ICF DEBT POOL LLP (THE “DEBT POOL”)

INVESTMENT POLICIES AND OPERATIONAL PROCEDURES (“IPOP”)

1. INTRODUCTION

The Debt Pool is a limited liability partnership registered in accordance with the Limited Liability Partnerships Act 2000 of England, Wales and Scotland with registration number OC348514 on 10 September 2009.

The Primary Purpose of the Debt Pool is to participate in Parallel Financings presented to the Debt Pool by Originating IFIs in accordance with these IPOP.

Unless otherwise indicated, capitalised terms used but not defined herein shall have the meanings set forth in the Amended and Restated Limited Liability Partnership Agreement of the Debt Pool dated [·], as such agreement may be amended from time to time.

To the extent that there may be a conflict between the agreements related to the establishment and operation of the Debt Pool described below (the “Agreements”) and these IPOP, the Agreements will prevail.

Agreements related to the establishment of the Debt Pool:

- Amended and Restated Limited Liability Partnership Agreement, as such agreement may be amended from time to time (the “LLP Agreement”);
- Loan agreement dated 5th October 2009 between KfW and the PIDG Trust for the provision of a US$10 million loan to the PIDG Trust;
- Subordinated Loan Agreement between the PIDG Trust and the Debt Pool for the provision of a loan in the amount of US$10 million;
- Subscription Agreement dated 5th October 2009 between KfW and the Debt Pool for US$1 million;
- Senior Concessional Loan Agreement[s] for KfW’s senior concessional loan to the Debt Pool in the amount of up to Euro 500 million; and
- Management Agreement between the Debt Pool and Cordiant Capital Inc. as Manager.

The IPOP set out the investment policies and high-level operational procedures of the Debt Pool. The IPOP may only be amended with Unanimous Member Consent.

The Manager and the Board shall agree the day-to-day administrative and portfolio management procedures of the Debt Pool (the “Administrative Procedures”), which shall only be amended with Board approval. The IPOP and Administrative Procedures shall together be the “Administration Manual” of the Debt Pool.

2. THE DEBT POOL

2.1. The Board

2.1.1. Function

The Board will make all Parallel Financing decisions of the Debt Pool, including decisions regarding waivers and amendments, except where the Board has specifically delegated these powers to the Manager.

2.1.2. Composition

The Board will be established in accordance with Clause 5 of the LLP Agreement.

2.1.3. Meetings

The Board shall hold meetings in accordance with Clause 5 of the LLP Agreement and the Administrative Procedures.

2.1.4. Minutes and Notice of Approval

All meetings of the Board will be minuted by the Debt Pool's secretary. Minutes will be circulated to the Board within five (5) days after a meeting for approval by e-mail. When the Board approves a Parallel Financing by the Debt Pool, the minutes will contain a section titled "Notice of Approval" which, after approval of the minutes by the Board, will serve as Notice of Approval for the purpose of the Management Agreement.

2.1.5. Validity of Board Decisions

All Notices of Approval will have a validity of 6 months. If a Parallel Financing is not signed within six months of the date of approval by the Board, the Board will be formally asked to reconfirm the approval.

In the interest of efficiency, and at the discretion of the Chairman of the Board, reconfirmations can be undertaken by "round robin" written presentation.

2.2. Investment Period and Term

The Investment Period will extend for a period of 3 years from the First Closing Date. The Debt Pool term will expire on 31 December 2025 unless the Debt Pool is dissolved earlier and its affairs wound up in accordance with Clause 10 of the LLP Agreement.

2.3. Investment Policy and Eligibility Criteria

The Debt Pool will only consider Parallel Financings that comply with the eligibility criteria set out in Paragraphs 2.3.1 – 2.3.7 below.

2.3.1. Originating IFIs

The Debt Pool will invest in projects originated by the following Multilateral, bilateral and PIDG Trust owned institutions (the "Originating IFIs").

- European Investment Bank (EIB);
- European Bank for Reconstruction and Development (EBRD);
- African Development Bank (AfDB);
- Asian Development Bank (AsDB);

- Inter-American Development Bank (IADB);
- Inter-American Investment Corporation (IIC);
- International Finance Corporation (IFC);
- KfW;
- Proparco;
- The Emerging Africa Infrastructure Fund Ltd;
- GuarantCo Ltd;
- Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO);
- Deutsche Investitions- und Entwicklungsgesellschaft mbH (DEG);
- Groupe Agence Française de Développement (AFD);
- Islamic Development Bank (IDB);
- Brazilian Development Bank (BNDES); and
- Corporación Andina de Fomento (Andean Development Corporation or CAF).

