.0	2.4%
Social infra: other	30.3	0.7%
Telecoms	569.6	14.0%
Transport	477.0	11.7%
Water, sewerage and sanitation	76.6	1.9%
Total	4,064.5	

PIDG commitments to energy projects

Renewable	798.2	51%
Biomass	41.9	5%
General, multiple sub-sectors	8.9	1%
Geothermal	52.1	7%
Hydro	286.9	36%
Solar	309.0	39%
Wind	99.4	12%
Non-renewables <td>781.5 <td>49% </td></td>	781.5 <td>49% </td>	49%
Coal	1.8	0%
Gas	468.4	60%
General, multiple sub-sectors	168.4	22%
Oil	143.0	18%

PIDG's focus to date has largely been on the energy sector, preferring renewables where they make sense from a cost and grid perspective. With one in seven people globally lacking access to electricity, and as the demand continues to rise, there needs to be a substantial increase in the production of renewable energy across the world. Hence, power will remain an important part of the PIDG portfolio, as it is a powerful enabler of infrastructure development and impact.

With an increasing focus on renewable energy and off-grid technologies, PIDG will continue to develop areas where it has acquired expertise (small hydro, wind, solar, geothermal). PIDG will increasingly explore off-grid and mini-grid solutions, including storage solutions co-located with renewable generation, thereby providing power in remote areas and promoting a greater depth of impact.

PIDG does not invest in mining activities and oil and gas exploration. We invested in infrastructure related to mining where there were additional benefits for local communities.

Mobilisation of funding from private sector and development finance sources

PIDG companies leverage Owner funding, blending it with Private Sector Investment (PSI) from local, regional and international sources from Development Finance Institutions.

Since 2002, PIDG has committed \$4.1bn to 477 transactions. PIDG-supported projects have mobilised \$33.2bn in total funding, including \$20.7bn from the private sector.

PIDG focuses on frontier countries: 52% of total investment mobilised by PIDG-supported projects has been in Least-Developed and Other Lower-Income countries; and 60% in Fragile and Conflict-Affected States.

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

To avoid double counting, the amounts raised on each transaction need to be attributed to the DFIs involved, rather than each claiming the full amount.

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 business. 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.

The table opposite shows and monitors the amount of PSI mobilised:

- a comparison for the years 2012-18 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 2019 with the figures calculated according to the OECD's methodology. The OECD figures will be confirmed when its exercise takes place in mid-2020.

As the table shows, during 2012-18 PIDG-supported projects mobilised \$10.3bn, as compared to the OECD mobilisation figures of \$5.4bn. For 2019, PIDG-supported projects mobilised \$2.0bn in private sector financing; it is calculated that the OECD approach would allocate \$0.4bn of this to PIDG.

Total investment commitments mobilised by PIDG activities, by sector (\$m)

	Total investment commitments	Private sector investment	DFI investment	Grant*
Agri-infrastructure	471.0	201.2	256.4	13.4
Bulk storage and logistics	814.1	530.5	283.4	0.1
Energy	9,564.9	4,328.6	5,217.7	18.5
Gas transportation, distribution and storage	673.5	433.9	239.6	
Housing	124.7	78.1	46.6	
Manufacturing	3,741.9	2,123.7	1,618.2	
Mining and upstream oil and gas	2,131.0	1,312.7	818.3	
Multi sector	638.0	360.4	271.2	6.4
Oil transportation, distribution and storage	715.0	429.0	286.0	
Social infra: other	100.0	100.0	-	
Telecoms	9,682.9	7,703.8	1,979.1	
Transport	4,239.8	3,008.5	1,231.3	
Water, sewerage and sanitation	288.3	123.6	164.3	0.4
Total	33,185.0	20,733.9	12,412.2	38.8

* Grants are included in TICs for projects funded by InfraCo Africa and InfraCo Asia, as these are a key part of the PIDG's efforts to make the projects viable

Percentage of Total Investment Commitments in Fragile and Conflict-Affected States (FCAS) by sector

Agri-infrastructure	91%
Energy	58%
Gas transportation, distribution and storage	58%
Housing	71%
Manufacturing	88%
Mining and upstream oil and gas	75%
Multi sector	33%
Oil transportation, distribution and storage	6%
Telecoms	67%
Transport	38%
Water, sewerage and sanitation	18%

