Private Infrastructure Development Group

2023 Sustainability and Impact Report

Glossary

AfDB	African Development Bank
CLEAR fund	Climate, Energy Access and Resilience fund
CA	Central Africa
C&I	Commercial and Industrial
CO_2	Carbon dioxide
COD	Commercial Operations Date
DAC	Development Assistance Committee
DFAT	The Department of Foreign Affairs and Trade (Australia)
DFI	Development Finance Institution
DGIS	Directorate-General for European Cooperation (The Netherlands)
DRC	Democratic Republic of the Congo
EAIF	The Emerging Africa Infrastructure Fund
EDFI	European Development Finance Institutions
ESAP	Environmental and Social Action Plan
ESIA	Environmental and Social Impact Assessment
EV	Electric Vehicle
FCAS	Fragile and Conflict-Affected States
FCDO	Foreign, Commonwealth and Development Office (UK)
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (The Netherlands)
FVTPL	Fair Value Through Profit or Loss
GBVH	Gender Based Violence and Harassment
GEA	Gender Equality Assessment
GEDI	Gender Equity, Diversity and Inclusion
GHG	Greenhouse Gases
HFO	Heavy Fuel Oil
HSES	Health, Safety, Environment and Social
IAfD	InfraCo Africa Limited
IAfI	InfraCo Africa Investment Limited
IAsD	InfraCo Asia Development Pte Limited
IAsI	InfraCo Asia Investments Pte Limited
IBAT	The Integrated Biodiversity Assessment Tool
ICE	Internal Combustion Engine
IFC	International Finance Corporation
IFI	International Finance Institution
IFRS	International Financial Reporting Standards
IPP	Independent Power Producer
IRAP	International Road Assessment Programme
JV	Joint Venture
KfW	Kreditanstalt für Wiederaufbau (Germany)
KPI	Key Performance Indicator
LDC	Least Developed Countries
LMIC	Low- or Middle-Income Country
LPG	Liquefied Petroleum Gas
M&A	Monitoring & Assurance
NbS	Nature-based Solutions
NED	Non-Executive Director
NOx	Nitrous Oxides
OECD	Organisation for Economic Co-operation and Development
PIDG	The Private Infrastructure Development Group
PPP	Public Private Partnership
PSI	Private Sector Investment
PV	Photovoltaic
PWO	Private Water Operator
SDG	UN Sustainable Development Goals
SECO	State Secretariat for Economic Affairs (Switzerland)
SEZ	Special Economic Zone
SHS	Solar Home System
Sida	The Swedish International Development Cooperation Agency (Sweden)
SSA	Sub-Saharan Africa
TA	Technical Assistance
TCFD	The Task Force on Climate-related Financial Disclosures
TNFD	The Taskforce on Nature-related Financial Disclosures
TIC	Total Investment Commitments
VfM	Value for Money
VGF	Viability Gap Funding

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Message from the Chair –

Andrew Bainbridge

As PIDG implements the new 2023-30 Strategy, and with the organisational maturity and resilience that we have developed over the years, this is the appropriate time for me to step down as PIDG Chair and so this will be my last Annual Review foreword. It has been an honour to serve as Chair of PIDG and to oversee its evolution. I am proud to have been associated with PIDG in different guises over a number of years, from my first contact with what was to become the Emerging Africa Infrastructure Fund as a lender to it, then as a Director of EAIF, then as a Director and Chair at GuarantCo from 2007-2017 , and most recently as Chair of PIDG. I am delighted that throughout that time, PIDG has remained true to its purpose of being innovative, operating at the frontier and leading the way for others to follow.

From an initial federation of entities providing various products across the capital structure along the life cycle of an infrastructure project, we have sought to build an integrated PIDG group that is easier to do business with, more joined up and which works with a single intent. The group is recognised for the innovative solutions it provides to develop infrastructure assets in the markets in which we operate in Africa and Asia. With over 60% of our projects in FCAS and LDC countries, we have been able to go where others shy away from. Organisationally, we are in a very strong position (impact, finance, risk, people) and we are viewed as a market leader in many areas. Our health and safety and development work is now held up by many as the benchmark.

2023 was a record year for the Private Infrastructure Development Group: we launched our 2023-30 Strategy, focused on climate action, nature and sustainable development through infrastructure; the Emerging Africa Infrastructure Fund (EAIF) surpassed 1bn in disbursements, successfully raised additional capital from the private market, and maintained its A2 rating all whilst starting to expand into emerging Asia; GuarantCo, our guarantee arm, had a record year with 10 transactions, and maintained its rating of A1- / AA-; our development arm continued to grow even whilst we worked to integrate it into a single coherent whole; and we made progress towards setting up our next credit enhancement facility in East Africa as well as setting the foundations for future credit enhancement facilities through studies commissioned in further markets.

I have seen us go from strength to strength over the years, building on the foundations laid by others and making a significant difference whilst still being true to our purpose and mission. As we progress with 2024 and reflect on these achievements, PIDG remains committed to its mission to deliver life-changing infrastructure projects that contribute to closing the infrastructure funding gap in lower income countries across Africa and Asia.

I wish all of my colleagues at PIDG the very best for the future. Over a long period of time, I have had the privilege of working with many exceptional people and learning from them as we built PIDG into what it is today. I look forward to watching the ongoing evolution and growth of the group, but henceforth as a member of the audience rather than as one of the cast.

Message from the CEO –

Philippe Valahu

An accelerating climate crisis, compounded by shifting economic and geopolitical tensions, has brought an urgent imperative for change – for the world, for our sector, and for PIDG.

Last year we launched a new strategy that put action on climate and nature for sustainable development at the core of everything we do. We set out a high level of ambition to get infrastructure finance moving and multiplying – accelerating climate action and sustainable development where most urgently needed. We know it is urgent and that is why the strategy is a call for collaboration and partnerships.

Encouragingly we are already moving in the direction set out in the strategy, having grown and diversified our funding base and scaled up our delivery, with 2023 being the year in which we closed more investments since PIDG was set up 22 years ago. The credit rating of our blended debt fund (A2) and guarantee arm (A1-/AA-) have been confirmed while raising more capital, and we strengthened both our development arm and concessional capital offer while gearing up to deliver a more coordinated range of solutions to our partners.

Despite a grim economic and geopolitical outlook, we launched and started implementing the new strategy and delivered a record number of investments on the back of two very successful years, providing essential infrastructure in sub-Saharan Africa and south and south-east Asia.

Examples and deep dives into some of our activities in 2023 are included in this report. This year we also transformed our regular annual review into a sustainability and impact report, bringing into one report our impact disclosure and nature and climate disclosures aligned with IFRS S1 and S2 and TCFD and TFND. We believe strengthening transparency and rigour of reporting is essential to keep driving the market towards sustainability and impact.

Our strategy, launched in June 2023, details how we are rising to the challenge of building an economy that can meet people's basic needs and aspirations while protecting and restoring the natural capital of our planet. Our ability to develop a pipeline to mobilise capital is where we have potential to make a big impact as well as being able to support domestic mobilisation through accelerating the deployment and effectiveness of guarantees and local credit enhancement facilities. We will use them to unlock local currency domestic institutional capital for infrastructure investment, and plan to set up 10 facilities in Africa and Asia across the next 10 years.

Creating impact at scale

Time is short and resources are finite – we must take the approaches that we know work and create impact at a larger scale, working systematically with strategic partners to combine catalytic capital and development financing with private finance and capabilities. This is the approach that has demonstrated great potential to overcome the multiple challenges and market failures that prevent the deployment of infrastructure services in Africa and Asia.

We see ourselves as a conduit through which blended finance – combinations of grant and investment/loan capital – can flow to the places it has historically struggled to reach. Our unique combination of expertise and our ability to take risks, allows us to bring others with us. As others begin to see what works, a ripple effect will lead to many more multiples of capital being invested in the places it is most urgently needed – accelerating climate resilience and sustainable development.

Our track record

To date, we have deployed $1.9 billion in official development assistance, which has been deployed and recycled into $5.6 billion in investment commitments. These have led to $41.5 billion in investment in PIDG projects, with well over half of that amount – $25.5bn – coming from the private sector. Last year, 22 projects reached financial close which provided more than 6.6 million people with access to new or improved infrastructure.

So, we know what works

But the challenges ahead are too great for any single organisation or country. They will require us to pull together and collaborate like never before – from governments and development organisations, to investors, financial institutions, local contractors, communities and more.

Introducing PIDG

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

PIDG investments promote socio-economic development within a just transition to net zero emissions, combat poverty and contribute to the Sustainable Development Goals (SDGs). PIDG delivers its ambition in line with its values of Pioneering, Partnership, Safety, Inclusivity and Urgency.

Since 2002, PIDG has committed $5.6bn, bringing 233 infrastructure projects to financial close, which has mobilised $25.5bn from the private sector and $41.5bn overall. The projects supported by PIDG provide an estimated 228 million people with access to new or improved infrastructure.

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

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

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

UKaid from the British people

Ministry of Foreign Affairs of the Netherlands

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Australian Aid

Sweden Sverige

KFW

IFC International Finance Corporation WORLD BANK GROUP

Section 01

A time to be **BOLD**

Humanity must quickly rebalance.

Our collective task is to build an economy that can meet people's basic needs and aspirations – from energy access to food security, gender equality and respect for human rights, while making sure that we do not further deplete the natural capital of our planet and where possible we help nature to regenerate.

As climate change impacts accelerate, historic development pathways appear increasingly inadequate and unsustainable.

New approaches must be found. This imperative creates opportunities for the young populations in the countries where we work to create innovative, disruptive new models for delivering progress.

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

Globally, to seize the opportunity it will take a clear strategic direction, a massive scaling up and shift in investment, and the mobilisation of the right finance at the right stage.

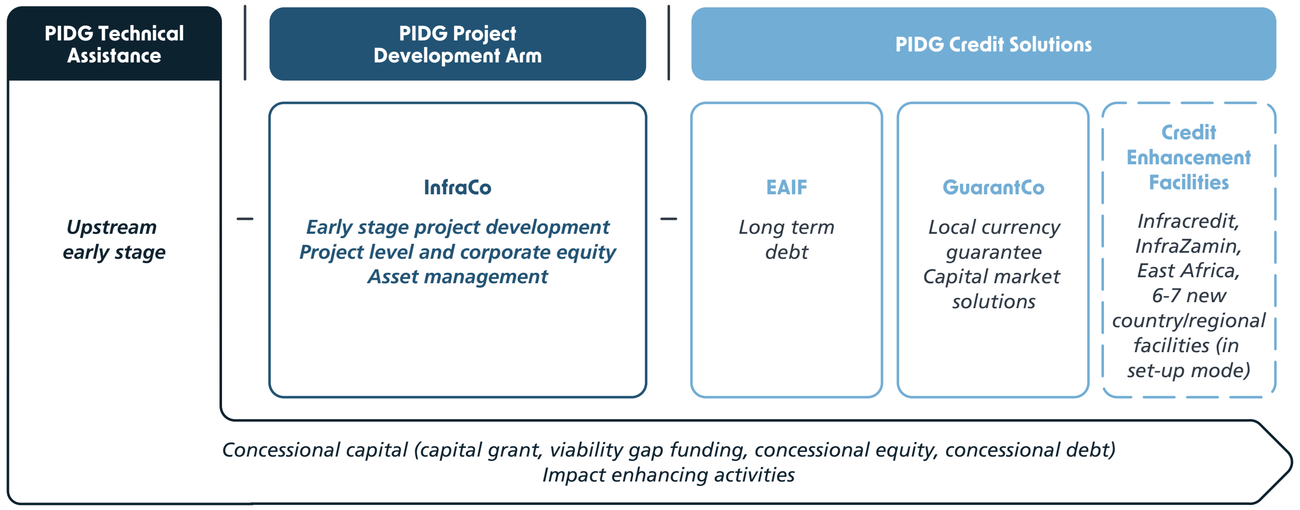
The international institutional architecture and public and private finance flows have yet to coherently align. But a plausible blueprint is emerging, both for what economies could look like and for how to finance the transition.

Our **mission**

We get infrastructure finance moving and multiplying – accelerating climate action and sustainable development where most urgently needed.

For communities, new infrastructure means opportunities to improve life. We work with a wide range of partners to bridge financing gaps, directing capital and expertise into projects that promote climate resilience and sustainable growth. Working throughout the project lifecycle, we reduce financial risk, transform markets and build local capacity, creating a deep and lasting impact.

One group, **multiple solutions**



PIDG Technical Assistance

We deploy technical assistance for upstream and early stage activities, feasibility and project incubation.

We are evolving our concessional capital offer to include concessional equity, building on our established viability gap funding – to plug gaps between commercial viability and affordability of infrastructure.

We continue to use concessional capital to enhance the impact of infrastructure, using (returnable) grants to prove the viability of innovations that promote positive gender, inclusion, climate and nature outcomes and to build markets with targeted capacity building through PIDG Institute, our infrastructure learning initiative.

PIDG Development Arm

We provide catalytic leadership capital to share the risks of early stage project development with competent sponsors.

We invest equity in projects and companies at early and later stages.

We have in-house asset management capability to ensure projects move smoothly through construction into operation.

We have a high ambition to scale up this work building on the track record of our InfraCos.

PIDG Credit Solutions

PIDG long term debt fund Emerging Africa Infrastructure Fund (EAIF) is one of the first and most successful blended finance funds globally. For over 20 years, it has attracted and deployed commercial and development finance capital in highly developmental infrastructure in Africa, predominantly in Least Developed Countries. The fund is expanding to Asia to complete PIDG's offer in both regions.

PIDG guarantee arm GuarantCo provides credit enhancement and local currency solutions to unlock international and domestic institutional investors in infrastructure and develop local capital markets. Through its products, GuarantCo de-risks projects to make them bankable, extends tenors to meet the real infrastructure financing need and enables landmark green bonds.

PIDG Credit Enhancement Facilities. We set up local guarantee facilities in partnership with local stakeholders and investors to unlock domestic capital for infrastructure financing. Building on the experience of InfraCredit Nigeria, InfraZamin Pakistan and the Dhamana Guarantee Company working in East Africa, we aim to set up 10 facilities in the next 10 years. We coordinate feasibility assessment, incubation, set up and management support for the new facilities and we co-invest through our range of solutions.

2030 Strategy

Building on a pioneering track record of integrating climate and inclusion considerations in infrastructure investment, we launched our 2030 Strategy in 2023, which makes action on climate and nature, together with sustainable development through new and improved infrastructure, the central purpose of all we do.

Sustainable development and poverty reduction are not possible without action on climate adaptation and resilience, and we know people depend on nature for both.

At PIDG we are learning from more than 20 years of experience in infrastructure and financing in Africa and Asia, our task is now to quickly scale our impact. We will achieve this by working more systematically in partnership with the private sector, development finance institutions and providers of catalytic capital.

At PIDG we have evolved a scalable approach to mobilise finance and accelerate sustainable development impact where it is most urgently needed. It incorporates some unique abilities: to take an appropriate level of risk; to find ways to attract private capital at the right stage; and to relentlessly innovate with a focus on impact.

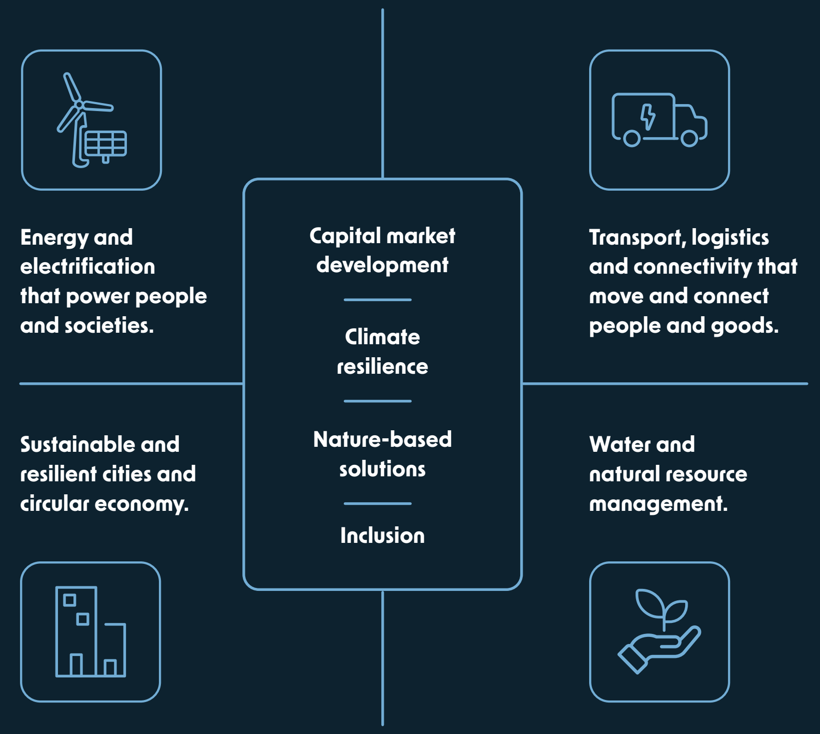
The sector knows these abilities are increasingly needed and we will step up to the challenge by working creatively with others to urgently scale up what works. This will allow us all to originate, build and distribute on a faster cycle, matching capital to infrastructure financing at the appropriate stage and scale. We believe this is how the sector will accelerate impact.

Some of the key shifts to rise to the scale of the current challenges, include:

1. **Driving action on climate and nature, while accelerating sustainable development**
2. **Scale,** including doubling yearly commitment value, project development arm and platforms, and credit enhancement facilities
3. A more **deliberate and coordinated origination and product strategy**
4. **Balancing impact with financial sustainability**
5. A culture of radical **collaboration – within the Group and with partners**

Investment themes

We will take a more strategic origination approach, focusing on scaling up impact through a deliberate investment focus on combinations of sectors, geographies and products.



Our goals are clear

and we will measure our progress against these targets:

Improve climate resilience and economic opportunities for 100 million people by 2030.

Accelerate the flows of public and private finance deployed for climate action and sustainable development. In 10 years, we expect to attract $1.6bn funding, deliver over $9bn in new commitments in projects that mobilise over $25bn. We expect these investments to move the market, stimulating flows worth many fold their value.

Avoid future greenhouse gas (GHG) emissions in emerging markets, supporting leapfrogging to low-carbon technologies.

Demonstrate how infrastructure can deliver gender equality and inclusive opportunities, and nature conservation, restoration, and regeneration.

The infrastructure we develop and finance will enable rising living standards and inclusive job creation, and unlock opportunities for young and fast-growing populations, and help shape inclusive, climate resilient economies that reduce poverty. It will also enable sustainable development pathways that are compatible with climate and nature imperatives, which will improve resilience to climate shocks for some of the most vulnerable populations, while protecting and restoring nature.