Additional Originating IFIs may be included subject to Unanimous Member Consent.

2.3.2. Infrastructure

The Debt Pool will invest in projects in the following sectors:

a) Energy services: the generation, supply, transmission and/or distribution of electricity, including rural electrification and all forms of renewable energy supplies.

b) Water/waste services: urban/rural fresh water production and treatment, supply and distribution, sanitation, solid waste disposal/collection and waste treatment, bulk water supply (water reservoirs, transfer schemes, dams and pipelines).

c) Transportation infrastructure services: fixed transportation infrastructure and transport services including roads, bridges, tunnels, light and heavy rail systems and services and railway equipment, airports (passengers and freight), bus lines, ports and harbours.

d) Bulk Storage/Logistics Facilities: logistics services that support productive investment including bulk storage/handling facilities, cold storage, warehousing and certain moveable assets.

e) Telecommunications: the development and operation of: (i) long distance and local telephone services, cellular radio telephone services and other radio common carrier communications services, including paging and specialised mobile radio systems; (ii) telegraph, microwave and private communications networks, cable, electronic mail and other emerging telecommunications technologies; and (iii) internet access.

f) Gas transportation, distribution and storage: gas pipelines and bulk storage/logistical facilities and, downstream gas development.

g) Oil transportation, distribution, storage.

h) Other Related Activities: other activities that impact positively on the development of the relevant country's basic infrastructure and promote the objectives of the country. Such activities may include the infrastructure component of extractive, industrial, agro-tourism or agro-industrial projects and, more generally, may include other productive investment activities not currently being undertaken, or undertaken on a small scale, by the private sector where it is expected that those activities will in turn stimulate increased demand for basic infrastructure facilities and services and therefore facilitate private sector financing and investment in infrastructure.

The following sectors are not eligible for Debt Pool Parallel Financing:

i) Oil and gas exploration and production ("upstream" activities) and oil transportation for exports (except that activities may include working with oil and gas companies in relation to existing or prospective infrastructure to provide improved access to infrastructure by third parties in the country).

j) Mining or mineral exploration and extraction except as permitted under paragraph (h) above;

k) Nuclear power, nuclear waste treatment or nuclear fuel cycle activities;

l) Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where ICF or the Originating IFI considers the radioactive source to be trivial and/or adequately shielded.

m) Military infrastructure;

n) Gambling, casinos and equivalent enterprises.

o) Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.

p) Production or trade in weapons and munitions.[1]

q) Production or trade in alcoholic beverages (excluding beer and wine).

r) Production or trade in tobacco.

s) Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

t) Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

2.3.3. Countries

Unless approved by Unanimous Member Consent, Parallel Financings will be limited to countries included on the DAC list of ODA eligible recipients. In addition, the Debt Pool will target 30% of its Parallel Financings (by number of Parallel Financings) in IDA countries, expected to be reached during the first two years after the Debt Pool First Closing Date.

The Debt Pool will not support projects in the following countries:

- Countries under monitoring by the FATF (Financial Action Task Force on Money Laundering);[2]
- United Nations prohibited countries;[3]

[1] This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

[2] For funds originating from partner countries who have expressed their preference not to invest in such countries (currently Germany).

- Countries not included in the DAC list of ODA recipients (http://www.oecd.org/dataoecd/62/48/41655745.pdf[3]
- Countries that are not members of the World Bank Group; and
- Uncooperative tax havens .

http://www.oecd.org/document/57/0,3343,en_2649_33745_30578809_1_1_1_1,00.html

2.3.4. Amounts, Diversification and Prudential

(i) *Preferred Financing Amounts*: The Debt Pool preferred financing amount will be in the range of USD 25 to 55 million per Parallel Financing. Parallel Financings below USD 10 million will not be considered and Parallel Financings in the range of USD 10 to 20 million will only be considered (at the discretion of the Board, only if their characteristics are particularly attractive in light of the Debt Pool's mandate (additionality, development impact, high diversification value, etc).