Percentage of Total Investment Commitments in Least Developed and Lower-Income countries (DAC I/II) by sector

Agri-infrastructure	100%
Bulk storage and logistics	58%
Energy	40%
Manufacturing	29%
Mining and upstream oil and gas	100%
Multi sector	63%
Telecoms	70%
Transport	47%
Water, sewerage and sanitation	18%

Comparison of PIDG standard methodology vs. OECD proposed attribution

2019 results	\$m	OECD results compared to PIDG 2012-18	\$m
PSI mobilised by projects supported by PIDG	1,958.2	PSI mobilised by projects supported by PIDG for 2012-18	10,258.4
Estimated attribution to PIDG of PSI mobilised as per OECD methodology	424.2	Estimated attribution to PIDG of PSI mobilised as per OECD methodology 2012-18	5,450.0

Predicted access by sector

6 projects became operational in 2019, improving access to essential infrastructure for an estimated 9 million people

PIDG companies collect data on the expected number of people gaining access to new or improved infrastructure. These figures often rely on estimates and conversion methodologies where it is unrealistic to track end-users of services directly, but PIDG seeks ways to refine these conversion methodologies and make them more robust.

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, but PIDG is aware that this method faces challenges.

PIDG is currently trialling a new approach of applying the percentage increase of grid-energy provided by the project to the population

connected to the grid; this is a more conservative estimate of the impact generated. The principal challenge is the lack of a single consistent source for the grid-connection data, and thus PIDG is using a variety of different sources (often the national grid company/regulator), which may employ different methodologies for how it counts the number of connections.

Applying this methodology to the 2019 results, the estimated access figures for the three grid-tied energy projects would decrease from 2.4m to 0.4m people. This would reduce the total number of people gaining access to new or improved infrastructure from projects reaching financial close in 2019 to 4.8m.

Predicted access, by sector

	Predicted access (cumulative)
Agri-infrastructure	108,874
Bulk storage and logistics	50,000
Energy	89,560,170
Gas transportation, distribution and storage	28,664,195
Housing	51,731
Manufacturing	18,062,003
Mining and upstream oil and gas	89,500
Multi sector	1,311,889
Oil transportation, distribution and storage	3,306,105
Social infra: other	-
Telecoms	53,530,551
Transport	13,251,988
Water, sewerage and sanitation	794,661
Total	208,781,667

Projected cumulative employment

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

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

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

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

This in turn will create opportunities for local employment, meaning people do not have to leave/migrate from their countries in pursuit of economic opportunities.

In addition to wider economic effects, PIDG projects also create jobs more directly. The 14 projects reaching financial close in 2019 will create 11,017 short-term jobs in construction and 693 long-term jobs in operation of infrastructure, as well as extensive opportunities in local supply chains.

Where power projects are on-grid, it is not possible to specifically identify the jobs created so PIDG is developing models to assess the impact of these at a macro level. Where it supports smaller, mini-grid solutions, PIDG is working with others to develop a model to help to access the impact of on-grid energy generation on jobs at a macroeconomic level.

Projected cumulative employment directly generated by PIDG-supported projects

	Short-term employment	Long-term employment
Agri-infrastructure	2,882	8,016
Bulk storage and logistics	3,850	938
Energy	18,683	1,476
Gas transportation, distribution and storage	2,527	338
Housing	2,590	70
Manufacturing	11,970	4,413
Mining and upstream oil and gas	5,540	775
Multi sector	175	160
Oil transportation, distribution and storage	3,800	2,000
Social infra: other	350	25
Telecoms	2,665	9,778
Transport	7,046	220,263
Water, sewerage and sanitation	514	1,196
Total	62,592	249,448