In scaling out impact with new ambition and urgency, alongside a more deliberate and coordinated product strategy, and a more strategic approach to project origination, we will:

- Aim to grow our deployment of capital by doubling our yearly commitments by 2030
- Introduce more defined Group investment approaches for selected countries and sectors
- Attract capital and capabilities from private sector, philanthropy and development finance institutions in platform with a geographic or thematic focus
- Focus even more on scale of impact rather than number of deals
- Increase our investments in urban settings
- Selectively deploy guarantees to mobilise secondary liquidity.

PIDG companies' **achievements**

2023 was a record year for PIDG

Some key highlights from the year include:

- PIDG launched our 2023-30 Strategy, focused on climate action, nature and sustainable development through infrastructure
- Our blended debt fund Emerging Africa Infrastructure Fund surpassed 1bn disbursements, successfully raised additional capital and maintained A2 rating
- Our guarantee arm GuarantCo had a record year with 10 transactions maintaining its rating of A1- / AA-
- Our development arm, comprised of InfraCo Africa and InfraCo Asia, continued to grow and we made progress towards setting up our next credit enhancement facility.

22 of our projects reached Financial Close

Providing more than **6.6 million** people with access to new or improved infrastructure

More than **12,000** jobs created

65% of commitments classified as climate finance (adaptation, mitigation, both)

68% of projects classified as empowering women, fostering gender equality outcomes

Technical Assistance

PIDG Technical Assistance (TA) has continued to enable the expansion of project preparation and development.

The Group has seen an increased demand for Concessional Capital, including Viability Gap Funding (VGF); in 2023, 42% of new signings in Least Developed Countries required some Technical Assistance, demonstrating the importance of TA and concessional capital to operating where it matters the most.

- An ambitious plan to support improved outcomes on climate and for women and girls was set for last year. In 2023, 51% of grants were deemed to support positive climate impacts and 29% positive gender impacts
- In 2023, PIDG TA deployed $10m of viability gap funding (VGF) to bridge the affordability-viability gap on the Dakar Bus Rapid Transit project in Senegal, one of the first fully electric service in Africa
- The expansion of the concessional capital product line has responded to an increase in demand and the need for a broader offering.

EAIF

2023 for EAIF marked landmark investments across Africa, a successful debt raise, and Moody's reaffirming EAIF's A2 credit rating.

It committed $274 million to nine new transactions, spanning approximately 10 African countries and three key sectors: DCI, Transport, and Power/Energy.

EAIF's support facilitated the development of crucial infrastructure, including EV public transport, toll roads, data centres, telecom towers, and renewable energy projects, contributing to the continent's sustainable development goals.

- **Bond issuances:** Innovating with conscious capital, EAIF anchored impactful bonds, including the first social bond for rural electrification in Cote d'Ivoire and a green bond in Zambia
- **Renewable energy:** EAIF facilitated the addition of 110 MW of new solar PV generation capacity and continued delivering clean energy solutions that help achieve decarbonised economic development
- **Gender equality:** Two of EAIF's transactions, the Dakar toll road and the CIE rural electrification bond, were identified as empowering women and girls, demonstrating our commitment to promoting gender equality and inclusion
- **Asia expansion:** EAIF is targeting further impact within and beyond Africa, with our expansion to south and south-east Asia underway.

Project Development arm InfraCo (Africa and Asia)

Several projects became operational or expanded operations in 2023 including:

- **Kenya:** Waterbus passenger ferry on Lake Victoria: the MV Malcolm was officially launched in December in Kisumu County, Kenya
- **Zimbabwe:** Mobility for Africa seeks to address the dual crises of rural mobility and climate change in Zimbabwe by delivering an electric transport solution for people living in rural and peri-urban areas – particularly women. Support from InfraCo Africa is enabling Mobility for Africa to scale its offering, expanding its existing 190 vehicle fleet to deliver four hundred new e-tricycles known locally as 'Hambas'
- **Nepal:** In June 2023, we celebrated the inauguration of Nepal's largest-ever grid-connected rooftop solar project with a 500kW capacity and net metering in place. Excess energy will be distributed through the main grid for other industrial and household uses
- **Vietnam:** also in June, operations started for the 5,000 m3/day Darco Ba Lai Water Treatment Plant, bringing piped water to up to 20,000 households in Vietnam's Ben Tre Province. When the project's subsequent phases are complete, the plant will be able to treat 15,000m^3 /day, with the potential to provide access for approximately 35,000 households, as well as industrial customers.

GuarantCo

In 2023, GuarantCo marked 10 financial closes, totalling $266 million including Bayfront Infrastructure Management (Singapore), Capital Bank of Jordan, Cellcard (CamGSM PLC.) (Cambodia), Everest Fleet Pvt. Ltd. (India), Vivriti Capital (India), Lagos Free Zone (Tolaram) (Nigeria), Pran Agro Limited II (Bangladesh), Runner Automobiles PLC (Bangladesh), Shams Power Limited II (Pakistan), Spiro (Benin and Togo).

Eight of the transactions were identified as gender-equality initiatives, demonstrating our commitment to promote gender equality and inclusion.

Its credit ratings were re-affirmed: A1 by Moody's Ratings's and AA- by Fitch Ratings whilst $515 million of private sector investment was mobilised, 7,600 jobs were created and 1.4 million people were provided with improved access to infrastructure.

Bond issuances included the first internationally certified sustainability bond in Bangladesh, an international certified sustainability bond in Cambodia and a bond issuance in Nigeria. GuarantCo closed its first four electric mobility transactions and provided its first counter-guarantee to InfraCredit, a credit enhancement facility that it helped set up in 2016.

PIDG in numbers

In 2023:

22 projects reached Financial Close

- **46%** of these were in Least Developed Countries and Other Low Income Countries
- **46%** of these were in Fragile and Conflict-Affected Countries
- **64%** projects reached Financial Close in sub-Saharan Africa
- **27%** projects reached Financial Close in south and south-east Asia and Pacific

$1.7bn Total project investment committed

$994m Total private sector investment committed

These projects will provide over **6.6 million** people with access to new or improved infrastructure

These projects will provide over **7,910** long-term jobs **4,267** short-term jobs

8 projects became commercially operational

Between 2002 and 2023:

233 projects reached Financial Close

- **56%** of these were in Least Developed Countries and Other Low Income Countries
- **51%** of these were in Fragile and Conflict-Affected Countries
- **71%** in sub-Saharan Africa
- **23%** in south and south-east Asia and Pacific

$41.5bn Total project investment committed

$25.5bn Total private sector investment committed

These projects provide approx **228 million** people with access to new or improved infrastructure

These projects provide approx **254.5k** long-term jobs **72.5k** short-term jobs

149 projects became commercially operational

Notes:

- *The cumulative numbers reported combine actual results for the projects that are already operational with predicted results for the projects that are not yet operational*
- *At the end of 2023, 64% of the projects financially closed by PIDG were operational*
- *Where multiple PIDG Companies are involved in the same projects, the project counts as one Financial Close.*

Our commitments to the **SDGs in 2023**

Sustainable Development Goals

Measuring our contribution and relevance to the Sustainable Development Goals (SDGs) of our investments.

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

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

We use the latest available data in the Sustainable Development Report, which benchmarks both the progress achieved so far for each SDG indicator[1] (the current status) for which data is available, and the pace of progress.

Gender focused projects

5 GENDER EQUALITY

- Dakar AIBD Toll Road
- Bayfront
- Runner Auto
- Capital Bank Jordan
- Vivriti
- Equatorial Power
- Inspira Farms
- PRAN Agro 2
- Spiro
- Cellcard
- Shams 2
- Mawingu
- Sunculture
- Raxio Data Centres
- PEPT

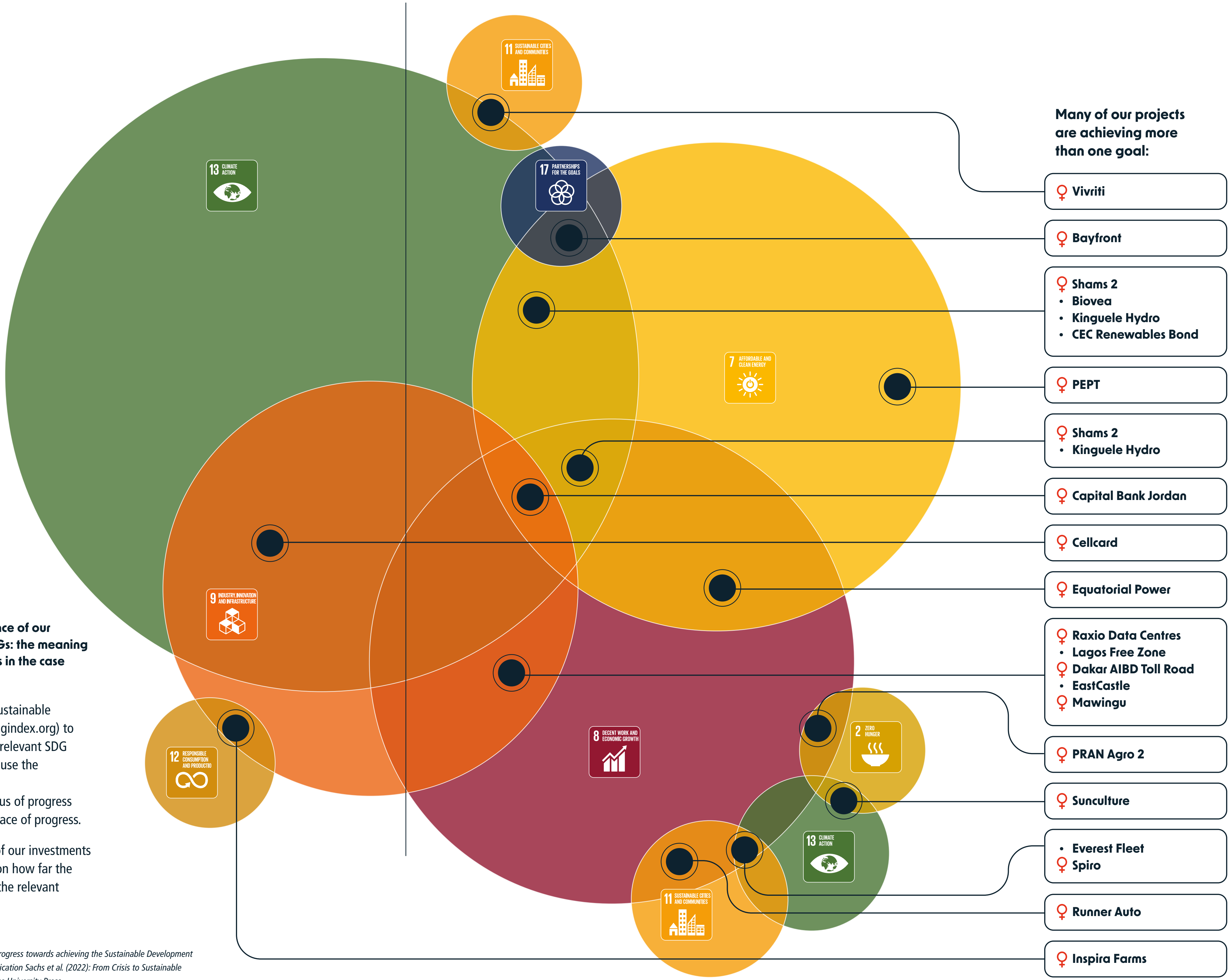
SDG achieved	On track
Challenges remain	Moderately increasing
Significant challenges remain	Stagnating
Major challenges remain	Decreasing

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

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

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

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



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

Impact on people

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

We focus on:
- Who will benefit, with emphasis on reaching the most underserved groups and women
- The scale of impact, looking at how many people will benefit from the product or service
- The depth of impact, considering the degree of change to individual lives
- We prioritise investments that improve people's resilience to climate shocks and change.

InfraCo Africa

$0.73m

equity and 250k debt to construct four mini-grids and three agro-processing hubs in the Democratic Republic of the Congo (DRC) (LDC and FCAS). This will add 3.3k new connections to provide reliable power to 12k end users and 204 businesses who will benefit from increased productivity.

– Democratic Republic of the Congo

Equatorial Power

People

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

Expected impact: 12k rural low-income end users are expected to benefit. The largest impact is expected for users who consume the most power.

Wider Economy

SDG 8.5 – Achieve full and productive employment.

Expected impact: 204 businesses are expected to benefit from improved productivity under the agro-processing hub model which will in turn create indirect jobs. Sectors are likely to include water purification, fish drying, cold storage and maize milling.

Market Transformation

Challenge: Lack of private sector appetite for mini-grids in sub-Saharan Africa and the Democratic Republic of the Congo.

Channel: Improve the overall commercial viability of the mini-grids through the demonstration of the agro-processing hub model where anchor business customers cross subsidise connections for household customers.

Outcome: Replication of model by other mini-grid companies, thereby attracting additional private sector capital into the sector.

Mobilisation

Mobilised $0.4m from the private sector.

PIDG TA

$0.68m capital grant to meet a funding gap on the project.

Climate

Transition risk: The existing diesel generators will be replaced, with over 90% of power being provided via a solar and battery system. Diesel back-up will be required to meet energy demand during the rainy season.

Resilience: Climate risks will be assessed for all site locations as part of the Environmental and Social Action Plan (ESAP) requirements.

Mini grids are considered more resilient to the impacts of climate change than centralised power systems. Their decentralised nature means fewer people will be affected by an outage, and their modular structure allows them to resume operations more quickly after an extreme weather event.

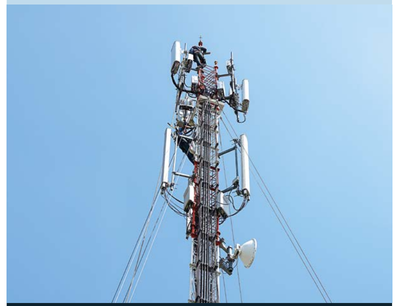
Gender Empowerment

Equatorial Power will implement recommendations to empower women through conducting gender disaggregated consultations across household and businesses customers, applying adjustments through learning from the consultation process, and monitoring the gender specific outcomes. Women are also expected to represent 40% of long-term workforce.

HSES

As part of the due diligence process, 19 HSES improvements were identified which are now reflected in the ESAP.

EAIF



$30m

of debt, provided to Eastcastle to build 767 new towers and rehabilitate 275 existing towers across the Democratic Republic of the Congo (DRC) (LDC and FCAS). This will improve access to mobile voice and internet services for 1.9m customers improving quality of life and enabling economic growth through enhanced productivity.

– Democratic Republic of the Congo

Eastcastle

People and Wider Economy

SDG 9.C + 8.5 – Increase affordable access to the internet, supporting economic growth and job creation.

Expected impact: 1.9m end users are expected to benefit from more affordable and faster access to mobile and internet services. This will improve quality life and enable economic growth and indirect job creation.

Market Transformation

Challenge: The lower market is nascent with limited infrastructure sharing in DRC.

Channel: Increase the number of towers and tenancy ratio in the market. Outcome: Increase competition within the market to improve network coverage and lower prices for consumers.

Mobilisation

Mobilised $96m of private sector investment.

Climate

Transition risk: Eastcastle intends to add solar where feasible to reduce GHG emissions. Some site locations may still require diesel back up due to grid intermittency and site location.

HSES

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

EAIF

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

$30m

provided to anchor a receivables securitisation local currency bond of XOF 60 billion (c.$100m) to fund the continuation and acceleration of the national Electricity for All / Programme Electricité Pour Tous (PEPT) electrification programme in Côte d'Ivoire (LMIC and FCAS). The programme will add 400k new connections in the next two years which is expected to provide first time electricity access to 2m low-income rural households.

– Cote D'Ivoire

Programme Electricité Pour Tous (PEPT) Social Bond

People

SDG 7.1 – Ensure universal access to affordable, reliable, and modern energy services.

Expected impact: 2m consumers are expected to benefit. Users who consume the most power will feel the largest impact.

Wider Economy

SDG 8.5 – Achieve full and productive employment.

Expected impact: 7.6k business customers are expected to benefit. This will in turn create indirect jobs in the economy.

Market Transformation

Challenge: Achieve universal electricity access by 2025.

Channel: Demonstrate the first social bond focusing on rural electrification on the West African Economic and Monetary Union regional securities exchange.

Outcome: Act a reference transaction for further issuances of social bonds on the West African Economic and Monetary Union regional securities exchange.

Mobilisation

Mobilised $20m of private sector investment.

PIDG TA

$322k for lender due diligence.

Climate

Transition risk: This project is expected to support the country's decarbonisation aims. Greater access to electricity enables central renewable energy policies to contribute to economy-wide decarbonisation, which is reinforced by the country's commitment to generate 42% of its electricity from renewable sources by 2030 (via IFC).

Resilience: Extreme weather events could damage transmission towers, substations, and transmission lines. The programme is specifically linked to last mile distribution and there is a programme in place to switch low tension poles from wood to recycled plastic poles which are more resilient to climate change.

First-time access to grid electricity for climate vulnerable rural communities increases their climate resilience through socio-economic impacts improved livelihoods, increased incomes, better health and education services, etc. and via enabling adaptation services such as better access to information and communication technologies.

HSES

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

InfraCo Africa

2 ZERO HUNGER

13 CLIMATE ACTION

$12m

of equity to SunCulture, a solar irrigation company is to add 258k new customers in Kenya (LMIC and FCAS) and Uganda (LDC and FCAS) in the next five years. This is expected to provide more reliable and efficient water supply for irrigation, leading to enhanced agricultural productivity and greater income generation for farmers.

– Kenya

Sunculture

People

SDG 2 – Double the agricultural productivity and incomes of small-scale food producers.

Expected impact: It is estimated that 258k pumps will be utilised by smallholder farmers in rural Kenya and Uganda. 32% live on or below the international poverty line and 52% of farmers are first time users. This will also provide reliable water supply to improve the climate resilience of agricultural communities by reducing the risk of food shortages.

Planet

SDG 13 – Avoid and reduce greenhouse gas emissions.

Expected impact: Up to 357k tCO_2e of emissions could be displayed each year through the displacement of diesel systems[1].

Market Transformation

Challenge: Carbon credits markets are nascent in Kenya and Uganda.

Channel: Demonstrate and build a track record for carbon credits as a revenue stream to keep the upfront cost of pumps affordable for customers.

Outcome: Attract more private sector capital to businesses that use carbon credits.

Climate

Resilience: InfraCo Africa will work with SunCulture to assess the climate risks facing farmers, building on the crop resilience training programme already implemented by SunCulture for some of their customers.

Improve climate resilience for farmers through providing more reliable or more efficient water supply for irrigation that will lead to enhanced agricultural productivity and higher output quality, at a time when temperatures are rising, and food scarcity is likely to also rise.