(ii) *Loan limit for Debt Pool*. US$100 million per project from the Debt Pool. If loans to the same Project Borrower exceed this limit, the Board will reduce the loans from the Pool *pro rata* to the total funding from Originating IFIs so that total loans from the Debt Pool to the same Project do not exceed this limit.

(iii) *New projects and Refinancings*: The Debt Pool shall maintain a balance of Parallel Financings in existing projects/companies, and in new projects/companies. For such purpose, a maximum of 20% of the funds should be used to refinance existing projects and a minimum of 30% should be invested in new projects. When these percentages are met, it shall inform the Board who will determine the new distribution of Parallel Financings between new and existing projects.

(iv) *Maximum per Originating IFI.* Not more than 30% of total contributions received by the Debt Pool to be allocated to projects originated by one Originating IFI*.*

(v) *Group maximum*. A maximum of 10% of total contributions received by the Debt Pool to borrowers belonging to the same commercial or industrial sponsor group.

(vi) *Country exposure limits*. A maximum of 20% of total contributions received by the Debt Pool to borrowers in the same country to ensure a globally diversified portfolio.

(vii) *Refinancing limits.* Maximum of 20% of funds to refinance debt of existing projects. This will not apply to support capex of existing companies or Projects.

2.3.5. Development Impact

Projects must have high development impact, as indicated and approved by the Originating IFI. Parallel Financings must also comply with the PIDG Trust's environmental, economic and social development policies, including the requirement that all Parallel Financings contribute to the reduction of poverty by one of the following means:

- Underpinning pro-poor economic growth and the broader policies and context for poverty reduction and elimination, and leading to social, environmental and/or economic benefits for poor people;
- Benefitting broad based population groups, including poor people, but also addressing issues of equity and barriers to participation or access of poor people; or
- Focusing predominantly on the rights, interests and needs of poor people.

2.3.6. Maturity

The contractual final maturity of Parallel Financings should fall on or before 31 December 2025.

2.3.7. General

In addition to the eligibility criteria set out above, all Parallel Financings must meet all of the eligibility criteria of the Originating IFI, including:

- Environmental and social criteria
- Compliance with anti-money laundering policies and procedures
- Appropriate project corporate governance (board of director, auditors, etc.)
- Project Borrowers should not be incorporated in a non-acceptable (grey or black-list) of offshore financial center
- Economic and financial viability (*i.e.*, the Debt Pool will not invest in existing companies that are insolvent or otherwise in a state of operational distress)
- Acceptable debt/equity ratios and DSCR (including sound management of the incurred convertibility and transfer risk)
- Sound track record of sponsors/companies
- Full information having been disclosed about the interests of all parties in every aspect of the Project and its financing, including those of the Originating IFI itself
- Absence, or satisfactory disclosure and control, of conflicts of interest with other Project participants
- Sound transaction structures and documentation with adequate mitgation of key risks.

The Debt Pool may only invest in Parallel Financings that have the following factors:

- Additionality: All projects must be additional and the Parallel Financing must not "crowd out" other lenders.
- The Debt Pool's Parallel Financing must be required because a Project Borrower is unable to borrow the total finance required for a project because of the financial crisis.
- In the Board's judgement, conform to the best-practice prudential lending, credit and risk/return criteria.

2.3.8. Terms of loans of the Debt Pool

(i) *Amount*. The amount of the Parallel Financing to be provided by the Debt Pool to any borrower in connection with such Parallel Financing (a "Project Borrower") will not be greater than the amount of the loans to be provided by the Originating IFIs to such Project Borrower. In the event that multiple Originating IFIs are providing loans to the same Project Borrower, the amount of the Parallel Financing to be provided by the Debt Pool may match, up to one-to-one, each such Originating IFIs financing such that the Debt Pool's loan may be equal to up to the total of all loans provided by the participating Originating IFIs. For projects where Originating IFIs are making new loans to existing borrowers, only the new loans will be counted towards calculating the amount of the Parallel Financing to be provided by the Debt Pool. For projects where an Originating IFI is making investments using multiple instruments, only the amount of senior loans will be considered in determining the amount of the investment which may be provided by the Originating IFI. The Board may determine to provide Parallel Financing with respect to a Project Borrower in an amount which is less than a one-to-one matching of the amount proposed to be financed by the Originating IFIs with respect to such Project Borrower (i) where required due to additionality concerns, including where such Parallel Financing by the Debt Pool could result in the “crowding out” of other co-financing programs under the ICF or (ii) where the Originating IFIs have requested that the amount of the proposed Parallel Financing be in an amount which is less than the amount proposed to be financed by such Originating IFIs with respect to such Project Borrower.