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

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

At a glance

Established	2004
PIDG Members currently funding	DFID, DGIS, SECO, Sida, IFC – World Bank Group, DFAT
Cumulative PIDG Member funding disbursed to the PIDG Trust	\$104.2m
Total commitments by TA at 31 December 2019	\$36.7m to 182 TA Grants \$0.75m to 1 Capital Grant \$41.3m to 7 VGF Grants \$5.5m to 10 DevCo Grants
TA's 2019 commitments	\$6.3m for 33 TA Grants \$0.75m for 1 Capital Grant \$6.0m for 1 Viability Gap Funding Grant \$5.5m to 10 DevCo Grants
PIDG TA approved 45 new grants in 2019, including	Salima Solar Viability Gap Funding, Malawi Acorn Housing Technical Assistance, Kenya Albatros IPP Capital Grant, Mali Myanmar Wind Capacity Building, Myanmar ESSOR Technical Assistance, DRC Affordable Housing Transaction Advisory, Timor Leste

At a glance

Established	2003
PIDG Members currently funding	DFID, DGIS, Sida, World Bank-IFC; DevCo is funded directly, not through the PIDG Trust
Cumulative PIDG Member funding	\$91.1m
Managed by	IFC, a member of the World Bank Group
Total commitments as at 31 Dec 2019	\$46.7m to 68 projects/mandates, including 33 that have reached financial close, 16 that have reached commercial close, 14 under active development, and 5 closed after completing Phase I or Post-Transaction work*

In 2019, DevCo committed \$3.9m to a number of activities including 3 transaction advisory mandates, and 5 preliminary (phase 0) and post-transaction activities.

The \$46.7m cumulative commitment figure does not include commitments to projects that did not result in a closing. In addition PIDG is currently in the process of confirming the status of DevCo's portfolio and will update these figures once the process is complete.

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

At a glance

Established	2004
PIDG Members currently funding	DFID, DGIS, SECO
Cumulative PIDG Member funding	\$231.4m to InfraCo Africa Development and \$0.1m to InfraCo Africa Investments
Managed by	InfraCo Africa
Total commitments as at 31 Dec 2019	\$125.9m to develop 24 projects, 13 of which have reached financial close and/or have been sold
2019 commitments	\$9.4m across 4 new projects, 2 of which reached financial close

At a glance

Established	InfraCo Asia Development: 2010 InfraCo Asia Investments: 2014
PIDG Members currently funding	InfraCo Asia Development: DFID, SECO, DFAT, DGIS InfraCo Asia Investments: DFID
Cumulative PIDG Member funding	InfraCo Asia Development: \$171.0m InfraCo Asia Investments: \$27.3m
Managed by	InfraCo Asia
Total commitments as at 31 Dec 2019	IAD: \$114.1m to develop 33 projects, 11 having reached financial close IAI: \$37.2m on 4 projects that have reached financial close
2019 commitments	IAD: \$6.7m across 2 projects which reached JDA

Projects that signed a Joint Development Agreement or equivalent in 2019

- Bonergie Irrigation 1, Senegal
- Samburu Solar, Kenya
- Sierra Leone Minigrig, Sierra Leone
- Transmara Solar, Kenya

Projects that reached Financial Close in 2019

- Bonergie Irrigation 1, Senegal
- Salima Solar, Malawi
- Sierra Leone Minigrig, Sierra Leone

Projects that became operational in 2019

- Kpone Independent Power Project, Ghana

Projects that signed a Joint Development Agreement

- Palawan Hybrid Power, Philippines
- Pakistan Rooftop Solar Platform, Pakistan

Projects that reached Financial Close in 2019

- Myanmar Rural Electrification Services, Myanmar
- Vietnam Water Supply Portfolio – Ba Lai Project, Vietnam

Projects that became operational in 2019

- Ninh Thuan Solar Power, Vietnam

Expected development impact

	2019	Cumulative
Financially-closed projects	3	13
Total investment commitments (TICs) (\$m)	87.0	1,193.1
% of TICs in DAC I/II		93.4%
% of TICs in FCAS		10.5%
Access (in millions)	1.40	9.9
Job creation: short-term	1,430	4,972
Job creation: long-term	111	803
Fiscal benefits (\$m)	1.0	515.8

Expected development impact

	2019	Cumulative
Financially-closed projects	2	11
Total investment commitments (TICs) (\$m)	8.1	596.1
% of TICs in priority countries*		62.2%
% of TICs in FCAS		61.7%
Access (in millions)	0.1	2.7
Job creation: short-term	82	3,340
Job creation: long-term	12	756
Fiscal benefits (\$m)	0.1	41.3