Gender Empowerment

SunCulture identified challenges around increasing their proportion of female customers and female farmers benefitting from their crop resilience training. Gender-disaggregated data from a survey conducted on a pilot training will help provide insights on barriers and opportunities (products and services), and will inform the company's gender commitments for this project in 2024.

HSES

As part of the due diligence process, 13 improvements were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

1. *This assumption is based off SunCulture's existing customer base - 42% of customers previously had diesel pumps, with each pump displaced resulting in 3.3 tCO_2e per year of avoided emissions.*

GuarantCo

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

$70m

100% guarantee provided for $70m to Cellcard to issue a sustainability-linked bond in Cambodia (LDC). Proceeds will be used to add 500 4G telecom towers and upgrade 50 towers to 5G. This will improve access to mobile voice and internet services for 1.3m customers improving quality of life and enabling economic growth through enhanced productivity.

– Cambodia

Cellcard

People and Wider Economy

SDG 9.C + 8.5 – ● ↑ Increase affordable access to the internet, supporting economic growth and job creation.

Expected impact: 1.3m end users are expected to benefit from improved access to mobile and internet services. This will improve quality life and enable economic growth and indirect job creation.

Market Transformation

Challenge: Despite high mobile phone penetration, the quality and speed of mobile broadband is lagging behind regional peers.

Channel: Improve quality of service for end users and become the first 5G provider.

Outcome: Increase competition within the market to improve network coverage.

Mobilisation

Mobilised $70m of private sector investment.

Climate

Transition risk: Cellcard intend to add solar PV where feasible to reduce greenhouse gases (GHG) emissions. Some site locations may still require diesel back-up due to grid intermittency and site location.

Resilience: A climate risk assessment was conducted and found some sites were at risk of flooding. As a result, new sites will be screened, and climate risks mitigated.

Gender Empowerment

In 2023, 20% of Cellcard's management, and 30% of its workforce were women. Cellcard has committed to further develop their polices to enhance female employment (governance and workforce). Cellcard rolled out a company-wide survey in January to identify challenges faced by female employees and relevant actions. The results will allow Cellcard to identify which policies they would like to develop, how and when.

HSES

As part of the due diligence process, 22 HSES improvements were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

InfraCo Africa

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

$6m

of equity to construct 109 new solar-powered telecommunications towers across 25 counties in Kenya (LMIC and FCAS). This will improve access to internet services for 82k end users improving quality of life, and 1.1k business customers, enabling economic growth through enhanced productivity.

– Kenya

Mawingu

People and Wider Economy

SDG 9.C + 8.5 – ● ↑ Increase affordable access to the internet, supporting economic growth and job creation.

Expected impact: 82k end users and 1.1k business customers are expected to benefit from improved access to mobile and internet services. This will improve quality of life and will enable economic growth and indirect job creation.

Market Transformation

Challenge: Lack of fixed and affordable internet provision in rural Kenya.

Channel: Demonstrate data transmission through regulated 5GHz radio towers to roll out internet access in rural areas in a scalable and cost-effective manner.

Outcome: Increase internet penetration and reduce the cost of internet services in rural Kenya.

Mobilisation

Mobilised $1.5m of private sector investment.

Climate

Transition risk: Towers will be powered by solar and battery technology.

Resilience: The devices can provide an alternative radio spectrum for communication, should there be issues with the capacity of typical mobile network operators due to extreme weather events.

Gender Empowerment

As per the gender equality assessment (GEA) recommendations, InfraCo Africa will work with Mawingu to design a plan to maintain a female labour force proportion of at least 35% over time. Mawingu will actively seek to employ women in technical and professional roles as the business grows.

HSES

As part of the due diligence process, 21 HSES improvement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

Promoting gender equality

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

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

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

Gender equality in the transport sector

Royal Railway is the exclusive national railway operator in Cambodia[1]. In 2022, GuarantCo provided a $23.93m 100% credit guarantee for a dual tranche bond issued by Royal Railway Cambodia (RRC). Proceeds of the bond will be used to purchase new trains and finance renewal and upgrades of the country's railway network. This project is expected to improve railway operations on the Northern and Southern lines in Cambodia, in terms of capacity, efficiency and safety.

In Cambodia, gender disparities in the workforce are prominent. Whilst the female labour force participation is relatively high (69.5%), they are over-represented in lower paid roles and under-represented in more senior and higher paying roles (24.6%).[2]

In this context, RRC's achievements in ensuring gender equity is noteworthy. In 2022, 47% of senior leadership positions in RRC were held by women. In 2023, this figure increased to 52%, which is over double the country average (24.6%)[3]. Specifically, women are highly underrepresented in the transportation sector's employment[4]. RRC experienced the challenge of finding experienced women and utilised several tools including – tailored job adverts, training, changes to onboarding policies, maternity leave benefits, insurance, and flexible work arrangements, to bridge the gender gap.

While Cambodia has a disability prevalence of 12%[5] (compared to a global average of 16%[6]), it has the world's highest number of amputees per capita (three decades of war has made Cambodia one of the most landmine affected countries).[7] People with disabilities are more likely to experience adverse socioeconomic outcomes such as less education, poorer health outcomes, lower levels of employment, and higher poverty rates.[8]

RRC has also shown a committed effort to people with disabilities (both employees and passengers) by removing barriers to ensure their social and economic inclusion. RRC actively employed people with disabilities and has renovated its own facilities and passenger carriages to ensure they are accessible to wheelchair users.

In 2023, RRC met the government mandate set to protect rights of persons with disabilities under Sub-Decree No. 108. The mandate states that private sector entities (hiring more than 100 employees) must ensure reservation (1%) for people with disabilities (who meet required qualifications and competencies).[9]

Additionally, in 2023, RRC passed an inspection from the Ministry of Social Affairs Veterans and Youth Rehabilitation (MOSVY) and is committed to undertaking recommendations suggested by MOSVY to further enhance passenger experience with RRC.

In conclusion, RRC has demonstrated an ongoing commitment to bridge gaps experienced by women and people with disabilities and has gone over and above minimal compliance standards. PIDG aims to continue working with RRC and support its ever-growing gender and inclusion ambitions.

1. *'GuarantCo provides Royal Railway Cambodia with a USD 24 million bond guarantee to invest in the national railway system', GuarantCo, (2023)*
2. *Country Gender Landscape, Cambodia, World Bank, (2023)*
3. *Country Gender Landscape, Cambodia, World Bank, (2023)*
4. *Currently, there is no data available on female representation in Cambodia in the transportation sector and reflects Royal Railway's experience, as the sole railway operator.*
5. *Country Briefs, Cambodia, Demographic and Health Survey, Data Disability Initiative, (2014)*
6. *Disability Data, World Health Organisation, (2023)*
7. *Cambodia, Limbs International*
8. *Disability Inclusion, World Bank, (2023)*
9. *Country Report, UNPRD, Cambodia: Situational Analysis of the Rights of persons with disabilities in Cambodia, Pg 50. (2022)*

Gender equality in the telecommunications sector

Cellcard is a telecoms operator in Cambodia that was launched in 1997. In 2023, GuarantCo provided a $70m 100% guarantee over 10 years to improve Cellcard's coverage and capacity, and to introduce 5G technology into Phnom Penh. $20m of the use of proceeds were used to cover the firstever internationally certified 'CAMGSM Sustainability Bond' in Cambodia to be purchased by institutional investors, and $50m of cover to a loan from Deutsche Bank Singapore.

At the time of GuarantCo's financial close in 2023, 20% of Cellcard's senior leadership positions were held by women and 30% of their workforce were women, both of which are below the national average for Cambodia (31% and 74%, respectively[1]). In response to this, Cellcard has the ambition to make progress on supporting gender equity in the workplace and have proactively identified barriers that their female employees face at the company level.

Cellcard's HR department conducted analysis finding that their female employees did not perform as well compared to their male counterparts in terms of securing and staying in technical and managerial roles. In their experience, the main drivers behind this gendered gap include family pressure, negative attitudes about women in work (which is reflected in the wider population, as 40% of Cambodian men prefer that women stay at home instead of engaging in paid work)[2], as well as gendered education barriers. It is evidenced that literacy rates for women are lower compared to males (75% compared to 87% respectively), despite more girls having completed secondary and primary school compared to boys.[3] According to a report by the Ministry of Women's Affairs[4], the national education strategy plan has effectively reduced gender gaps significantly, especially at the primary, secondary, and high school levels.

However, gendered differences negatively impacting women are also apparent at the tertiary education level, at a subspecialist level. While the percentage of women enrolling in university now has increased relative to 20-30 years ago (percentage of female graduates rising from 21% in the early 2000s to 48% by 2015)[5], women are underrepresented in STEM subjects (mirroring the global picture). In 2018, the Cambodian National Institute of Statistics (under the Ministry of Planning), reported that out of those pursuing a bachelor's degree, 63% were women compared to 69% of men.[6]

In 2022, Prime Minister Hun Sen noted that the number of women pursuing postgraduate degrees and doctorates had decreased sharply compared to their male counterparts and specifically called on women with husbands and children to pursue higher education, as having families, in addition to wider cultural norms disadvantaging women, were cited as the main drivers of this decreasing trend[7], which resonates with Cellcard's experience.

Cellcard's values embody the belief that companies are strengthened by diversity and have many policies encouraging this. They have worked hard to create a harassment-free and safe workplace for women, and continuously provide training and communication on the importance of the very culture that they've built.

Examples of their policies include a tuition allowance for management, and they are looking to extend this to more employees. They also have a travel and learning budget which allows women to attend seminars, participate in courses, and travel to see telecoms projects in other countries. In addition, Cellcard offers maternity leave benefits that are above the threshold offered by Cambodian law, which stipulates that employees are entitled to 50% of their normal wages and benefits during maternity leave.[8]

In Q1 of 2024, Cellcard conducted a company-wide survey to identify the work issues that most affect employee work-life balance and health or happiness factors, and to design solutions addressing these. One of the themes that came up in the survey was to consider ways to offer more flexible work arrangements across the company to become more diverse, and to continue to create an inclusive and supportive environment. As a result, Cellcard is considering updating its policies based on areas directly identified by its employees. PIDG will work with Cellcard during the remainder of the year to support the rollout of concrete initiatives identified from the survey and will continue monitoring employee satisfaction levels as a result.

1. *Equilo GESI tool*
2. *Regional tables and country/territory dashboards*
3. *Equilo GESI tool*
4. *Cambodia Report to the General Assembly resolution A/Res/72/234 on "Women in Development" (2019)*
5. *World Bank gender data*
6. *Women and Men in Cambodia facts and figures (2018)*
7. *Women urged to pursue postgraduate education (2022)*
8. *Understanding Cambodia employment and labour law*

Gender equality in the water sector

In 2022, InfraCo Asia signed a $2.3m loan to Khmer Water Supply Holding Ltd (KWSH), a private water operator (PWO), as part of the Cambodia Water Portfolio project which funds an expansion of KWSHs existing water supply network. The loan covers the installation of c. 500km of pipeline across three operating stations: alongside upgrading pumping and electrical equipment at one selected water treatment plant. The project will increase access to clean and affordable piped water in underserved, semi-urban and rural areas, directly to both households and businesses.

In Cambodia's rural areas, 77% of the population lacks access to safe and adequate drinking water.[1] The responsibility for a household's water collection and hygiene typically rests with women.[2] In these rural areas, only 11% of people have access to safe piped water in their premises[3] and most of the population is exposed to unsafe drinking water normally collected by women and girls.[4] The number of diarrhoea related deaths from inadequate water and the mortality rate attributed to exposure to unsafe water, sanitation, and hygiene (WASH) services is high, relative to other countries.[5,6] Moreover, various WASH studies indicate that women workforce participation in the water and sanitation sector in Cambodia is very limited due to several factors, including limited technical skills[7] and gender stereotypes. Mirroring the WASH sector globally[8], the World Bank (2019) and Water Aid[9] have evidenced that women make up only 10% of the Cambodian water and sanitation utilities workforce.

With awareness of these issues, when InfraCo Asia shortlisted this project in 2021 they commissioned technical due diligence specifically with a gender lens. The intention was to engage in early identification of mechanisms on how to make KWSH a more inclusive employer and increase the impact for women and girls at the community level. The findings from the due diligence study, which was conducted in parallel to conversations with KWSH in 2022, highlighted that the head office had a relatively low representation of women at the time (3/9 female employees; with no women holding leadership roles).

Female representation was lower at KWSH's water stations level. For example, at the Tram Khnar station, there were no full-time female employees in its 10-man team (there was one part-time female employee). The low representation of women in KWSH was mainly attributed to difficulties in finding skilled female labour force for certain engineering and marketing positions. KWSH's CEO shared that even for less skilled jobs, e.g. network management, KWSH has been unable to hire women due to gendered cultural norms about women's safety and security concerns. The findings from the due diligence work, coupled with the gender and disability inclusion potential highlighted by PIDG during the project screening stages, provided a sound basis for dedicating technical assistance (TA) funds to the project. The activities put forward for the TA, which are being implemented by a dedicated team of local female gender and inclusion experts, were:

1. Enhancing the representation of women and people with disabilities in KWSH
2. Upskilling of staff in KWSH and educating the people in community on WASH practices
3. Reviewing KWSH's existing three-year vulnerable households connection grant programme, which provides concessionary terms on connection fees to families meeting a set of criteria (i.e. low-income households, single parent homes, those with people with disabilities, etc).

In January 2024, a WASH campaign was launched focusing on the dangers of using unsafe water, good storage techniques and awareness raising on preventing water contamination and the advantages of piped water supply systems.

The campaign reached 25 rural villages in five communes in Takeo, Prey Veng, and Seim Reap provinces. A total of 332 people participated of which 61% were women and 3% were people with disabilities. The workshop allowed participants to discuss, express ideas and experiences, and share knowledge on WASH issues and best practices around it. Discussions with the participants and post-training assessments indicated that most of them improved their knowledge on sanitation, handwashing, and on appropriate water storage techniques. In addition, thanks to information through the campaign on how water is sourced and treated, participants increased their awareness on the advantages of piped water whilst having their previous misconceptions challenged on the safety and reliability of piped water.

Participants who already had access to piped water highlighted that accessing this service has removed the burden on family members who were previously responsible for fetching water, and that having access to piped water has saved them time and money. Participants from low-income households with access to piped water indicated that this service was crucial, as the water from a tanker, also known as 'truck water', is more expensive and time-consuming, and can only be used for two days before it becomes unsafe for consumption.

1. *Sevea, May 2017*
2. *ADB Case study, 2022*
3. *Access to drinking water in rural Cambodia, Current situation and development potential analysis, May 2017*
4. *WaterAid, 2017*
5. *https://www.who.int/data/gho/data/indicators/indicator-details/GHO/number-of-diarrhoea-deaths-from-inadequate-water*
6. *https://www.who.int/data/gho/data/indicators/indicator-details/GHO/mortality-rate-attributed-to-exposure-to-unsafe-wash-services-(per-100-000-population)-(sdg-3-9-2)*
7. *Women's participation in WASH-related vocational and tertiary education and as Wash professionals in Cambodia (Water Aid), June 2017*
8. *https://openknowledge.worldbank.org/entities/publication/071b0f76-17dd-5c09-974b-0c4df85f196e*
9. *Gender Equality and Woman in Water, Sanitation and Hygiene enterprises in Cambodia (Water for Women, DFAT), April 2020*

Impact on planet

PIDG projects promote high environmental standards, low greenhouse gas emissions and pathfinding innovations for climate adaptation and resilience.

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

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

- We assess nature impacts and dependencies and reward investments that have the least negative impacts and contribute positively to nature.

GuarantCo

– Benin, Togo
Spiro

$63m

70% provided for a partial credit guarantee of a $63m XOF equivalent loan to support the financing of 21k electric vehicles, 31.4k batteries and 1k swap stations in Togo (LDC and FCAS) and Benin (LDC). Avoid 28k tCO_2e and enable an increase in income generation for 21k drivers.

Planet
SDG 11.6 + SDG 13 –
Reduce the adverse per capita environmental impact of cities and climate change mitigation.

Expected impact: Avoid 28k tCO_2e and local air pollutants, particularly NOx that would come from ICE bicycles through the introduction of electric motorbikes. Urban communities will benefit from reduced air pollution as the model scales up.

Wider Economy
SDG 8.5 – Sustain productive employment.

Expected impact: 21k drivers will utilise the electric motorbikes which should lead to an increase in income generation. 3.7k operations and maintenance jobs will also be created.

Market Transformation
Challenge: Electric mobility is a nascent sector in Benin and Togo.

Channel: Provide leased electric motorbikes at an affordable price point.

Outcome: Enable an increase in electric mobility in Benin and Togo, and a replication of the model in other African markets.

Mobilisation
Mobilised $94m of private sector capital.

PIDG TA
$42k to conduct a feasibility study for a battery recycling plant.

Gender Empowerment
Spiro is working towards a target of 30% women in workforce (which include engineers, managers, technicians) and community engagement through technical and leadership programmes targeting female employees. Spiro has also committed to undertake a disability audit across their operations and table an action plan according to the results.

HSES
As part of the due diligence process, 21 HSES improvements and four HSES enhancement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP). Enhancements include a solar feasibility assessment and a community road safety and public health awareness campaign.

EAIF

– Gabon
Kinguele Hydro

$23m

of debt to build and operate a 35MW hydro power plant in Gabon. This will increase access of reliable electricity to 97k consumers, and increase productivity for firms to create indirect jobs and avoid 186k tCO_2e per year.

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

Expected impact: 97k consumers are expected to benefit. The largest impact will be felt by users that consume the most power.

Planet
SDG 13 – Climate change mitigation

Expected impact: Avoid 186k tCO_2e per year.

Wider Economy
SDG 8.5 – Achieve full and productive employment

Expected impact: Large number of businesses are expected to benefit which will in turn create indirect jobs in the economy. This will also create 700 new jobs during construction of which 80% (560) will be local.

Market Transformation
Challenge: Further power capacity is needed to meet energy demand.

Channel: Kinguele is the first utility scale Independent Power Producers in the country with anticipated demonstration and replication via others.

Outcome: Replication of further IPPs by private sector investors leading to improved resilience of the sector.

Mobilisation
Mobilised $41m of private sector investment.

HSES
As part of the due diligence process, 60 HSES improvements were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP). Additional studies were required to support the project including biodiversity feasibility studies, the probability of biodiversity offset results and the governance structure for offset mitigation measures.

GuarantCo

$12m

67% provided for a guarantee to Axis bank to enable an INR 1bn (c. $12m) loan to Everest Fleet to purchase 1k electric cars which will be deployed as taxis in India (LMIC). This transaction falls under the $200m INR equivalent framework guarantee between GuarantCo and Axis bank signed in April 2022, which aims to mobilise between $300-400m into e-mobility in India.