(ii) *Interest rate*. The interest rate on each Parallel Financing will be equal to the lending rate set by the Originating IFI which should be a market based interest rate. The Board may agree to include a margin step-up after project completion.

(iii) *Currency of loans*. Debt financing from the Debt Pool will be denominated in Euros or U.S. dollars, as appropriate. The Debt Pool should not incur foreign currency risk and senior lenders will not incur foreign currency risk. The Debt Pool shall implement a liquidity and currency matching policy.

(iv) *Fees and Expenses*. The Debt Pool will charge the Project Borrower the higher of (i) a target front-end fee of 150 bps and a target commitment fee of 75 bps or (ii) the corresponding fees, in each case, charged by the Originating IFI. However, the Board may authorize participation by the Debt Pool in Parallel Financings where the front-end and commitment fees are below the targets indicated in (i) above. No supervision fees will be charged. Project Borrowers will pay all legal fees and expenses related to each loan..

(v) *Security*. The Debt Pool will receive security interests with respect to each Parallel Financing which, in the aggregate, match the security required by the Originating IFI with respect to such Project Borrower. The costs of establishing and maintaining such security will be borne by the Project Borrower. The Debt Pool will complete appropriate security documentation necessary to create the security interests and enter into intercreditor or other agreements as necessary to establish the relative rights of the Debt Pool with respect to such security.

(vi) *Covenants*. Loan agreements or other financing documentation executed by the Debt Pool with respect to a Project Borrower will incorporate by reference covenants made by the Originating IFIs in their corresponding loan documentation with respect to such Project Borrower, and will not establish independent covenants. Loan agreements (or other financing documentation) will have cross-default clauses with the Originating IFI.

(vii) *Obligations among Project Lenders*. The obligations of the lenders, including those of the Debt Pool under the financing documents with respect to any Project Borrower will be several (not joint). No lender will be responsible for the obligations of any other lender under the financing documents. All rights of the lenders under the financing documents are deemed to be held independently by each lender and may not be exercised by any other lender unless explicitly stated otherwise in the applicable financing document.

(viii) *Amendments, waivers and consents*. The amendment of any loan documentation in connection with a Project Borrower, or any waiver or consent granted by a lender under any such loan documentation, shall require the consent of all lenders with respect to a Project Borrower.

(ix) *Other terms*. All other material terms of the loans to be provided by the Debt Pool shall be substantially the same as the terms of the loans to be provided by the Originating IFI, including terms relating to maturities, grace period, and repayment.

3. INVESTMENT DECISION PROCESS

The Debt Pool's investment decisions will follow a two stage process: Preliminary and Final Approval as follows:

3.1. Parallel Financing Universe

The Manager will regularly liaise with the Originating IFIs to gather information on prospective Parallel Financings, keep the Board regularly informed about the potential universe of projects and any developments/trends affecting it.

3.2. Preliminary Approval

After the Originating IFIs have signed mandate letters with potential project sponsors and/or have advanced through their first stage management approval, the Manager will collect from the Originating IFIs sufficient information and material (including the Originating IFI's first stage management approval paper) necessary for the Manager to make a preliminary determination as to whether a proposed Parallel Financing appears to meet the Investment Policy and Eligibility Criteria (Section 2.33). If such determination is made (a "**Preliminary Approval**"), the Manager will prepare an Preliminary Approval Memorandum ("PAM") for the attention of the Board.

The PAM will cover the following subjects:

- Background
- Project
- Sponsors
- Main investments terms and security
- Main contracts
- The market
- Investment strengths
- Key investment risks and mitigants – areas of focus for further due diligence
- Eligibility criteria
- Development impact
- Foreign exchange risk, convertibility and non transfer

The PAM will then be submitted to the Board for discussion and approval/rejection. After the Meeting of the Board, the Manager will communicate the decision of the Board to the Originating IFI.