* Priority countries: Bangladesh, Bhutan, Cambodia, Laos, Myanmar, Nepal, Pakistan and DFID focus states in India

EAIIF

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

GuarantCo

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

At a glance

Established	2001
PIDG Members currently funding	DFID, DGIS, Sida, SECO
Cumulative PIDG Member funding	\$394.9m
Fund capacity	As of 31 December 2019, EAIIF has lending capacity of up to \$750m through a combination of equity, debt raised, and cash flow from operations
Managed by	Ninety One
Total commitments as at 31 Dec 2019	\$1,710.5m to 82 projects, of which 79 have reached financial close or been repaid and 3 have loan agreements signed
2019 commitments	\$241.8m to 8 projects, of which 4 reached financial close, 3 have loan agreements signed, and 1 was an upsizing of a previously-closed project

Projects signed in 2019 awaiting financial close

- Azito Phase IV, Côte d'Ivoire
- Early Power Limited (EPL), Ghana
- Kesses 1 Solar, Kenya

Projects that reached financial close in 2019

- Acorn Student Housing, Kenya
- Global Alumina Corporation Ltd (GAC), Guinea
- Kenmare, Mozambique
- Kikagati Hydro Power Project, Uganda

Projects that became operational in 2019

- Achwa Hydro Plant 2, Uganda
- GSEZ Ports, Gabon
- Kpone Independent Power Project, Ghana
- Mocuba Solar, Mozambique
- Siti II, DI Frontier, Uganda

Expected development impact

	2019	Cumulative
Financially-closed projects	4	79
Total investment commitments (TICs) (\$m)	1,756.7	21,724.9
Private sector investment commitments (\$m)	1,180.5	13,064.9
% of TICs in DAC I/II		65.1%
% of TICs in FCAS		74.1%
Access (in millions)	0.9	142.4
Job creation: short-term	5,750	30,261
Job creation: long-term	360	22,574
Fiscal benefits (\$m)	232.9	2,163.3

At a glance

Established	2006
PIDG Members currently funding	DFID, Sida, SECO, DFAT and DGIS through the PIDG Trust, and FMO
Cumulative PIDG Member funding	\$316.6m
Fund capacity	Capacity of over \$1bn
Managed by	GuarantCo Management Company Ltd
Total commitments as at 31 Dec 2019	\$1,355.4m to 55 projects, of which 49 have reached financial close, and 6 have a Recourse Agreement signed
2019 commitments	\$223.4m to 6 projects, of which 3 have reached financial close, and 3 have a Recourse Agreement signed

Projects that reached Recourse Agreement in 2019

- Classic Fashion, Jordan
- Green Yellow, Madagascar
- Kacific, Asia Regional
- Kekeli Efficient Power ("KEP"), Togo
- K-Electric, Pakistan
- Pran Agro Limited, Bangladesh

Projects that reached financial close in 2019

- Acorn Holdings, Kenya
- Classic Fashion, Jordan
- Ho Chi Minh Infrastructure Investment JSC ('CII'), Vietnam
- Kacific, Asia Regional
- K-Electric, Pakistan
- Technaf Solar Energy Limited ("TSEL"), Bangladesh

Expected development impact

	2019	Cumulative
Financially-closed projects	6	49
Total investment commitments (TICs) (\$m)	833.6	5,593.0
Private sector investment commitments (\$m)	771.0	4,736.1
% of TICs in DAC I/II		18.7%
% of TICs in FCAS		39.6%
Access (in millions)	4.4	43.0
Job creation: short-term	4,715	13,958
Job creation: long-term	210	220,592
Fiscal benefits (\$m)	105.0	1,771.7

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

At a glance

Established	2009 ICF-DP is a closed-end fund and is no longer making any further investments
PIDG Members currently funding	KfW
Cumulative PIDG Member funding	\$7.8m
Managed by	Cordiant Capital Inc.
Total commitments as at 31 Dec 2018	\$568.4m to 19 projects that have reached financial close and / or have been repaid

Projects that became operational in 2018

- Azura Power West Africa Limited, Nigeria

Expected development impact

	Annual	Cumulative
Financially-closed projects		19
Total investment commitments (TICs) (\$m)		4,047.5
% of TICs in DAC I/II		19.0%
% of TICs in FCAS		25.2%
Access (in millions)		10.6
Job creation: short-term		9,981
Job creation: long-term		4,699
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 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 10.6 million people and creating nearly 5,000 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