– India

Everest Fleet

Planet

SDG 11.a + SDG 13 –
Reduce the adverse per capita environmental impact of cities and climate change mitigation.

Expected impact: Add 1k new electric taxis to support the acceleration of e-mobility in India, supporting emission reduction and improving air quality.

Wider Economy

SDG 8.5 – Sustain productive employment.

Expected impact: Contribute to income generation for at least 1k drivers. We expect the largest impact will be felt by drivers who are operating the taxi vehicle for the first time.

Market Transformation

Challenge: The transition to electric vehicles in India will require a cumulative capital investment of $266bn by 2030. The technology is still in its nascency in India (EVs accounting for <1% of total vehicle sales) which elevates perception of risk in lending to the sector.

Channel: Provide a guarantee to Axis Bank to increased lending to the e-mobility sector space to support the entry and expansion of private sector players into the market.

Outcome: Demonstrate business models and financing products to support greater lending by domestic investors to the sector.

Mobilisation

$12m of local currency mobilised from Axis bank.

PIDG TA

$57k to support transaction costs to complete the project documentation.

Climate

Transition risk: EVs support the transition to a lower carbon economy. As the carbon intensity of the grid reduces through the integration of lower carbon power generation the GHGs associated with EV charging reduces.

HSES

As part of the due diligence process, 22 HSES improvements were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

GuarantCo

$30m

50% guarantee to Axis bank to enable an INR 2.5bn (c. $30m) loan to Vivriti Capital a Non-Banking Financial Institution that specialises in financing businesses across the e-mobility value chain in India (LMIC). This transaction falls under the $200m INR equivalent framework guarantee between GuarantCo and Axis Bank signed in April 2022, which aims to mobilise between $300-400m into e-mobility in India.

– India

Vivriti Capital

Planet

SDG 11.a + SDG 13 –
Reduce the adverse per capita environmental impact of cities and climate change mitigation.

Expected impact: Provide capital to businesses and corporates specialising in the e-mobility value chain across manufacturing, charging infrastructure and transport services. This will support emission reduction and improving air quality.

Market Transformation

Challenge: The transition to electric vehicles in India will require a cumulative capital investment of $266bn by 2030. The technology is still in its nascency in India (<1% of total vehicle sales) which elevates perception of risk in lending to the sector.

Channel: Provide a guarantee to Axis Bank to increased lending to the e-mobility sector space to support the entry and expansion of private sector players into the market.

Outcome: Demonstrate business models and financing products to support greater lending by domestic investors to the sector.

Mobilisation

$30m of local currency mobilised from Axis Bank.

Climate

Transition risk: EVs support the transition to a lower carbon economy. As the carbon intensity of the grid reduces through the integration of lower carbon power generation the GHGs associated with EV charging reduces.

Gender Empowerment

Vivriti endeavours to maintain their 2023 proportion of women in leadership (22% of board positions) and their workforce over the next five years (21% of managerial positions). They will continue to hold consultations to identify opportunities for women (governance and workforce).

HSES

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

GuarantCo

– Jordan

Capital Bank Jordan

$35m

A local currency second-loss portfolio guarantee of $35m to Capital Bank Jordan to enable the bank to receive capital relief of $70m, enabling the bank to grow its infrastructure portfolio. The bank will use this capital to lend to projects that have a strong focus on climate mitigation, adaptation, and resilience in Jordan (UMIC).

People

SDG 9 + 7 – Access to affordable, reliable infrastructure.

Wider Economy

SDG 8.5 – Sustain productive employment.

Planet

SDG 13 – Climate change mitigation.

Expected impact: Will be monitored as Capital Bank Jordan provides loans. Sectors will include renewables, water, agri-related businesses, and energy efficient buildings. Consumers and businesses highly dependent on the infrastructure provided will feel the largest impact.

Market Transformation

Challenge: There is a financing gap for climate positive infrastructure investment in Jordan and Basel III banking regulations have further tightened the capital available.

Channel: This transaction will increase access to capital available for climate positive infrastructure investment in Jordan.

Outcome: This structure could be replicated by other banks in Jordan to ensure continued investment in climate positive infrastructure investment alongside the implementation of prudent regulatory requirements.

Climate

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

Resilience: GuarantCo will work with Capital Bank Jordan to build capacity to assess physical risk.

Mobilisation

Mobilised $70m from Capital Bank Jordan.

Gender Empowerment

In 2023, women represented 38% of all employees and 33% of senior executive managers (governance and workforce). The Bank have committed to producing gender disaggregated reporting for their workforce and leadership and will develop an action plan to reach a target of 42% female senior leadership.

HSES

As part of the due diligence process, 15 HSES improvements were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

GuarantCo

– Pakistan

Shams Power II

$5.3m

75% guarantee of a $5.3m (PKR 1.5bn) loan to finance the construction of 9.4MW rooftop and ground mounted solar plants for five commercial and industrial (C&I) customers across Pakistan (LMIC and FCAS). The project is adding 10MW of solar C&I to displace/ avoid 10.6k tCO_2e from reduced reliance on the grid.

Planet

SDG 7+13 – Increase the share of renewable energy and contribute to climate change mitigation.

Expected impact: Avoid 10.6k tCO_2e/year.

Wider Economy

SDG 8.5 – Sustain productive employment.

Expected impact: Five commercial and industrial firms will be connected and shall benefit from a 10% saving in electricity costs. The largest benefit will be felt by businesses that are highly dependent on electricity/suffer from reliability issues.

Market Transformation

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

Channel: Demonstrate the viability of the sector as a growth business segment for local investors.

Outcome: Further growth of the C&I solar sector contributing to more diversified energy mix and improved resilience of the sector.

Mobilisation

Mobilised $7.59m of domestic private sector investment.

PIDG TA

$83k to co-finance a technical capacity building programme for female engineers.

Climate

Resilience: Existing projects within Sham's portfolio have coped well with extreme weather events experienced in the last year. The company also has insurance which covers weather related damage.

Gender Empowerment

PIDG TA funding allowed Shams to scale up its female engineering training programme under the initial transaction, supporting women to develop specialist skills as solar technicians. Additional cohorts are set to be trained under this transaction. However, gender commitments under Phase 2 will be confirmed in 2024 following an assessment of the trainees' progress.

HSES

As part of the due diligence process, 6 HSES improvements and 1 HSES enhancement were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP). The enhancement was to support PIDG pilot the PIDG HSES solar supply chain risk assessment tool.

EAIF

$42m

of debt to support the construction and operation of a 46MW biomass plant in Cote D'Ivoire (LMIC and FCAS). This will improve income generation for 12k outgrowers, while increasing access of reliable electricity to 743k consumers and avoiding 120k tCO_2e per year.

– Cote D'Ivoire

Biovea Biomass Plant

People

SDG 2.3 – Increase agricultural productivity and incomes of farmers.

Expected impact: 12k outgrowers are expected to benefit from an increase in income generation.

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

Expected impact: 743k consumers are expected to benefit from improved access to electricity. The users who consume the most power will feel the largest impact.

Wider Economy

SDG 13 – Climate change mitigation.

Expected impact: Avoid 120k tCO_2e/year.

Market Transformation

Challenge: The grid in Cote D'Ivoire is dominated by thermal power.

Channel: Demonstrate first biomass IPP project in the country.

Outcome: Further replication of biomass projects to increase renewable generation and diversify the energy mix.

Mobilisation

Mobilised $64.5m of private sector investment.

PIDG TA

$9.5m of viability gap funding (VGF) to enable the project to reach financial close.

HSES

As part of the due diligence process, 20 HSES improvements and one HSES enhancement opportunity were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP). Enhancements include defining and implementing climate adaptation actions from the climate vulnerability assessment.

Impact on wider economy

EAIF

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

$50m

of debt to support the extension and upgrade of the AI motorway in Senegal (LDC) which connects the city of Dakar to the airport. This will enable the efficient movement of passengers and trade, and is set to lead to economic growth and indirect job creation.

– Senegal

Dakar Toll Road

People

SDG 9.4 + 8.5 –

Develop quality, reliable, sustainable and resilient infrastructure supporting economic growth and job creation.

Expected impact: Improved access for 84k end users. 400 construction jobs and 275 jobs during operation and maintenance.

Wider Economy

SDG 9.4 + 8.5 –

Develop quality, reliable, sustainable and resilient infrastructure supporting economic growth and job creation.

Expected impact: Reduced congestion should lead to improved productivity and better inventory management, supporting economic growth and indirect job creation.

Market Transformation

Challenge: The A1 Road is critical for mobility and economic development. Demand is expected to increase so a concurrent improvement is required to ensure the efficiency of road is maintained.

Channel: Demonstrate additional phases of financing to an existing Public Private Partnership (PPP) to maintain and improve operational efficiency.

Outcome: Maintain the benefits of improved integration and provide further confidence for PPP development in the transport sector in Senegal.

Mobilisation

Mobilised $134m of private sector investment.

PIDG TA

$10m of viability gap funding (VGF) to enable the project to reach financial close and enable the project's ability to afford the investment in making the rolling stock greener.

Climate

Transition risk: The investment is Paris-aligned.

- The road is expected to reduce distance travelled and congestion and so is expected to reduce emissions over time
- The road observes national guidelines of the Senegalese Environmental Code (air, water and noise pollution)
- Renewable energy has been installed on the toll gates to reduce emissions.

Resilience: A physical risk assessment was conducted. There is a minimum distance of foliage from road to minimise against wildfire risk and effective drainage in place to manage flooding risk.

Gender Empowerment

Women represented 19% of senior management in 2022, and the Project Company have committed to, at the very least maintaining and, if possible, increasing this ratio (governance).

HSES

As part of the due diligence process, 19 HSES improvements and three enhancement opportunities, including the requirement to consider International Road Assessment Programme (IRAP) comparison in road design were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

EAIF

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

$33m

of debt to finance the construction and operation of data centres in Uganda (FCAS and LDC), Ethiopia (LDC and FCAS), the Democratic Republic of the Congo (LDC and FCAS), Cote D'Ivoire (LMIC and FCAS), Mozambique (FCAS and LDC), Angola (LDC) and Tanzania (LDC). This will improve internet speed for business customers to enable economic growth. 70% of proceeds will be allocated to FCAS countries and 60% to LDC countries.

– Pan-Africa

Raxio Data Centres

Wider Economy

SDG 9.C + 8.5 –

Increase access to information communication technology, supporting economic growth and job creation.

Expected impact: Reduce latency and improve speed to improve business performance. Several business sectors are expected to benefit across the economy. Those who are highly dependent on internet for business operations and/or suffer from connectivity issues are expected to feel the largest impact.

Market Transformation

Challenge: There is little or no carrier neutral data centre capacity in target countries which has resulted in slow and expensive internet connectivity for business customers.

Channel: Add data centre capacity to enable business customers to utilise stable and reliable services in an efficient and cost-effective manner.

Outcome: Demonstrate the success of the model to enable a greater number of data centres, further driving economic growth through enhanced internet services.

Mobilisation

Mobilised $91m of private sector investment.

Climate

Transition risk: Raxio is actively looking to reduce its greenhouse gases (GHG) footprint and integrate more renewables across their data centres.

Resilience: Greater demand for power for cooling and associated increases in operating expenditure (OPEX) from grid power purchase and/ or diesel consumption have been considered. A climate risk and vulnerability assessment will be conducted for each data centre. Actions could include emergency response training on managing on wildfires, health and safety training on heat stress management for workers and measures to manage water risks.

Gender Empowerment

The project company have committed to a 30% female labour force target through the sustainability linked loan, with an action plan to be delivered detailing how this will be achieved.

HSES

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

GuarantCo

$25m

Second-loss counter guarantee of $25m, enabling InfraCredit Nigeria to provide a guarantee to two bond issuances (expected value: $43m[1]) for the Lagos Free Zone in Nigeria (LMIC and FCAS).

– Nigeria

Lagos Free Zone

Wider Economy

SDG 9.4 + 8.5 –

Promote inclusive and sustainable industrialisation, supporting economic growth and job creation.

Expected impact: Tenants are expected to benefit from a 40% increase in net profit, contributing to economic growth. In line with GuarantCo's counter guarantee amount, we expect to support the addition of four new tenants which will create 2k indirect jobs.

Market Transformation

Challenge: The lack of exclusively privately funded free zones in Nigeria. 17 are active but have been financed by the government or PPPs. Further private sector investment is crucial to enable greater manufacturing and trade.

Channel: Lagos Free Zone is the first economic zone in Nigeria to benefit from fully private funding with a large proportion of debt originating from local investors.

Outcome: This will demonstrate the viability of bond issuances as an instrument to facilitate private sector investment in special economic zones (SEZ)s and free trade zones to enhance economic growth.

Mobilisation

Mobilised an expected $43m of local currency from local Nigerian pension funds and institutional investors.

Climate

Transition risk: The investment is Paris-aligned.

- There is no access to a stable grid that can service the area. An on-site gas power generation facility is required to attract tenants and keep operating costs low
- Piped gas to tenants will also be required for heat and industrial purposes and there are no viable alternatives available
- Gas supply contracts end before 2050
- There are incentives in place for tenants to add rooftop solar as a power source
- IFC Edge[2] certification will be pursued for commercial buildings and tenants where possible.

Resilience: A climate risk assessment was conducted, and the client will develop an action plan to manage physical climate risks. There are three operational fire trucks on site to mitigate fire risk, vegetation is gradually being cleared from the boundary and there are measures in place to manage the risk of coastal flooding.

HSES

As part of the due diligence process, 14 HSES improvements and one enhancement were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP). The enhancement includes developing a zone level sustainability plan.

1. *The guarantee supports one existing bond issuance 'Series 3' which raised NGN 17.5b (USD 21.50m) in private sector capital; and the Series 4 is expected to raise an additional NGN 17.67b (USD 21.84)*
2. *IFC Edge is an approach developed by the International Finance Corporation (IFC) to design and certify resource-efficient and Zero Carbon buildings.*

Transforming markets

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

We do this by:

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

EAIF

$20m

provided for a debt to anchor a $54m green bond issued by CEC to build two solar PV projects totalling 94MW of in Zambia (LDC). This will increase access of reliable electricity to 105k consumers and avoid 64k tCO_2e per year.

– Zambia

CEC Renewables Bond

People

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

Expected impact: 105k consumers are expected to benefit. The users who consume the most power will feel the largest impact.

Planet

SDG 13 – Climate change mitigation.

Expected impact: Avoid 64k tCO_2e per year.

Market Transformation

Challenge: No green bonds to date listed in Zambia.

Channel: Demonstrate the first green bond on the Lusaka Securities Exchange.

Outcome: Further green bond listings with private sector support.

Mobilisation

Mobilised $25.5m of private sector investment.

Climate

Resilience: A climate risk assessment was conducted for both projects. The Environmental and Social Action Plan (ESAP) includes emergency response training on managing on wildfires.

HSES

As part of the due diligence process, 42 HSES improvements and two HSES enhancements were identified which are now reflected in the Project ESAP. The HSES enhancements include providing GHG accounting, and the development of an end-of-life plan for e-waste.

GuarantCo

$15m

Portfolio guarantee of $15m covering sustainability-linked projects in south Asia as part of a $410m securitised issuance of infrastructure asset backed securities (IABS). Renewables make up the majority of sustainability assets and will be independently verified in line with International Capital Markets Association (ICMA) and ASEAN+3 sustainability bond standards.

– Asia Regional

Bayfront

Planet

SDG 7+13 + 17.3 –
Mobilise financial resources to increase the share of renewable energy and contribute to climate change mitigation.

Expected impact: Bayfront will acquire loans from banks to free up their capital so they can make new loans to renewables in eligible countries within PIDG's mandate. This will avoid new greenhouse gases (GHG) emissions for the planet.

Market Transformation

Challenge: There is insufficient financing available for bankable infrastructure projects in south Asia. Institutional capital finances projects post construction when cashflows are long-term and predictable and risks significantly lower.

Channel: Demonstrate first-of-its-kind commercial credit enhancement instrument within a securitisation structure in Asia, enabling the issuance of an underlying B-rated tranche. This is expected to increase secondary market liquidity, freeing up more capital to finance new sustainable infrastructure assets in PIDG eligible markets.

Outcome: Attract new, high-quality investors to sustainability assets in PIDG eligible markets for the first time through this issuance. In the medium to long run, this should increase investor appetite and access to capital for this asset class.

Mobilisation

Mobilised $128m of capital from private sources to invest in PIDG eligible markets.

Climate

Transition risk: Our guarantee is exclusively linked to the sustainable tranche so therefore deemed low.

Resilience: Bayfront has incorporated climate risk assessment in the due diligence and monitoring process for sub-projects.

Gender Empowerment

In 2023, women made up 40% of Bayfront's senior management team and 44% of Bayfront's overall workforce (governance and workforce). Bayfront endeavours to maintain at least 35% of women in senior leadership positions over the next five years.

HSES

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

InfraCo Africa

$5.5m

of equity to develop and construct cold storage solutions in Kenya (FCAS), Zambia (LDC), Zimbabwe (LMIC and FCAS) and Ghana (LMIC). Smallholder farmers and agribusinesses are expected to benefit from an increase in revenues through a reduction in post-harvest losses and better inventory management.

– Kenya, Zimbabwe, Zambia and Ghana

Inspira Farms

People and Wider Economy

SDG 9.1 + 12.3 – ● ↓

Reduce food losses along production and supply chains, including post-harvest losses through the addition of quality and resilient infrastructure.

Expected impact: Smallholder farmers and agribusinesses across the value chain are expected to benefit from an increase in revenues through a reduction in post-harvest losses and better inventory management.

Market Transformation

Challenge: Affordability remains a significant barrier for small to mid-sized businesses to access quality cold chain infrastructure. Only 3% of the total agricultural output in sub-Saharan Africa (SSA) is refrigerated at the first mile and half of what is produced is wasted and undervalued.

Channel: Demonstrate flexible cold storage model that allow customers to pay for cold storage services based on throughput aligned with off-taker cashflows rather than on fixed monthly payments.

Outcome: Replication of the flexible payment model leading to an expanded cold chain ecosystem in SSA.

Climate

Transition risk: Units will require 24/7 power for cooling and refrigeration so back-up diesel power will be required to meet this where the grid is unreliable and/or solar and battery options are not viable.

Resilience: Inspira Farms will conduct a physical risk assessment for each new site location and implement mitigation where required.

Improve the resilience of actors across the supply chain to the impacts of climate change by providing cold storage facilities that will reduce food wastage at a time when temperatures are rising and food scarcity is likely to rise.

Gender Empowerment

InspiraFarms currently have a 40% female workforce and have committed to increasing this percentage over time.