3.3. Pipeline

Parallel Financings that have received Preliminary Approval will be entered into the Debt Pool's pipeline. The Manager will ensure that headroom calculations take into account Preliminary Approval projects. The Manager will keep in touch with the Originating IFI periodically (every two months or so) to ensure that the proposed Parallel Financings that have received Preliminary Approval are progressing within the Originating IFI and keep the Board informed of developments.

In the event that a project became significantly delayed and caused headroom constraints, the Manager will liaise with the Board regarding the potential removal of such project from the pipeline or its loss of priority within the pipeline and inform the Originating IFI accordingly.

3.4. Final Approval

At the time, or near the time, of the Originating IFI's internal credit committee submission or approval, the Manager will liaise with the Originating IFI to obtain the information necessary for the Manager to carry out any supplemental due diligence. This information is expected to include:

- An information memorandum (if in existence) and/or the Originating IFI's internal approval documents
- Consultancy studies produced for the Originating IFI
- Heads of Terms of main project contracts or draft contracts
- Financials of Project Borrower and sponsors
- Financial Model
- Draft financing agreements, term sheets
- KYC related material

The Manager will read, understand and cross-reference/benchmark this information and use it to prepare a final approval memorandum ("FAM") for the attention of the Board.

The FAM will cover the following subjects:

Project Description

- Background
- Project Description
- Sponsors
- Main contracts
- The market
- Market Strategy
- Eligibility criteria

Investment Parameters
Risks and Mitigation Factors

- **Construction/Implementation Risk**
- **Operating Risk**
- **Market Risk**
- **Credit Risk (includes fx, transfer and convertibility)**
- **Macroeconomic risk**
- **Political Risk**
- **Environmental and Social Risk**
- **Governance Risk**
- **Development Impact Risk**

If the Board gives its approval, a Notice of Approval will be issued by the Debt Pool for the proposed Parallel Financing, on the basis of which the Manager will negotiate documentation with the Project Borrower and the Originating IFI.

3.5. DOCUMENTATION

The Originating IFI, with the assistance of an internal or external legal counsel, is expected to negotiate and draft the legal documentation relevant to a prospective Parallel Financing. The Manager will not participate in negotiation or drafting of the documents and it is expected that the loan and other agreements to be signed by the Debt Pool will mirror the agreements to be signed by the Originating IFI. Notwithstanding the foregoing, the Manager will check that the language of the legal documents is consistent with the terms of the Parallel Financing as described in the FAM, and will ensure that ad-hoc amendments are made to take into account matters specific to the Debt Pool, such as its non-IFI status, tax treatment and other matters.

3.6. VARIATION APPROVALS

The approval of changes arising during the documentation phase in the terms of prospective Parallel Financings which have received a Notice of Approval from the Board will be treated in accordance with the procedure for Waivers and Amendments described in Section 3.8.

3.7. SIGNING

The Board shall be required to authorise any Director to sign documentation in relation to a Parallel Financing either at a meeting of the Board or by written resolution in accordance with the terms of the LLP Agreement.

The Board may grant a Power of Attorney to the Manager from time to time to sign specific documentation in relation to a Parallel Financing.

3.8. WAIVERS AND AMENDMENTS

Given the usually tight covenants of emerging market loans, and in particular the complexity of infrastructure investments, waivers of covenants (including conditions to disbursement) and amendments are a common occurrence and usually require short turn-around time.

In order to ensure the efficient operation of the Debt Pool it is desirable for the Board to delegate some approval powers with regards to waivers and amendments to the Manager while maintaining strict oversight. The main principles of such delegation will be:

- Issues that are of administrative nature will be handled by the Manager's portfolio manager (the "Portfolio Manager"). This includes issues that arise in the context of the practical implementation of the transaction, provided that this occurs within the scope and terms of the transaction as approved by the Board;
- Issues that are material but do not alter the risk profile of the loan should be submitted to the Manager's Management Committee ("MMC") for approval and concomitantly circulated to the Board for information;
- Issues that are material and alter the risk profile of the loan will be submitted for approval to the Board. All issues (other than administrative matters) for Parallel Financings in distress.

The detailed implementation of this delegation will be documented in the Administrative Procedures.

4. REPORTING

The Manager will provide such monthly, quarterly, semi-annual, annual and other reports as are set out in Section 3(b)(iv) of the Management Agreement.