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	DFID, BEIS, Norway MFA
Cumulative PIDG Member funding	\$12.5m
Total commitments as at 31 Dec 2019	\$21.1m to 1 project that has reached financial close

Expected development impact

	2019	Cumulative
Financially-closed projects		1
Total investment commitments (TICs) (\$m)		30.5
% of TICs in DAC I/II		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 has ceased taking new mandates and was dissolved under voluntary liquidation in January 2020.



05

Making finance work harder

Owner funding: Member and other Owner funding disbursed to PIDG (\$m) as at 31 December 2019

										Other ¹	Total
2019											
PIDG	(7.8) ²	25.0	10.8	3.2	0.6	-	-	0.6	(9.3) ³	-	23.1
CUMULATIVE (2002-2019)											
TAF	65.9	12.1	17.0	0.6	0.2	-	-	7.9	-	3.5	107.2
DevCo	70.0	5.5	-	-	3.3	-	-	11.7	-	7.0	97.5
InfraCo Africa Development	135.0	57.5	32.5	-	-	-	-	-	-	6.4	231.4
InfraCo Africa Investments	0.1	-	-	-	-	-	-	-	-	-	0.1
InfraCo Asia Development	99.0	22.0	19.0	31.0	-	-	-	-	-	-	171.0
InfraCo Asia Investments	27.3	-	-	-	-	-	-	-	-	-	27.3
EAIF	322.9	30.0	22.0	-	20.0	-	-	-	-	-	394.9
GuarantCo	214.9	3.0	43.8	5.9	15.0	34.0	-	-	-	-	316.6
ICF Dept Pool	-	-	-	-	-	-	7.8	-	-	-	7.8
GAP	6.4 ⁵	-	-	-	-	-	-	-	6.1	-	12.5
AgDevCo ⁶	67.0	-	-	-	-	-	-	-	-	-	67.0
Project Development	2.6	0.1	0.3	-	0.1	-	-	0.3	0.5	-	3.9
Total Excluding General Admin	1,011.1	130.2	134.6	37.5	38.6	34.0	7.8	19.9	6.6	16.9	1,437.2
General Admin	17.3	6.0	6.2	3.5	5.1	-	2.0	5.0	2.1	3.3	50.5
Totals	1,028.4	136.2	140.8	41.0	43.7	34.0	9.8	24.9	8.7	20.2	1,487.7 ⁴

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

2. Net of return by PIDG of \$21.7m contributed by DFID and BEIS to GAP LLP which was liquidated in January 2020.

3. PIDG returned net \$9.3m contributed by MFA to GAP LLP which was liquidated in January 2020.

Sums owed by MFA for General Admin were withheld and directed to the General Admin account.

4. Total 2019 contributions represents all net cash disbursements received by the PIDG Trust from the Owners as at 31 December 2019 (aside from note 2). 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.

5. DFID includes disbursements from BEIS to GAP.

6. PIDG Owners are no longer funding AgDevCo though PIDG.






Other sources of funding (\$m) as at 31 December 2019

In addition to the net \$1.5bn 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 in excess of \$3.4bn¹.

During PIDG's 17 years of operations, its Owners have benefited 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.

							Total
TAF	24.6	-	-	-	-	-	24.6
InfraCo Africa	67.8	-	-	-	-	-	67.8
InfraCo Asia Development	-	-	-	-	-	-	0.0
InfraCo Asia Investments	15.5	-	-	-	-	-	15.5
EAIF ³	-	50.0	331.5	75.0	109.2	50.0	615.7
GuarantCo ⁴	52.8	30	-	-	-	-	82.8
ICF-DP ⁵	-	-	277.2	-	-	-	277.2
GAP	17.1	-	-	-	-	-	17.1
Totals	177.8	80.0	608.7	75.0	109.2	50.0	1,100.7 ²

1. \$3.4bn 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. Of \$1,100.7m of other sources of funding, \$638.1m is outstanding and available to use.

3. EAIF – access to committed loans as at 31 December 2019 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 2020) from Standard Chartered.