HSES

As part of the due diligence process, 17 HSES improvement opportunities were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

GuarantCo

$25m

90% partial guarantee of a $25m equivalent Bangladeshi Taka bond. Proceeds will be used to construct and operate a new factory in Bangladesh (LDC) to expand production.

– Bangladesh

Pran Agro Limited II

People

SDG 2.3 – ● ↗

Increase agricultural productivity and incomes of small-scale food producers.

Expected impact: 240 new contract farmers are expected to benefit as a result of this expansion which will lead to an increase income generation.

Wider Economy

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

Expected impact: 150 construction and 280 operations jobs are expected to be created as a result of the expansion. 64% of operations jobs are expected to be women.

Market Transformation

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

Channel: Further demonstration of bonds for infrastructure with reduced guarantee coverage.

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

Mobilisation

Mobilised $34m of domestic private sector capital.

Climate

Resilience: A physical risk assessment was conducted, and material risks were mitigated.

Pran purchases farmer produce and provides training to farmers on durable agricultural practices which will improve the resilience of local farmers.

Gender Empowerment

The project company expects to create 280 operations and maintenance jobs through this transaction, with 64% of these positions to be held by women. PAL has also conducted an anonymous, company-wide gender-disaggregated survey to identify work issues affecting employee work-life balance and health, and solutions to address these.

PIDG TA

$27k grant provided in 2022 to co-fund a supply chain assessment which will analyse the inherent risk and extent of child labour in the sector and region.

HSES

As part of the due diligence process, eight HSES improvements and one HSES enhancement opportunity in regard to gender empowerment, were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

GuarantCo

$25m

100% credit guarantee for issuance of an internationally certified sustainability bond worth $25m. The bond aims to facilitate access to credit for 7k borrowers to own LPG/CNG three-wheelers. A proportion of the bond's proceeds will be allocated towards installing a 3.4MW greenfield rooftop solar system at the manufacturing plant.

– Bangladesh

Runner Auto

People

SDG 11a – → Improve economic and social links between urban, peri-urban and rural areas.

Expected impact: Provide taxi services to 68k people linking rural and urban areas. End users in peri-urban / rural areas will feel the largest impact.

Wider Economy

SDG 8.5 – → Sustain productive employment.

Expected impact: Enable three-wheeler asset ownership and income generation for 7k drivers. An end user survey will be conducted to further understand the characteristics of the drivers. We expect drivers who are owning a taxi vehicle for the first time will feel the largest impact.

Market Transformation

Challenge: No internationally certified sustainability bonds have been issued in Bangladesh.

Channel: Demonstrate the first accredited sustainability bonds in the market.

Outcome: Increase in the pool of local capital allocated towards sustainability-linked instruments to further enable the growth of the bond market.

Mobilisation

$25m of local currency mobilised from domestic investors.

PIDG TA

$99k to support transaction costs associated with the issuance of the sustainability bond.

Climate

Transition risk: Anticipated to be medium.

- An improvement of fuel efficiency for transport subsector is stated as a route to reduce greenhouse gases (GHG) emissions in the nationally determined contributions (NDC)[1]. The LPG three wheelers align with the government's plan to move towards energy efficient vehicles
- The grid is predominantly powered by fossil fuels with limited scope to transition to renewables in the short-medium term due to land constraints, therefore grid charged electric vehicles would still be associated to high emissions during this period.

Resilience: A climate risk assessment was conducted on the manufacturing facility. Occupational health and safety training on heat stress management for workers will be included in the ESAP.

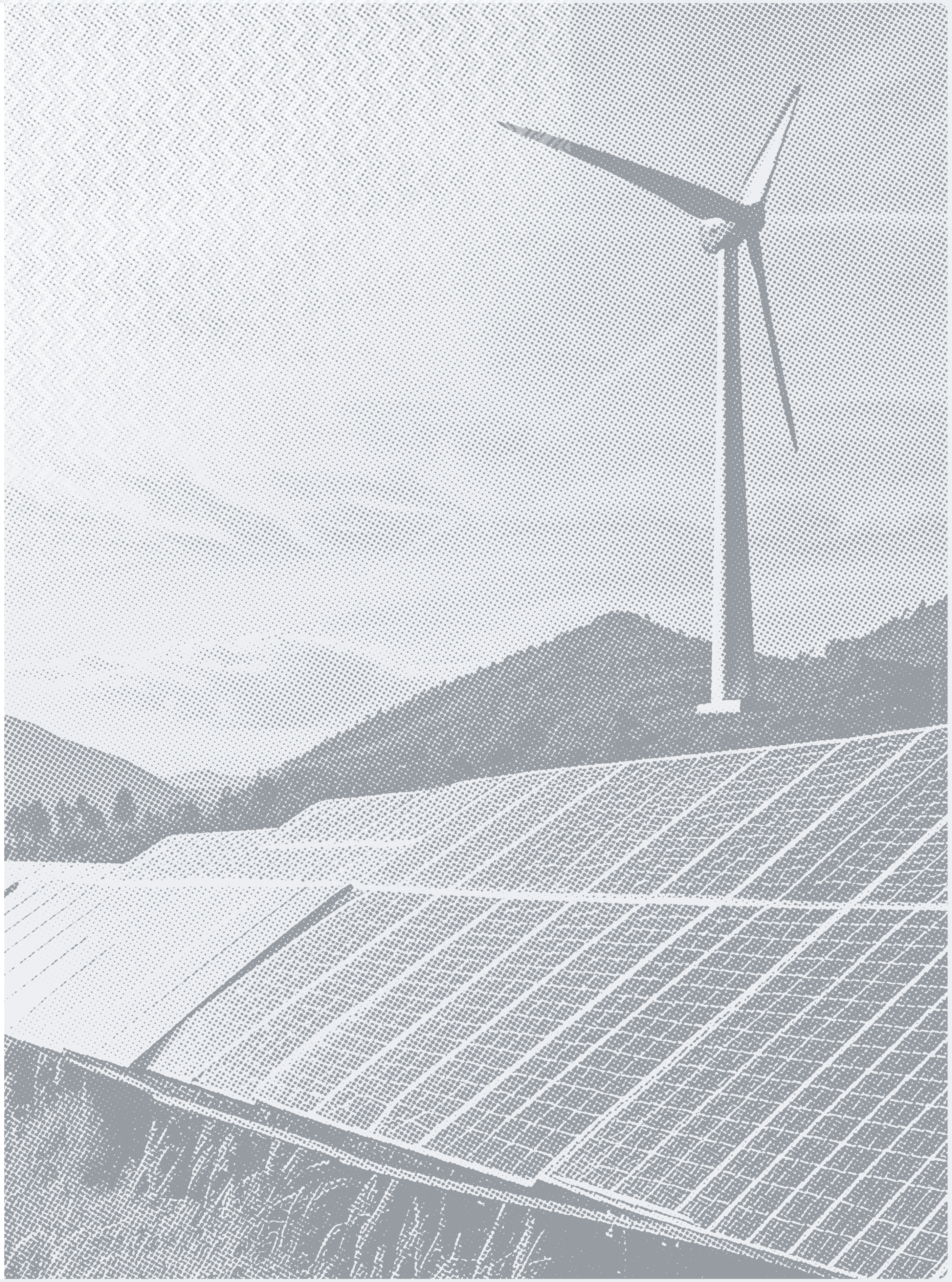
Gender Empowerment

The company has committed to adopt policies and implement programmes that support a more equitable workplace and a capacity to promote women to senior leadership positions, moving them out of unskilled and low-paid roles, where they are clustered. In addition, the project company wants to increase the overall proportion of women employed within the company (governance and workforce).

HSES

As part of the due diligence process, 22 HSES improvements and six HSES enhancement opportunities in regard to driver training were identified which are now reflected in the Project Environmental and Social Action Plan (ESAP).

1. https://unfccc.int/sites/default/files/NDC/2022-06/NDC_submission_20210826revised.pdf



Case studies –

Learning from listening

to the people our projects serve

PIDG's Monitoring Evaluation and Learning Plan prioritises data collection that allows to hear more directly and more often from the people whose lives we aim to impact.

In 2023 we continued our program of surveys, together with 60 Decibels, a tech-enabled social impact measurement and customer intelligence company.

In 2023

- We talked to **around 2,000** people benefitting from PIDG supported projects
- We conducted **eight surveys** on **four PIDG-supported projects** (one study project was conducted across five countries)
- Our surveys were conducted in **11 languages** – including Bangla, French, Ewe, Mina, Kabye, Kinyarwanda, Wolof, Swahili, Lingala, Vietnamese, and Khmer
- The surveys spanned across **eight countries in sub-Saharan Africa, south Asia and east Asia and the Pacific** – Bangladesh, Togo, Rwanda, Cote d'Ivoire, Senegal, DRC, Vietnam, and Cambodia
- **92%** of people surveyed reported improved quality of life because of PIDG supported projects
- **Around 75%** of people reporting first time access of a product/service from PIDG supported projects.

Key insights
from projects surveyed in 2023:

First Finance

- **Total commitment: $22m**
- **Provide affordable housing finance to low- to middle-income households in Cambodia**
- **100% guarantee of c. $22m loan to First Finance (FF) – a micro finance institution.**

Survey details:

In January 2024, 190 phone interviews of project's end borrowers were completed to understand the impact of providing access to affordable housing finance.

Who is our project impacting?

- 90% of borrowers are between 26-53 years
- 55% of borrowers surveyed are female
- An average First Finance (FF) borrower is a 38-year-old living in a five-person household
- 2% of households surveyed stated that they have individuals with disability in the household. This consists of people reporting severe difficulty with sight or walking/ climbing steps and with difficulty with self-care
- All borrowers utilised FF loan for either first time construction of home (80%) or first-time home purchases (20%).

What outcomes have we contributed to?

1. Quality of life:
- 92% of borrowers reported an improvement in quality of life due to FF
- Main outcomes reported by borrowers for improved quality of life includes being able to own property for the first time (62%), better financial stability (55%) and improved comfort (41%).

2. Impact on financial resilience:
- 90% of borrowers reported overall financial security has improved due to FF
- 76% of borrowers reported access to credit has improved due to FF
- 71% of borrowers reported increased ability to deal with emergency expenses i.e., improved financial resilience.

3. Impact on housing:
- Eight in 10 borrowers are accessing loan to construct a home for the first time due to FF loan
- Two in 10 borrowers accessing loan for first-time home purchases due to FF loan.

4. Climate resilience:
- Three in five borrowers reported having experienced a climate shock (unexpected frost (47%), irregular rainfall (17%), hurricane (15%), etc.) in the past 24 months
- Three quarters of borrowers (76%) who had experienced a climate event in the last two years say FF has helped them feel more prepared for a future climate event.

5. Improved safety:
- Safety: - 95% report improvements with respect to safety within their homes
- Improved comfort (74%), protection from environmental factors (49%) and enhanced perimeter security (37%) are top reasons for improved safety.

What are customers saying?

- "Life is better and safer because I live in my own house which makes me feel cozy and comfortable. I also do not have to worry about rent anymore." – Female, 35
- "Owning a home gives me a sense of identity and a place in society among others. I no longer worry about natural disasters or burglary and looting." – Male, 31
- "My life is improving because I now have a new house to live in and I do not have to spend more money on rent. I also have some money left to start a small business."– Male, 33

Portfolio of Water Supply (Ba-Lai), Vietnam

- **Total commitment: $2.45 million**
- **The project will improve the living conditions of up to 24k people in the Ba Tri district by giving access to water services.**

Survey details

In November 2023, 150 phone interviews of the project's water customers were completed to understand the impact providing access to clean and safe water.

Who is our project impacting?

- 49% of customers surveyed are female and 75% of overall water customers live below the $1.75 poverty line
- 97% of customers are accessing a secure paid water connection for the first time and 35% of them reported not having access to a good alternative.

What outcomes have we contributed to?

1. Quality of life:
- 93% of customers reported that their quality of life had improved because of the water services provided
- The top three reasons reported being: improved health and hygiene (67%), better convenience (42%) and reduced expenses (5%)
- Nearly half of customers (46%) reported a decrease in time spent collecting water because of the water connection provided by the project
- Seven in 10 customers (72%) report improved health as a result of the project
- 76% reporting value for money for price offered by the project
- More than 90% of customers reported satisfaction with the quantity, convenience and reliability of the water provided by the project.

2. Impact of product on Gender Inclusion
- 42% female customers and 50% male customers report reduced time spent on water collection
- 70% female customers and 74% male customers report improved health outcomes for their households because of the Ba Lai water service.

What are customers saying?

- "Life is more convenient as the direct water supply is available inside the house, eliminating the need to manually pump or carry water from a river. This saves physical effort and makes life easier." – Female, 46
- "Water is treated by effective filtration techniques, ensuring cleanliness and freedom from contamination, not causing damage to health." – Male, 53
- "Having a clean water source helps ensure my family's health and peace of mind when using clean water." – Male, 40

Pran Agro Ltd (Pran)

2 ZERO HUNGER

8 DECENT WORK AND ECONOMIC GROWTH

- **Total commitment: $25m**
- **Provide greater income generation for 8.6k smallholder farmers and create 780 new jobs of which 33% will be occupied by women**
- **100% guarantee of an onshore Taka denominated 2.1bn ($25m) bond by Pran to increase production capacity of processed goods in Bangladesh.**

Survey details

In August 2023, 151 phone interviews of project farmers were completed to understand the impact from supporting smallholder farmers.

Who is our project impacting?

- 29% of project farmers living below the poverty line of $3.20 per day
- 8% of farmer households reported that they had farmers with disabilities (severe difficulty with sight or walking / climbing steps and with difficulty with self-care)
- Vast majority of farmers (96%) reporting first time access with most (95%) reporting no good alternative exists to Pran, suggesting Pran is providing a scarce service.

What outcomes have we contributed to?

1. Quality of life:

- 83% of farmers reporting improved quality of life due to their engagement with Pran
- 83% of farmers reporting increase in earnings because of Pran
- An improved ability to afford household needs (58%), and increased income and savings (42%) are the top quality of life outcomes that farmers report. Other reasons included increased production and sales of existing crops and reduced stress levels.

2. Impact on farming:

Top improvements to way of farming include improved knowledge of farming techniques, increased production, and greater access to high quality farming products. Seven in 10 farmers report an increase in crop production. More than half of this group realised the increase without additional land, suggesting an increase in productivity due to Pran.

- 55% of farmers reporting improvement in farming
- 71% of farmers reporting improvement in crop production
- 47% of farmers reporting improvement in farming knowledge and techniques.

3. Access to markets and training:

Nearly three-quarters of farmers trained report that the training was easy to understand, and two-thirds report applying all the training information in their farming practices. These findings suggest that farmers are successfully translating content into farming improvements and increased productivity.

- 73% of farmers reporting increased access to reliable buyers due to Pran
- 72% of farmers reporting training provided was easy to understand by Pran
- 65% of farmers who received training by Pran report applying it to farming practices.

4. Climate resilience:

Seven in 10 of these farmers report that the shocks affected their households. Nearly a third of the farmers who faced a climate shock in the last year, say PRAN Agro Limited had a positive effect on their household's ability to recover.

- 76% of farmers experiencing climate shocks that affect their households
- 30% of farmers who experienced a climate shock found that services provided by Pran supported their ability to recover.

What are customers saying?

- Because of Pran, my products don't need to be stored or don't get rotten. I don't face losses and my stress level has really decreased. I can support my family a little more from last few years." – Male, 47
- "My agricultural techniques have greatly improved as a result of Pran; my current output is far higher than it was before when I was unable to properly care for the plants." – Male, 36
- "Engaging with Pran has greatly improved my quality of life. I have sold about 10 bigha of commercial mangoes only to them, and also sold products from my cultivation land. This is allowing me to build a house and cultivate savings for my wedding." – Male, 26

Bboxx Solar Home System (Multi-Country)

7 AFFORDABLE AND CLEAN ENERGY

- **Total commitment: $15mn**
- **Provide clean, reliable, and affordable energy access to underserved communities in Africa**
- **$15m commitment through InfraCo Africa's investment arm with Bboxx Ltd, one of sub-Saharan Africa's largest solar home system ("SHS") providers.**

Background:

The company has successfully delivered clean energy solutions through their solar home systems for over 2.5 million people globally, with substantial operations in countries including Rwanda, Kenya, Togo, Nigeria, and the Democratic Republic of Congo. In 2023, under this transaction, the company has sold c. 72k solar home systems and c. 11k LPG cooking units, benefitting more than 312k people in DRC, Kenya, Rwanda, Togo, Nigeria, and Burkina Faso.

Survey detail

In August 2023, 1,488 phone interviews of project SHS customers were completed, spanning across five countries - three West African countries (Togo, Cote d'Ivoire, and Senegal) and two Central African countries (Rwanda and Democratic Republic of the Congo) in the sub-Saharan African region. Languages include French, Ewe, Mina, Kabye, Wolof, Swahili, Lingala, and Kinyarwanda.

What did we learn about:

Providing clean, reliable, and affordable energy access.

Who is our project impacting?

- The average user is a 42-year-old male belonging to an eight-member household
- 70% of the population surveyed live in rural areas on average, 85% on average in Western Africa (WA) and 50% on average in Central Africa (CA)
- Half the population of SHS customers in WA and roughly a quarter of SHS customers in CA live below the poverty line.
- Percentage of Female users surveyed is a third in CA and tenth on average in WA
- ~6% and 4% of households in Cote d'Ivoire and Senegal reported that they had customers with disabilities. This consists of people reporting severe difficulty with sight or walking / climbing steps and with difficulty with self-care.

What outcomes have we contributed to?

1. Quality of life

- Nine in 10 SHS customers report improved quality of life due to Bboxx's SHS
- Seven in 10 SHS customers accessed Bboxx's SHS for the first time across all regions
- Half of the SHS customers had no access to a good alternative to the PIDG supported initiative
- A third of the SHS customers report weekly spending has decreased.

2. Impact on financial resilience

- Three quarters of the population report a rise in household income (75%)
- Four in 10 SHS customers report improved business outcomes due to the intervention.

3. Improved Personal safety and Energy Access

- 92% of SHS customers report improved personal safety due to Bboxx's SHS
- 91% of SHS customers report improved asset security due to Bboxx's SHS
- More than a third of SHS customers report an overall decrease in spending on energy.

What are customers saying?

- "With the light bulbs, we have light in all the house and in front of the house. Also, we manage to charge our phones and watch TV. At home, the children use the light to study too". – (Cote d'Ivoire; Male, 28)
- "I no longer have to worry about my mom's safety. She is in a place that is light and can do her evening housework easily, and her grandchildren are able to read in the evenings. Not anyone can come home anyhow and cause problems knowing that he can be seen easily". – (Rwanda, Female, 63)
- My husband is not here, so when I go out with this light, I am no longer afraid of the children staying in the dark. At least there is some security. – (Togo, Female,45)

Key sustainable development impact metrics

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

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

At the end of 2023, 64% of the projects financially closed by PIDG were operational.

Mobilisation of funding from private sector and development finance sources

Since 2002, PIDG-supported projects have mobilised $41.5bn in total, including $25.5bn from the private sector.

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

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

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

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

Total investment commitments (TIC) mobilised by PIDG activities, by sector: 2002-23 ($m)

	Total investment	Private sector investment	DFI investment	State-owned entities	Grant *
Power/energy	12,582.96	5,301.83	7,186.91	64.04	56.66
Digital communications infrastructure	12,462.63	9,792.57	2,670.06	–	0.59
Transportation	6,398.02	4,557.11	1,839.03	–	1.54
Manufacturing	4,181.88	2,254.48	1,927.40	–	0.36
Multi-sector	1,338.14	784.45	540.29	7.00	3.74
Bulk storage/logistics	1,208.27	801.85	404.72	–	1.42
Gas transportation, distribution and storage	773.10	502.47	270.63	–	–
Mining and upstream oil and gas (legacy)	760.00	524.68	235.32	–	–
Oil transportation-distribution and storage (legacy)	715.00	429.00	286.00	–	–
Agri-infrastructure	504.78	206.18	281.66	3.50	7.41
Water, sewerage and sanitation	297.23	125.35	166.05	–	12.15
Social infrastructure	267.78	211.18	56.60	–	0.40
Total	**41,489.79**	**25,491.15**	**15,864.67**	**74.54**	**84.25**

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

The table below shows the amount of Private Sector Investment (PSI) mobilised:

- a comparison for the years 2012-22 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 2023 with the figures calculated according to OECD's methodology.

As the table shows, during 2012-22 PIDG-supported projects mobilised $15.6bn, with $7.4bn attributed per OECD methodology. For 2023, PIDG-supported projects mobilised $0.99bn in private sector financing, the OECD approach would allocate $0.71bn of this to PIDG*.

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

2023 financially closed projects	$m
PSI mobilised by projects supported by PIDG	994
Estimated PSI mobilised as per OECD methodology	711.5

Projects reaching financial close in 2012-22	$m
PIDG: Reported PSI mobilisation by projects for 2012-22	15,555.2
Share of PSI attributed by OECD 2012-22	7,447.4

*This excludes the Emerging Africa Infrastructure Fund capital raise. The value is also pending verification.

Access by sector (2002–23)

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

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

This approach is not always possible in infrastructure investment. In cases where our investments do not hold a direct relationship with end-users, as it is often the case for many power and transportation projects, we utilise methodologies to estimate the number of people benefiting, drawing on best practice. A key conversion methodology is for grid-tied energy generation, which makes up over half of PIDG's cumulative access figures. The number of people served is currently calculated by dividing the energy generated by the per capita electricity consumption for the relevant country. PIDG's calculation methodology are in line with relevant sector best practice or take a more cautious approach and are published in PIDG Results Monitoring Handbook on the PIDG's website.

Number of people with access to new and improved infrastructure by sector (2002-23)

	Total access	Access to improved infrastructure	Access to new infrastructure
Water, sewage and sanitation	602,835	512,003	90,832
Transportation	14,164,889	10,767,357	3,397,532
Social infrastructure	70,885	–	70,885
Power/energy	94,754,798	83,883,106	10,871,692
Oil transportation-distribution and storage	3,280,842	2,464,000	8,16,842
Multi-sector	1,325,599	1,316,999	8,600
Mining and upstream oil and gas (legacy)	27,500	27,500	–
Manufacturing	18,006,188	9,942,188	80,64,000
Gas transportation, distribution and storage	28,664,195	11,606,587	17,057,608
Digital communications infrastructure	63,591,483	32,826,182	30,765,301
Bulk storage/logistics	3,352,615	3,280,000	72,615
Agri-infrastructure	329,785	190,196	139,589
Total	**22,817,1614**	**156,816,118**	**71,355,496**

Projected employment (2002–23)

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

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

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

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

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

Employment directly generated by PIDG-supported projects

	Short-term employment	Long-term employment
Agri-infrastructure	2,976	7,208
Bulk storage/logistics	5,812	4,002
Digital communications infrastructure	5,994	10,116
Gas transportation, distribution and storage	2,527	355
Manufacturing	7,501	4,854
Mining and upstream oil and gas (legacy)	1,000	800
Multi-sector	527	1,364
Oil transportation-distribution and storage	4,544	2,821
Power/energy	24,966	3,022
Social infrastructure	4,796	332
Transportation	11,081	219,547
Water, sewage and sanitation	792	69
Total	**72,516**	**254,490**

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

Commitments* by infrastructure sector

In 2023, PIDG committed more than

$524m to 33 projects of which **$13.25m** in PIDG Technical Assistance grants

PIDG commitments by sector: 2023 ($m)

	PIDG commitments	%
Transportation	179.20	34.20%
Digital communications infrastructure	151.38	28.89%
Power/energy	100.13	19.11%
Multi-sector	50.00	9.54%
Bulk storage/logistics	25.00	4.77%
Agri-infrastructure	17.50	3.34%
Capital market development (TA only)	0.50	0.09%
Social infrastructure	0.33	0.06%
Total	**524.04**	

PIDG commitments by sector: Cumulative 2002-23 ($m)

	PIDG commitments ($m)	%
Power/energy	1,930.63	34.36%
Digital communications infrastructure	863.83	15.38%
Transportation	791.26	14.08%
Multi-sector	670.03	11.93%
Manufacturing	417.07	7.42%
Social infrastructure	220.90	3.93%
Bulk storage/logistics	199.62	3.55%
Gas transportation, distribution and storage	168.50	3.00%
Agri-infrastructure	124.01	2.21%
Oil transportation-distribution and storage	96.00	1.71%
Water, sewage and sanitation	86.71	1.54%
Mining and upstream oil and gas (legacy)	46.20	0.82%
Capital market development (TA only)	3.51	0.06%
Total	**5618.28**	

**Commitments pertains to projects that have reached the signing stage.*

PIDG commitments by **geographies**

Least Developed Countries and Fragile States

Commitments made in 2023

By number of projects	– 46.2% were in Fragile States – 53.8% were in Least Developed or Other Low Income countries (DAC I/II)
By value	– 31.8% were to projects in Fragile States – 75.7% were to projects in Least Developed or Other Low Income countries (DAC I/II)

Cumulative commitments 2002-23

By number of projects	– 48.6% were in Fragile States – 58.9% were in Least Developed or Other Low Income countries (DAC I/II)
By value	– 47.8% were to projects in Fragile States – 49.6% were to projects in Least Developed or Other Low Income countries (DAC I/II)

Commitments by region

Commitments made in 2023

By number of projects	– 73.1% were in Africa – 19.2% were in south and south-east Asia and Pacific – 7.70% were in other or multiple regions
By value	– 71.4% were to projects in Africa – 19.0% were to projects in south and south-east Asia and Pacific – 9.60% were to projects in other or multiple regions

Cumulative commitments 2002-23

By number of projects	– 68.6% were in Africa – 27.5% were in south and south-east Asia and Pacific – 3.90% were in other or multiple regions
By value	– 69.0% were to projects in Africa – 24.1% were to projects in south and south-east Asia and Pacific – 6.90% were to projects in other or multiple regions

Commitments in **energy projects**

In 2023,
100%
of PIDG commitments to energy generation projects were to renewables

PIDG commitments to renewable and non-renewable energy projects 2002-23

	PIDG commitments ($m)		Generation capacity (MW)	
Renewable	**1081.18**	**68.62%**	**3711.46**	**51.75%**
Biomass	90.24	8.35%	78.00	2.10%
Wind	46.32	4.28%	240.00	6.47%
Solar	551.18	50.98%	1,912.49	51.53%
Hybrid	16.48	1.52%	23.62	0.64%
Hydro	331.18	30.63%	1,359.35	36.63%
Geothermal	45.78	4.23%	98.00	2.64%
Non-renewables	**494.53**	**31.38%**	**3459.8**	**48.25%**
Coal	1.75	0.35%	-	-
Gas	344.28	69.62%	3,028.00	87.52%
HFO	133.03	26.90%	420	12.14%
Hybrid	15.47	3.13%	11.8	0.34%

Commitments by year ($m)

	2003-08	2009-14	2015-23	Total (2002-23)
Renewable	**58.90**	**127.82**	**894.46**	**1,081.17**
(% of total commitments)	41.73%	41.82%	79.23%	68.62%
Biomass		39	51.24	90.24
Geothermal		15	30.78	45.78
Hybrid			16.48	16.48
Hydro	48.35	47.12	235.7	331.18
Solar	2.2	10.87	538.11	551.18
Wind	8.35	15.83	22.14	46.32
Non-renewables	**82.26**	**177.85**	**234.43**	**494.53**
(% of total commitments)	58.27%	58.18%	20.77%	31.38%
Coal	1.75	-	-	1.75
Gas	11.77	125.85	206.67	344.28
HFO	68.27	52	12.76	133.03
Hybrid	0.47		15	15.47

Governance

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

PIDG Owners

The members of PIDG, which fund the PIDG Trust and therefore PIDG.

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 operation of the Group of companies and ensuring the Group achieves its Owners' objectives.

PIDG Ltd. Board

PIDG Ltd. Board Committees

- Nomination, Governance and Remuneration
- Audit
- Risk
- Health, Safety, Environment and Social
- Credit
- Investment

The Board of PIDG Ltd.

The Board is comprised of eight Non-Executive Directors who collectively bring a broad range of business and development skills and experience essential to the effective running of PIDG. As part of PIDG's Succession Planning activities, two Directors resigned and three additional NEDs were appointed during the year. The changes mean the PIDG Board now meets the independence criteria of the UK Corporate Governance Code and is on track to meet its aim to become fully independent by 2027. Since year end, our Chair, Andy Bainbridge has also decided this is the appropriate time for him to step down from the Board.

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. As part of the evolution of PIDG's governance arrangements, a new governance model was agreed between the Board and the Owners during the year which is designed to enable both the Board and Owners to become more strategic in its oversight of PIDG.

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.

Board Committees

The Board has established six committees to assist it in fulfilling its responsibilities. The Board has delegated investment decision powers to the Credit Committee and the Investment Committee and has a dedicated Health, Safety, Environmental and Social Committee overseeing impact activities. The new composition model, where the Committees are chaired by PIDG Board Directors and with greater representation of Board Directors on all Committees became fully embedded during the year. These changes ensure we have the right balance of skills and experience to continue to enhance our governance arrangements as our Group continues to evolve. It is also creates the right linkages between the Board and the Committees and provides for the better integration of the Board Committees with the Board by ensuring the effective flow of information, Board ownership and Board challenge of the work of the Committees. The terms of reference of the committees are available online at www.pidg.org.

PIDG Company Boards

The PIDG company boards' compositions are now primarily made up of Directors selected from senior Executives across the Group; with local Non-Executive Directors being retained where required. This creates a clearer division of responsibilities between PIDG Board level governance and executive responsibilities and enables the PIDG Board and its committees to focus on strategic and policy matters and senior management to be clearly responsible for the management of PIDG's operations.

Governance Effectiveness

The Board undertakes a comprehensive annual evaluation of its effectiveness and the effectiveness of its Committees, with an external evaluation undertaken every three years. The performance of the Chair, Directors and Committee members is evaluated as part of the process. The findings and implementation of the recommended actions arising from the reviews are overseen by the Nomination, Governance and Remuneration Committee.

Stakeholder engagement

The Board understands the importance of effective engagement and participation from its stakeholders. 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 Committee

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

Sustainable Development Impact Governance

The change in approach made in 2022 to further embed the oversight of SDI governance matters into the work of the committees has worked well and ensures that our governance of SDI is at the heart of everything we do, meets our needs and ensures we continue to be market leading in this area. The oversight of SDI governance matters will be further enhanced in 2024, by expanding the duties of the Health, Safety, Environmental and Social Committee to include the oversight of SDI matters. These changes are being made to build on the current Board-level oversight of SDI matters and to be additive to the oversight provided by the Audit Committee which monitors the integrity and assurance of external SDI reporting. The change in responsibilities will also provide a single point of Board-level oversight on the development of PIDG's impact management systems and strategy as a whole.

Finance

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

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

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

Section
02

Owner funding

PIDG Members and other funders

Donor/Company ($m)	FCDO[1]	DGIS	SECO	DFAT	Sida	FMO	KFW	WB-IFC	Norway MFA	Other[2]	Total
PIDG Group (2023)	54.0	20.0	22.5	15.1	0.8	-	-	0.7	-	-	**113.1**
Cumulative 2002-22											
TA	95.8	33.7	43.0	0.6	0.2	-	-	7.9	-	3.5	**184.6**
DevCo	63.5	5.5	-	-	3.3	-	-	11.7	-	7.0	**91.1**
InfraCo Africa Development	215.6	90.5	38.1	-	-	-	-	-	-	6.4	**350.5**
InfraCo Africa Investment	162.6	3.0	-	-	-	-	-	-	-	-	**165.6**
InfraCo Asia Development	99.0	49.5	35.6	35.5	-	-	-	-	-	-	**219.5**
InfraCo Asia Investments	98.9	4.0	-	-	-	-	-	-	-	-	**102.9**
EAIF	322.9	30.0	23.0	-	20.0	-	-	-	-	-	**395.9**
GuarantCo	244.8	10.0	48.9	10.4	15.0	34.0	-	-	-	-	**363.0**
ICF-Debt Pool	-	-	-	-	-	-	7.8[4]	-	-	-	**7.8**
GAP[1]	6.4	-	-	-	-	-	-	-	6.1	-	**12.5[5]**
AgDevCo[3]	67.0	-	-	-	-	-	-	-	-	-	**67.0**
Project Development	2.6	0.1	0.3	-	0.1	-	-	0.3	0.5	-	**4.0**
Vietnam Window	-	-	-	11.7	-	-	-	-	-	-	**11.7**
Total excluding admin	**1,379.1**	**226.3**	**188.8**	**58.1**	**38.6**	**34.0**	**7.8**	**19.9**	**6.6**	**16.9**	**1,976.1**
General admin	30.0	9.9	9.9	6.1	7.8	-	2.0	7.6	2.1	3.3	**78.8**
Totals	**1,409.1**	**236.2**	**198.7**	**64.3**	**46.4**	**34.0**	**9.8**	**27.5**	**8.7**	**20.2**	**2,054.9[6]**

1. FCDO includes disbursements from BEIS to Green Africa Power (GAP), since dissolved
2. Includes Irish Aid, ABD, AECID, ADA-BMF and MFA
3. PIDG Owners are no longer funding AgDevCo though PIDG
4. KFW's original investment was $10m. Amount shown is the current carrying value
5. The original amount received into GAP was $44.7m. Following repayments to Owners, the net amount invested was $12.5m
6. Total 2023 contributions represents all net cash disbursements received by the PIDG Trust from the Owners as at 31 December 2023. As a result, there are some timing variances between cash being disbursed from the PIDG Trust to the PIDG companies and thus the subsequent PIDG company shares being issued in relation to Owner disbursements made in and around the year-end.

Other sources of funding ($m)

as at 31 December 2023

In addition to the net $2.1bn of cumulative Owner disbursements made to date, PIDG Companies draw on a range of other sources of capital to deliver their strategies and targets. The PIDG companies also have access to other funding sources, such as debt financing, contingent capital and UK Government-backed promissory notes, which cumulatively totals $1.5bn. The total of all funding disbursed or committed is now cumulatively $4.1bn[1]. Thoughout PIDG's years of operations, its Owners have benefitted from the flexibility to allocate funding across all of PIDG's activities, or to particular PIDG Companies or geographies enabling them to fund their priority areas as required. PIDG's agile structure also enables it to access other sources of funding, including private sector funds at the PIDG company level, supporting its drive to mobilise greater amounts of funding. PIDG is focused on broadening and deepening its funding, working with new public and private sector partners, across the capital structure.

Other sources of funding ($m)	FCDO	AFD	FMO	DFAT	KFW	AfDB	Allianz	GAC	Sida	Standard Bank	Total
TA	45.6	-	-	-	-	-	-	-	-	-	**45.6**
InfraCo Africa Development	48.9	-	-	-	-	-	-	-	-	-	**48.9**
InfraCo Asia Development	39.9	-	-	-	-	-	-	-	-	-	**39.9**
EAIF	-	-	50.0	-	394.4	75.0	240.6	-	-	100.0	**860.0**
ICF-Debt Pool	-	-	-	-	97.1	-	-	-	-	-	**97.1**
GuarantCo	165.5	82.8	-	-	-	-	-	-	100.0	-	**380.1**
Totals	**299.8**	**82.8**	**50.0**	**-**	**491.5**	**75.0**	**240.6**	**31.8**	**100.0**	**100.0**	**1,471.6[2]**

1. $4.1bn includes amounts provided by KfW to ICF-Debt Pool and future Owner funding committed as at the reporting date
2. Of the $1,471.6m of other sources of funding, $769.6m is outstanding and currently available for use. This includes promissory notes issued but not yet encashed, as well as debt facilities and guarantee agreements. See the following notes for more details.

EAIF

Access to comitted loans as at 31 December 2023 of:

a. $50m (maturing in 2028) from FMO
b. $135m (maturing 2028-2030) and €235m (maturing 2024-2035) from KfW
c. $75m (maturing 2028) from African Development Bank (AfDB)
d. $75m and €150m (maturing 2030-2035) from Allianz
f. $75m (revolving credit facility available in USD and EUR, maturing in 2025) and a $25m term loan (maturing 2030) from Standard Bank South Africa.

GuarantCo

a. Access to £130m callable capital arrangement with UK aid allowing GuarantCo under certain circumstances, to draw further capital
b. Access to €75m stand-by facility with AFD which can be triggered as a debt instrument after the callable capital with UK aid is fully drawn
c. Access to a $32m repayable contribution agreement with the Canadian Department of Foreign Affairs, Trade and Development (Global Affairs Canada or GAC)
d. Access to a $100m guarantee agreement with Swedish International Development Association (Sida).

ICF Debt Pool

As at 31 December 2023, €88m was disbursed net of repayment from an original commitment of €500m.

Promissory note

In addition to the funding disbursed by FCDO, UK Government promissory notes are lodged with the Bank of England to the PIDG Trust for the PIDG Companies. These instruments allow companies to draw down cash disbursements on demand. As at 31 December 2023, the amount of undisbursed cash under issued promissory notes stood at $134.3m (£105.5m).

Unaudited consolidated results

for the PIDG Group

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

The Group's net profit for 2023 was $12.2 million, a significant improvement from the 2022 loss of $56.3 million. This positive change was primarily driven by the strong performance of EAIF, which saw a 46% increase in revenues and a 14% growth in assets, benefiting from prolonged high interest rates and a low level of credit losses. InfraCo Africa contributed to the improvement with increased project dividends. GuarantCo reported a profit for the year, aided by recoveries of over $7 million from prior years' guarantee calls, a robust performance of its bond portfolio, and no new guarantee calls in the year.