4. GuarantCo

- Access to £40m (\$53m) callable capital arrangement with DFID allowing GuarantCo under certain circumstances, to draw further capital.
- Access to \$30m stand-by facility with FMO which can be triggered as debt instrument after the callable capital with DFID is fully drawn.

5. ICF-Debt Pool – as at 31 December 2019, €247m was disbursed net of repayment from an original commitment of €500m.

Promissory notes:

In addition to the funding disbursed by DFID, 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 and as at 31 December 2019, the amount of undisbursed cash under issued promissory notes stood at £94.7m (\$125.1m).

Unaudited consolidated results for the PIDG Group

Unaudited consolidated income statement

As noted overleaf, the Group is not required to produce consolidated audited accounts, but has chosen to present unaudited consolidated results below (based on the audited results of its subsidiaries). The Group's income increased in 2019 when compared to 2018 as a result of increased guarantee fees, interest receivable and other income. Administrative and other costs fell reflecting, in part, an ongoing focus on group wide efficiencies.

As shown on p71 (Value for Money metrics) despite continued investment across the Group, group costs as a % of total Owner commitments remained below 3%. Increased impairment charges on projects and loans lead to an increased pre-tax loss in 2019 – 2018's results also benefited from a large impairment reversal in EAIF. The Group ended 2019 with total equity of \$900m.

\$m	Year Ended 31 Dec 2019	Year Ended 31 Dec 2018
Guarantee fees and net interest income	60.5	57.2
Profit on disposal of projects	(1.4)	5.8
Other income	26.2	15.7
Total income	85.3	78.8
Fund manager fees	(27.1)	(23.7)
Project development expenditure	(25.5)	(30.9)
Administrative and other costs	(30.1)	(33.8)
Total expenditure	(82.7)	(88.4)
Fair value movements and impairments	(15.4)	3.8
Loss before tax	(12.8)	(5.9)
Tax	(1.3)	(2.5)
Loss after tax	(14.2)	(8.3)
Attributable to:		
Owners of the Group	(13.4)	(7.5)
Non-controlling interests	(0.7)	(0.9)
Loss after tax	(14.2)	(8.3)
Other comprehensive income (OCI)	0.1	(8.8)
Total comprehensive loss for the year	(14.1)	(17.1)
Attributable to:		
Owners of the Group	(13.3)	(16.3)
Non-controlling interests	(0.7)	(0.9)
Total comprehensive loss for the year	(14.1)	(17.1)

Unaudited consolidated statement of financial position

\$m	Year Ended 31 Dec 2019	Year Ended 31 Dec 2018
Investments in subsidiaries, JVs and associates	42.0	31.4
Loans and advances and related instruments	870.8	826.0
Guarantee and financial instruments at FVTPL	124.5	226.4
Money Market Funds	128.6	-
Other assets	26.5	51.8
Cash at bank	235.8	239.9
Total assets	1,428.3	1,375.5
Loans and borrowings and related instruments	(455.7)	(446.7)
ECL on guarantees payable	(25.4)	(19.2)
Other liabilities	(47.5)	(38.1)
Total liabilities	(528.6)	(504.0)
Total equity	899.7	871.5
Attributable to:		
Owners of the Group	870.4	841.5
Non-controlling interests	29.3	30.0
	899.7	871.5

Unaudited consolidated results for the PIDG Group

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 2019:

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

ICF-Debt Pool LLP audited statutory accounts are also included for the year ended 30 September 2019.

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. 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 General Administration (GA) costs have also been included in the consolidation.

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 2019 along with the expenditure (actual and accrued) that has passed through two general administrative bank accounts held in the name of the PIDG Trust for the year ended 31 December 2019.

In terms of technical assistance costs, TAF and DevCo costs have been excluded as PIDG's objective is to achieve ongoing sustainability without the consideration of TAF. 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 business and increased holding periods in projects by the Developer-Investor business, potentially beyond financial close.

Fund manager fees relate to the fees paid to GuarantCo Management Company, Ninety-One (formerly known as Investec Asset Management) and Cordiant Capital for running GuarantCo, EAIF and ICF-Debt Pool respectively.