Costs were well-managed, with a modest increase of 2.5% year on year. Fair value movements included changes in the valuation of project investments, in accordance with International Private Equity and Venture Capital Valuation (IPEV) guidelines. The results also reflected expected credit losses for the credit companies. In 2023, GuarantCo recorded a fair value loss of $6 million and expected credit gains of $8 million on its guarantee portfolio, compared to a $56 million gain and a $74 million loss in 2022.

Unaudited consolidated income statement

USD'm	Year ended 31 Dec 2023	Year ended 31 Dec 2022
Guarantee fees and net interest income	74.3	56.9
Other income	41.1	16.2
Total income	**115.4**	**73.1**
Fund manager fees	(38.6)	(36.7)
Project development expenditure	(13.2)	(19.9)
Administrative and other costs	(36.8)	(29.8)
Total expenditure	**(88.6)**	**(86.4)**
Income less expenditure	**26.8**	**(13.3)**
Fair value movements and impairments	(12.3)	(30.3)
Profit/loss before tax	**14.5**	**(43.6)**
Tax	(1.8)	(1.3)
Profit/loss after tax	**12.7**	**(44.9)**
Attributable to:		
Owners of the Companies	12.7	(42.3)
Non-controlling interests	-	(2.6)
Profit/loss after tax	**12.7**	**(44.9)**
Other comprehensive income (OCI)	**(0.5)**	**(11.4)**
Total comprehensive profit/loss for the year	**12.2**	**(56.3)**
Attributable to:		
Owners of the Companies	12.1	(53.8)
Non-controlling interests	0.1	(2.5)
Total comprehensive profit/loss for the year	**12.2**	**(56.3)**

Unaudited consolidated statement of financial position

USD'm	Year Ended 31 Dec 2023	Year Ended 31 Dec 2022
Investments in subsidiaries, JVs and associates	199.1	173.4
Loans and advances and related instruments	1,000.3	879.7
Guarantee and financial instruments at FVTPL	124.1	120.9
Money Market Funds	102.5	66.9
Other assets	76.4	41.0
Cash at bank	291.9	310.0
Total assets	**1,794.3**	**1,591.9**
Loans and Borrowings and related instruments	(439.4)	(351.3)
Guarantee and financial instruments at FVTPL	(9.9)	(4.4)
Other liabilities	(112.7)	(102.7)
Total liabilities	**(562.0)**	**(458.4)**
Total equity	**1,232.3**	**1,133.5**
Attributable to:		
Owners of the Companies	1,208.1	1,110.6
Non-controlling interests	24.2	22.9
	1,232.3	**1,133.5**

The Group's total equity increased by **9% to $1,232 million from the previous year.**

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 2023:

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

All of these statutory accounts received unqualified external audit opinions.

The General Administration element of the PIDG Trust (PIDG Trust GA) has also been included based on its management accounts for the year ended 31 December 2023.

Basis of unaudited consolidation

The income statements and the statements of financial position for the aforementioned audited statutory accounts have been summed on a line-by-line basis. PIDG Ltd., InfraCo Africa Limited, InfraCo Africa Investments and PIDG Trust General Administration have been translated (at year end rate for the statement of financial position and period average rate for the income statement) from their presentational currency of GBP to USD for the purposes of this consolidation and the foreign exchange on translation recognised in Other Comprehensive Income. The results that have been consolidated for InfraCo Africa Limited and InfraCo Africa Investments, whose audited statutory accounts are reported in GBP, include a further adjustment in 2023, to reverse the material foreign exchange gains recognised in their statutory accounts that result from converting from USD values to GBP. As the Group consolidated reporting currency is in USD, these translation gains would not occur in USD terms.

General Administration (GA) relates to the running costs incurred by the Private Infrastructure Development Group Limited (PIDG Ltd.) statutory entity for the year ended 31 December 2023 along with the expenditure (actual and accrued) that has passed through two general administrative bank accounts held in the PIDG Trust for the year ended 31 December 2023.

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

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

Audited consolidated Group accounts are not required as:

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

Unaudited consolidated income statement

The significant increase in income less expenditure reflects higher interest and investment income received and positive movement on interest provisions, along with favourable movements on disposal of financial instruments, whilst expenditure remained broadly flat.

Fund manager fees relate to the fees paid to GuarantCo Management Company and Ninety One for running GuarantCo and EAIF respectively.

Fair value movements and impairments includes fair value adjustments in the Developer-Investor businesses and IFRS 9 related expected credit losses and provisions in the Credit Solutions business. The movement between the periods mainly related to lower impairments/stronger recoveries in the Credit Solution businesses and an increase in the fair value of existing guarantees, partially offset by a higher loss recognised on investments within InfraCo Africa Investments Limited.

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

Cash balances

Cash balances in 2023 include $22.5m disbursed by SECO and $16m disbursed by DGIS just prior to the year-end. Cash balances (and UK Government backed promissory notes) are required in the Developer-Investor businesses in order to meet project commitments as and when they fall due and to enable them to build a pipeline of bankable projects.

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

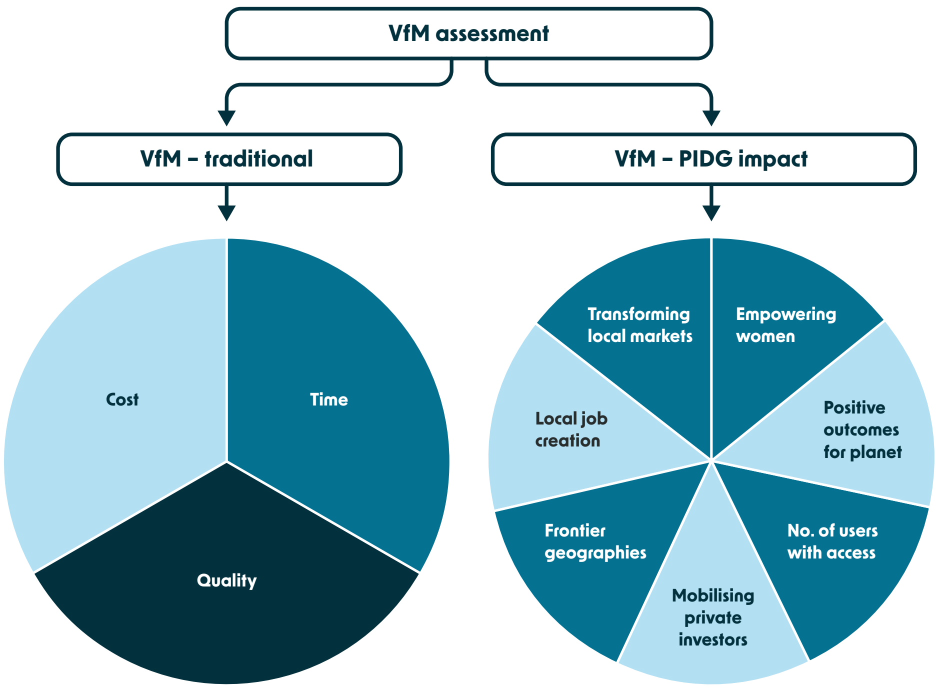
Value
for money

In the context of PIDG's mission, value for money (VfM) involves ensuring that every dollar spent achieves the greatest possible impact on our key objectives. This includes strategically allocating resources to deliver critical infrastructure where it is most needed, thereby significantly contributing to poverty reduction and climate change mitigation. By focusing on VfM, PIDG aims to enhance the efficiency and effectiveness of our investments, ensuring that we not only meet immediate needs but also create long-term, sustainable benefits for the communities we serve. This approach underscores our commitment to prudent financial stewardship and maximising developmental outcomes.

PIDG's approach to VfM

Infrastructure projects are often large and complex, necessitating substantial investments of time, money, and resources. Therefore, it is essential that PIDG's investments in these projects deliver value for money (VfM) to stakeholders and users of the infrastructure. Traditionally, a VfM approach focuses on costs incurred, time spent, and the quality of outputs. These three factors are crucial in ensuring that resources are well-utilised and efficiently deployed while delivering the intended results.

However, PIDG views VfM through a broader perspective. Beyond the traditional metrics, we consider the long-term developmental impact and sustainability of our projects. This means evaluating how our investments contribute to economic growth, social well-being, and environmental sustainability. We aim to ensure that our projects not only provide immediate benefits but also create lasting improvements in the communities we serve as highlighted below[1]:



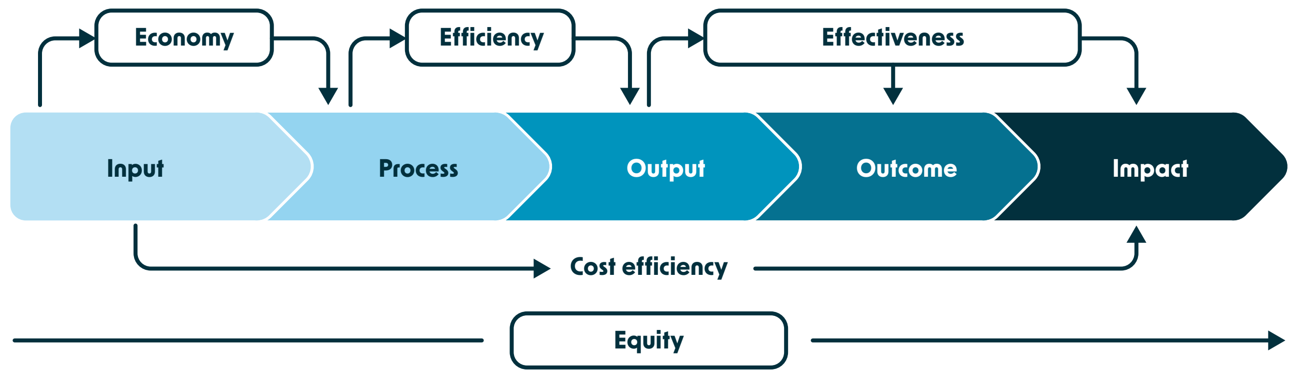
1. *The above chart with two-wheeled system derived from similar chart framework published in 'Value for money in transport infrastructure investment: An enhanced model for better procurement decisions', Zhao, Greenwood, Thurairajah et al (2022).*

PIDG seeks to maximise the impact of resources deployed by investing in projects located in less developed and fragile countries. Our initiatives empower women, create both short-term and long-term jobs in local markets, and generate positive environmental outcomes. We aim to expand access to infrastructure for the maximum number of users, mobilise private investors, and stimulate broader economic impacts. Focusing on early-stage development, PIDG builds capacity and mobilises resources in regions where few organisations are making a comparable impact.

A framework for understanding VfM – the 4Es:

The 4Es framework is a commonly used framework for evaluating public policy and project outcomes. The 4Es consist of Economy, Efficiency, Effectiveness, and Equity.

This framework, when applied to PIDG, can help conceptualise and assess how PIDG is making the best use of every dollar of funding received and deployed throughout the lifecycle of a project or investment.



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

Ensuring VfM – economy and efficiency

To deliver economy and efficiency, PIDG aims to ensure its projects and investments are economically viable and optimise resource usage (i.e., the 4Es: converting resources into outputs). Additionally, PIDG focuses on proficiently executing these projects (i.e., the 4Es: how activities deliver outputs).

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

Good governance:
New project proposals must pass two layers of approvals. Initially, they must be approved by the company management team. For larger projects, an additional approval is required from the Group Investment Committee, which includes independent non-executive Directors. Only after clearing both these stages can the projects proceed.

Financial viability:
Investment proposal papers provide comprehensive details on project financials and costs, including budgets, deal economics, and financial due diligence. These financial aspects are thoroughly scrutinised before a project receives approval.

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

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

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

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

Improved project selection:
An increasing focus on reducing impairments/attrition, and credit losses, whilst delivering acceptable returns.

Efficient outsourcing:
The outsourced management of credit companies (EAIF and GuarantCo) service providers to PIDG were best bid.

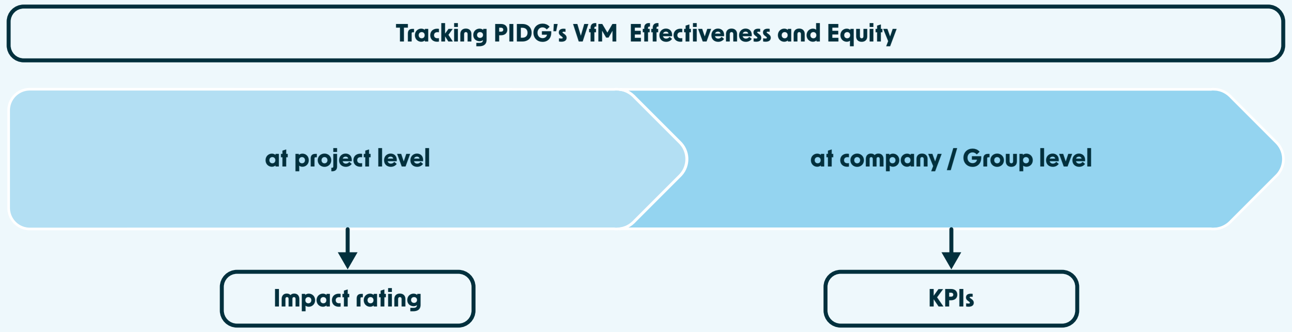
Prudent cost management:
PIDG Group staff costs – ongoing compliance with Owner-approved remuneration framework (benchmarked at lower quartile of Financial Services).

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

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

Delivering VfM impact – effectiveness and equity

PIDG operationalises and monitors the effectiveness and equity of its projects using the 4E framework, assessing how outputs are converted into outcomes and impacts, and how evenly those results are distributed. In practice, PIDG achieves this through (i) Key Performance Indicators (KPIs), which are tracked for each PIDG company and for the Group, and (ii) the proprietary Sustainable Development Impact (SDI) rating, which is assessed for each individual project. A proposed project must achieve a sufficiently strong SDI rating to gain approval:



- Impact on users: looking at number of users, significance of impact, and impact to poor/vulnerable and women
- Impact on workers: looking at good/higher wages
- Job duration, number of workers impacted, and women hired
- Impact on planet: looking at carbon intensity
- Evaluating forward linkages within the local economy
- Transforming markets: self-assessment of expected market change and clear plan to track progress
- Private sector mobilisation in % and $ terms, also looking at domestic investor and local currency.

- Mobilising investment: tracking the private sector mobilisation ratio on all projects reaching financial close
- Percentage of projects in Least Developed Countries and other Low-Income Countries
- Percentage of projects in Fragile and Conflict Affected States (FCAS)
- Carbon intensity: tCO_2e/$m invested
- Total number of projects that empower women
- PIDG's blended proprietary Sustainable Development Impact rating.

Financial sustainability:

VfM is closely aligned to, and indeed a subset of, PIDG's wider financial sustainability initiatives, whereby PIDG seeks the generation of sufficient returns/cash to meet future financial obligations of the Group. This can aid PIDG to become self-sustaining and continue to operate, even at a reduced scale, if additional external funding becomes absent or scarce. By ensuring better VfM outcomes across the Group, such initiatives can contribute towards an improvement of the Group's overall financial sustainability trajectory.

The importance of Technical Assistance:

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

This can include:

Project design:

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

Project implementation:

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

Project management:

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

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

Efficiency of PIDG companies: Expense ratios[2]

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

A summary of expense ratios is as follows:

Company	VFM metric	2021	2022	2023
EAIF	Total costs[3]/total commitments[4]	1.4%	1.6%	1.3%
GuarantCo	Total costs[3]/total commitments[5]	1.5%	1.4%	1.2%
InfraCo Africa (IAfD and IAfI)	Total costs[6]/total commitments[7]	1.3%	1.7%	2.1%
InfraCo Asia (IAsD and IAsI)	Total costs[6]/total commitments[7]	1.6%	1.6%	1.9%
PIDG Ltd – Gen Admin	Total costs/total Group commitments[8]	0.2%	0.2%	0.2%
PIDG Group	**Total costs[9]/total Group commitments**	**1.7%**	**1.7%**	**1.7%**

Notes:

2. *The ratios calculated are indicative and for informational and comparative purposes. These calculations are derived from PIDG's current methodology, as outlined in these notes, which PIDG believes is aligned to wider market comparators. The calculation methodologies employed are believed to be reasonable, but alternative methodologies could be employed that would result in higher or lower ratios, depending on the approach employed. PIDG does not make any representation or warranty as to the accuracy and completeness of the information or calculations*
3. *Excludes Performance Fees (which are additional but irregular costs, and therefore not useful for benchmarking). Excludes borrowing/leverage costs, and project fees, which are investment expenses, not operating expenses*
4. *Includes equity, retained profits, and drawn and undrawn debt*
5. *Includes shareholders equity and callable capital multiplied by the leverage ratio, in addition to committed funding*
6. *Includes internal project development costs. Excludes third-party project development costs, success fees, and third-party developer services, all of which a private fund would ordinarily be expected to capitalise as a cost to the underlying project*
7. *Includes share capital, commitments callable, and estimated rolling future commitments for the following three years (where 3-year Future Commitment figures are unavailable, estimates are kept flat rather than assumed to be zero (i.e. assumed funding will not dry up))*
8. *Sum of the commitments of the four Group Companies (taking account of methodologies detailed above in points 3, 4, and 6)*
9. *Sum of PIDG Ltd Gen Admin costs, plus the combined expenses of the other Group Companies.*

Responsible **tax disclosure**

The Private Infrastructure Development Group (PIDG) has a focus on collaboration, sharing learnings openly and demonstrating that we can achieve much more together. As such, although not a member of the European Development Finance Institutions (EDFI), PIDG is dedicated to a high level of ethical standards and has adopted the EDFI's Principles for Responsible Tax in Developing Countries.

As private companies rather than international organisations, our Group entities[1] remain subject to corporation (and other) taxes in the jurisdictions in which we operate (with the exception of the PIDG Trust[2]) and we require our Group and the entities in which we invest to respect local tax laws and to pay taxes where their economic activity is based.

In 2023, PIDG entities reported $2.9 million in corporation tax and national insurance. Additionally, the projects funded or guaranteed by our businesses contributed over $340 million in corporation tax. While our involvement in these projects varies by funding type, proportion, and amount, our support has significantly contributed to generating tax revenue for the governments of the countries we aim to assist.[3]

This $340 million represents the corporation (and similar) taxes reported within each entity's financial statements. As it does not include, for example, sales taxes or payroll taxes the total tax – and thus the financial support to host governments facilitated by our investments – will be higher. Owing to its nature, deferred tax has been excluded from this number where possible. Where taxes are reported in currencies other than USD, we have used the 2023 year-end exchange rate to convert them to USD.