The rise in other income reflects mark to market gains in the GuarantCo bond portfolio and higher interest rates earned on the portfolio than in 2018 together with additional fees earned by EAIF.

Fair value movements and impairments includes fair value adjustments in the Developer-Investor business and IFRS 9 related expected credit losses and reversals of historic provisions in the Credit Solutions business. GuarantCo and EAIF recognised full write downs in particular for Kumar (\$12m) and Feronia (\$5m).

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

In 2018, other comprehensive income (OCI) included \$9.4m of negative fair value OCI movements in financial instruments in EAIF on bonds and equities held at fair value through OCI to reflect the initial adoption of IFRS 9.

Cash balances

Cash balances in 2019 include \$24m disbursed by DGI, \$8m disbursed by SECO and \$1.6m disbursed by DFID just prior to the year-end. Cash balances (and government promissory notes) are required in the Developer-Investor business to meet project commitments as they fall due.

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

PIDG has considered what constitutes good value for money for our Owners and therefore the efficiency by which it manages Owner funds.

PIDG has considered and tracked a wide range of metrics; below are those deemed currently most suitable and meaningful to demonstrate the efficiency of PIDG entities across the PIDG Group which differ in their business drivers. PIDG aims to collect comparative data for benchmarking purposes and to refine the methodology in future periods.

For the Developer-Investor business PIDG considers costs as a percentage of Owner current and 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 business 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.

Developer - Investor efficiency

InfraCo Africa Development	2019	2018	2017
Operating costs ¹ / average total Owner commitments ²	1.8%	1.8%	2.1%

InfraCo Asia Development	2019	2018	2017
Operating costs ¹ / average total Owner commitments ²	1.6%	1.8%	1.6%

InfraCo Asia investments	2019	2018	2017
Operating costs ¹ / average total Owner commitments ²	1.1%	0.6%	0.7%

Credit Solutions efficiency¹²

GuarantCo	2019	2018	2017
Total costs ^{3,6} / total Owner contributions' capacity ⁴	1.4%	1.2%	1.0%
Total costs ^{3,6} / total Owner commitments' capacity ⁵	1.0%	0.9%	0.7%

EAIF	2019	2018	2017
Total costs ^{3,6} / total Owner contributions' capacity ⁶	2.8%	2.6%	4.9%
Total costs ^{3,6} / total Owner commitments' capacity ⁷	2.5%	2.4%	4.4%

PIDG General Admin

	2019	2018	2017
Total costs ⁸ / total Owner commitments ⁹	0.4%	0.4%	0.4%
Total costs ⁸ / total net assets ¹⁰	0.7%	0.7%	0.7%

PIDG Group costs¹³

	2019	2018	2017
Group costs ¹¹ / total Owner commitments ⁹	2.6%	2.5%	2.4%

- Operating costs exclude external developer fees.
- Average total owner commitments represents average share capital in the period as well as future Owner commitments per active letters of arrangement with each Owner and outstanding commitments on active promissory notes.
- Total costs represents all operational costs.
- Total owner contribution capacity represents average share capital in the period and callable capital multiplied by leverage capacity.
- Total owner commitment capacity represents average share capital in the period and callable capital as well as future Owner commitments per active letters of arrangement multiplied by leverage capacity.
- Total owner contribution capacity represents average share capital in the period as well as leverage capacity based on facilities available.
- Total owner commitment capacity represents average share capital in the period as well as future owner commitments per active letters of arrangement and leverage capacity based on facilities available.
- Total costs represents the costs of PIDG Ltd. and the costs within two PIDG Trust General Administrative bank accounts.
- Owner commitments represents accumulated Owner contributions into the Trust plus all future commitments via letters of arrangement or undrawn promissory notes.
- Total net assets of the group per the unaudited consolidated statement of financial position, including minority interest being the total amount of assets under management.
- Includes operating costs of the Developer-Investor businesses, total costs of the Credit Solutions businesses and total costs of PIDG General Admin (excluding losses on realisation of assets).
- Credit Solutions company management has been outsourced via competitive tenders and therefore as such represents market tested value for money.
- Total expense ratio is rising due to i) increasing costs to scale up the business and ii) a shorter time frame of current unexpired letters of arrangement with Owners compared to prior years; new funding commitments will be negotiated for the future.