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

Sustainability Disclosures

Section
03

Sustainability **Disclosure**

At PIDG, we get infrastructure finance moving and multiplying – accelerating climate action and sustainable development where most urgently needed.

Impact, defined as tangible positive changes to people's lives and to the planet, is at the core of investment decision making at PIDG. We recognise that to deliver impact, we must ensure a bedrock of strong Health Safety Environmental Social (HSES) risk management and governance.

PIDG's end-to-end impact management system includes a systematic approach to assessing and monitoring impact, managing adverse impact and evaluating positive impacts, and learning from our findings. Further details can be found in our latest annual disclosure statement to the Operating Principles on Impact Management.

PIDG enables sustainable infrastructure projects in low-income markets, delivering tangible positive outcomes for: People, Planet, Wider Economy and Market Transformation, as well as contributing to the Sustainable Development Goals (SDGs). Climate and nature together with gender and inclusion are deliberate investment lenses that we use to maximise impact.

PIDG's approach to impact is two-fold:

- To identify, mitigate and manage HSES risks and adverse impacts, through PIDG's HSES management system
- To drive and demonstrate tangible, positive impact on people and planet, the wider economy and infrastructure capital markets through PIDG's wider impact management system, striving for sustainable development.

In this way our PIDG Impact Management System covers both the identification and management of HSES risks and negative impacts and our strategic capital allocation for positive sustainable development impact, which we refer to as impact.

These definitions align closely with the concept of sustainability-linked risks and opportunities which is the focus of the IFRS Sustainability Standard 1 (IFRS S1) – General Requirements for Disclosure of Sustainability-related Financial Information.

PIDG strives to be at the forefront of sustainability and impact disclosure, contributing to advancing market development in this area. As such, we provide our first voluntary disclosure of sustainability related risks and opportunities that attempts to align with the new IFRS S1, recognising the limitation that the standard is new and there are no or very few examples of its application in the market at this stage.

A dedicated Climate and Nature Disclosure, aligned with IFRS S2, Task Force on Climate-related Financial Disclosures (TCFD) and The Taskforce on Nature-related Financial Disclosures (TNFD) recommendations, follows this broader sustainability disclosure.

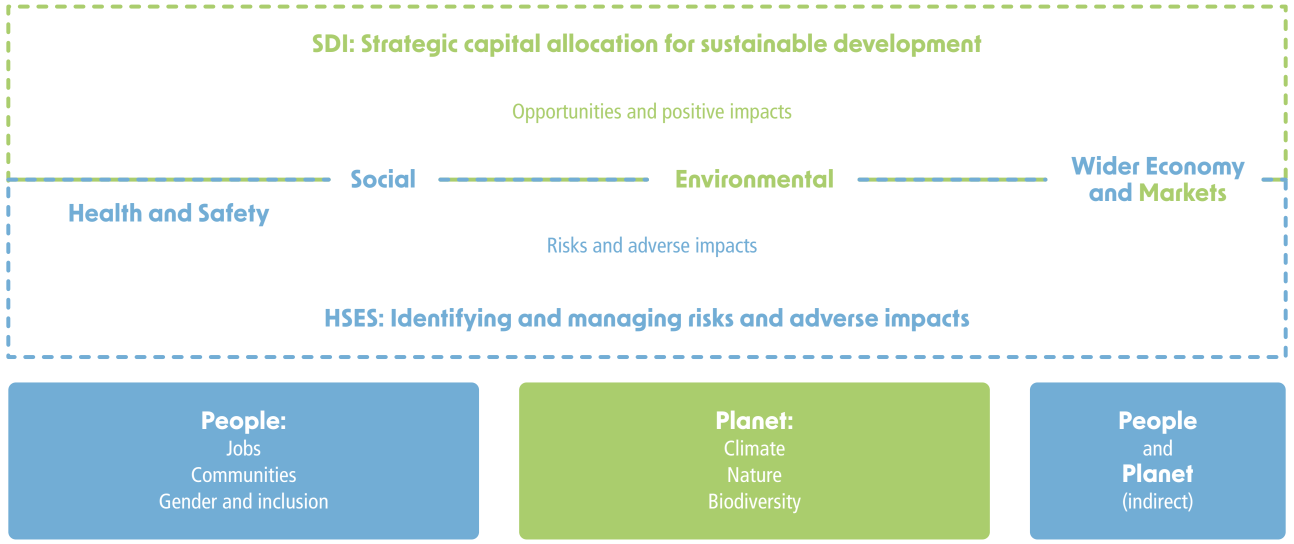
Marco Serena
Chief Sustainable Impact Officer
28 June 2024

Scope of PIDG's Financial Year 2023 Disclosure

This Disclosure applies to the following Covered Assets as part of the PIDG group:

- InfraCo Africa Ltd
- InfraCo Africa Investment Ltd
- InfraCo Asia Development Pte. Ltd
- InfraCo Asia Investments Pte. Ltd
- The Emerging Africa Infrastructure Fund Ltd
- GuarantCo Ltd

PIDG Impact Management system =
Health Safety Environmental Social risk management +
Sustainable Development Impact management

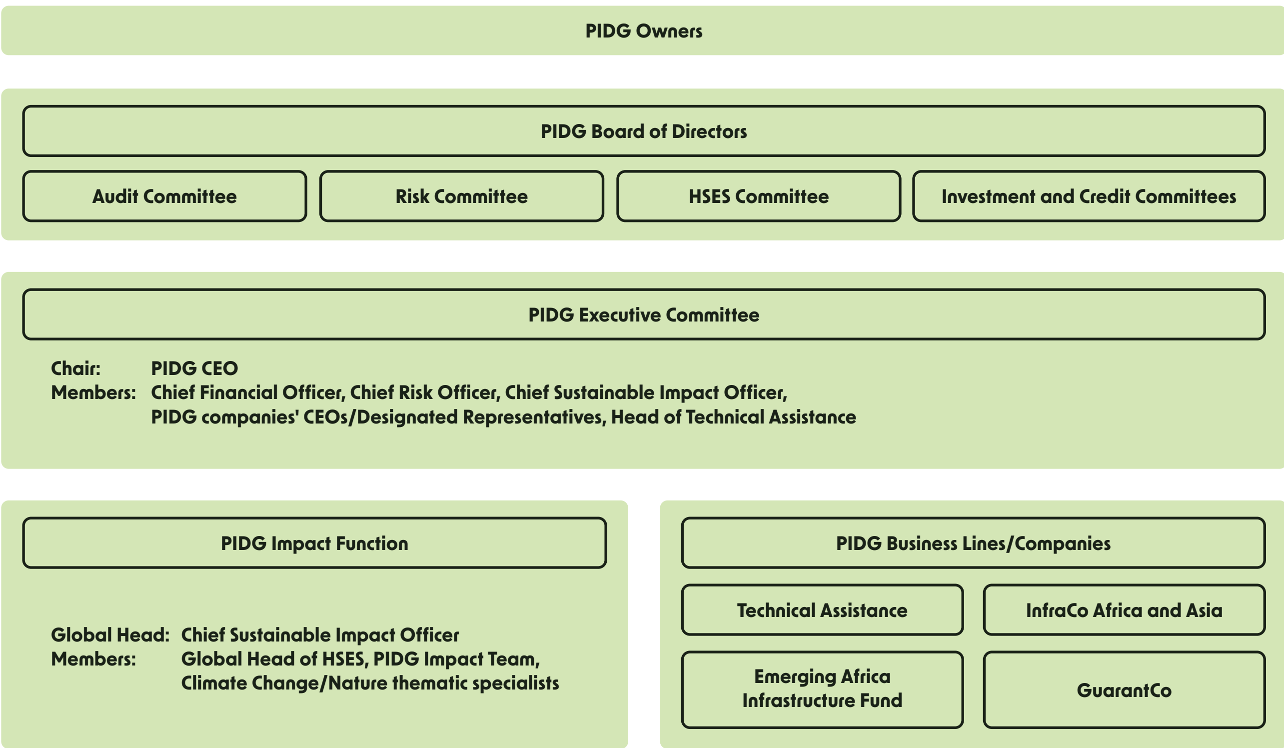


Sustainability Disclosure –

Governance

At PIDG, we recognise that to meet our mission, vision, and values, we must seek to ensure that there is strong governance of sustainability risks and opportunities across the PIDG companies (namely InfraCo Asia, InfraCo Africa, GuarantCo and the Emerging Africa Infrastructure Fund (EAIF)), and use reasonable endeavours to ensure there is strong governance across our investments and projects.

Figure 1: PIDG's oversight and management of Impact (HSES and Sustainable Development Impact) and of sustainability related risks and opportunities



Owner and Board Oversight

PIDG is funded by six governments (UK, The Netherlands, Switzerland, Australia, Sweden, Germany), and the International Finance Corporation (our Owners), who delegate the exercise of most of its authority to the PIDG Ltd.'s Board of Directors (the Board). Updates on Impact (sustainability risks and opportunities) are provided on a quarterly basis to PIDG Owners, or more frequently as required. Serious HSES incidents are reported to Owners promptly.

Overall oversight of PIDG sustainability risks and opportunities lies with the PIDG Ltd. Board and sustainability risks and opportunities are a standing agenda item for each quarterly Board meeting, under the Chief Sustainable Impact Officer's report, to which the Global Head of Health, Safety, Environment and Social (HSES) contributes a dedicated section. HSES risks are also included in the Chief Risk Officer report. A quarterly update is provided to the Board on relevant activities in the last quarter and planned for the next.

Sustainability risks and opportunities are also considered as appropriate by PIDG Ltd Board committees, primarily the Impact Committee (which includes HSES Committee), Audit, Risk, Investment and Credit Committees (see figure 1).

- HSES Committee: Oversees HSES performance and the work led by the Global Head of HSES as well as broader impact performance. It reviews and provides advice and guidance regarding the development and implementation of the HSES and Impact Management Framework for the PIDG Group. This involves reviewing and providing technical guidance and advisory on HSES risk management, gender and inclusion risk management and the climate and nature risk management strategies and approach, HSES monitoring and assurance of the portfolio, incidents/accidents investigation reporting outcomes, capacity raising, and any internal/independent audits regarding HSES performance
- Audit Committee: Monitors the integrity of the PIDG Group's impact reporting including both quantitative and qualitative information to be provided to the Board, PIDG Owners and other stakeholders on sustainability risks and opportunities. This includes information contained in annual reports, Key Performance Indicators (KPIs) and PIDG's external reporting documents including the Annual Review and TCFD Disclosures so far, the Sustainability and Impact report going forward and IFRS S1 and S2 disclosures and TNFD reports in future
- Risk Committee: Oversees all risk-related activities and reporting of the PIDG Group, including overall risk appetite, tolerance and management
- Investment and Credit Committees: Routinely consider sustainability risks and opportunities as part of investment selection and quarterly review portfolio performance on impact and sustainability risks and opportunities as part of their regular portfolio review.

PIDG Board as well as the HSES and Audit committees include Non Executive Directors and Committee members who are globally recognised sustainability and impact management experts.

Executive Management-level Committee

The PIDG Executive Committee (ExCo) comprises a subset of PIDG Ltd.'s Executive Team and PIDG company CEOs or Heads. The ExCo-level sponsor is the Chief Sustainable Impact Officer, who advises the CEO on strategic Group-wide issues related to sustainability and impact. The Global Head of HSES is the responsible executive for HSES standards and performance. A report by the Global Head of HSES on HSES performance is a standing item at the fortnightly ExCo meeting and broader impact performance is routinely discussed. PIDG ExCo reviews issues related to sustainability risks and opportunities and makes recommendations to the Board, as required.

Management and supervisory bodies

At an operational level, identification and management of sustainability risks and opportunities are led by the Impact function, led by the Chief Sustainable Impact Officer and with the Global Head of HSES being the responsible executive for HSES performance. The impact function includes HSES specialists, impact management specialists, a climate change manager, a biodiversity and nature manager, an impact data specialist and monitoring, evaluation and learning specialists. Recruitment of a dedicated gender and inclusion manager is planned for Q2 2024.

The PIDG Impact Function is responsible for the following:

- Screen sustainability and impact risks and opportunities during the early stage of the investment appraisal process to identify if an investment is aligned to PIDG sustainability and impact investment criteria and policies, and to the inform on key areas of investigation during due diligence
- Undertake due diligence (with support from external specialists, as required) to investigate into the potential material sustainability and impact risks and/or opportunities and to identify any gaps against PIDG standards associated with a new investment. During due diligence, gender and inclusion and opportunities for nature positive outcomes are explored as well as climate adaptation and resilience risks and opportunities
- Monitor and assure PIDG portfolio investments against PIDG standards to evaluate the effectiveness of HSES risk management, Impact performance, governance, and continual improvement. This includes providing technical support and guidance, capacity raising, and HSES and SDI (inclusive of gender and inclusion and climate and nature data collection) and analysis for quarterly and annual reporting, and preparation of documentation to support Owner, Board, Committee, and ExCo updates, and external presentations
- Provide technical guidance and advisory on integrating good practice assessment and mitigation measures into project design and development and propose actions to strengthen the determination of climate and nature issues for the Group.

The Impact Function is central to the business and its operations. All new investment opportunities are assessed by the Impact Function before progressing to other parts of business. Critically this process includes a detailed assessment of HSES risks and sustainability and impact opportunities, with the Impact Function holding veto powers on potential investments where they are seen to be outside of

PIDG investment policy, if they do not meet our impact quantitative thresholds, or deviate from our HSES requirements and our sustainability and impact strategies. For example, an investment that is not aligned with the objectives of the Paris agreement on climate change or that is not able to align with our gender equality standard would be blocked from progressing. Further information is presented in the 'Risk and opportunity management' section below.

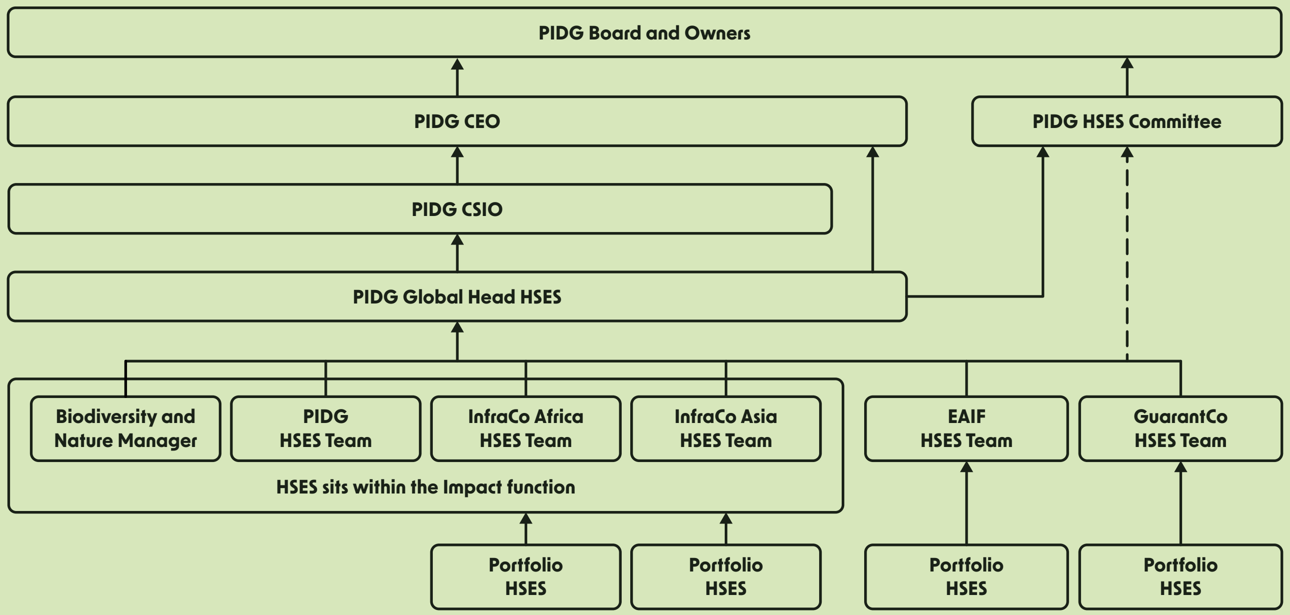
Dedicated HSES governance

PIDG put Health and Safety as a core business value. This is why for PIDG, Environmental and Social Governance (ESG) is Health Safety, Environment and Social Governance. PIDG takes a risk-based approach to HSES management aligned to the IFC Performance Standards on environmental and social sustainability (IFC PSs). PIDG has developed a set of HSES policies which seek to ensure the projects in which PIDG invests align to the requirements of the IFC PSs and the PIDG focus areas (PIDG HSES requirements). HSES is integrated through our investment decision making and HSES requirements are incorporated into the contractual conditions of our investments. Through our strong HSES governance we drive down our HSES requirements, and raise up HSES performance across our portfolio. If we are not able to influence HSES outcomes we will not invest.

The PIDG HSES Governance structure is shown in figure 2. The HSES team at PIDG is led by The Global Head of HSES who has a direct reporting line to the CSIO and the CEO. The Global Head of HSES is accountable to the HSES committee and reports to the committee on a quarterly basis. The Global Head of HSES inputs into the Risk committee, the PIDG ExCo and the PIDG Board.

PIDG HSES commitments are set out in the HSES policies and implemented through the PIDG Group HSES risk management framework (embedded within the wider Impact Management System) incorporating the HSES standards procedures and guidelines and the PIDG companies HSES management systems. This provides a framework for the systematic identification of HSES risks and impacts across each investment and the systematic management of HSES risks and impacts, through a central HSES risk register and an internal HSES watch list for high-risk projects. Targeted HSES interventions based on the risk profile of each investment are then made including monitoring and assurance, HSES support, training and capacity raising. HSES risk management oversight is provided to each investment and reported monthly by each PIDG company to the Global Head of HSES. The level of oversight is dependent on the type and stage of investment and may be direct or through a lenders technical advisor or consultant. HSES metrics are collected on an annual basis across all projects. All projects are required to report serious HSES incidents to PIDG which are then investigated, and lessons learnt are shared across the portfolio.

Figure 2: PIDG HSES Governance structure



PIDG Gender Equity Diversity and Inclusion Taskforce

A core value at PIDG 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 addressing these risks, deliberately addressing women's needs and perspectives and engaging women's skills across the project lifecycle creates tangible benefits for individuals, businesses, the environment and the wider community.

At PIDG, we are determined to be deliberate in adopting a gender and inclusion lens in our investments and applying that lens to our operations. This both furthers our mandate on impact and makes PIDG a better place to work. To be intentional, we set up a Gender Equity, Diversity and Inclusion (GEDI) taskforce with representation across the Group. Building on previous Gender Action Plans in 2020-22, in 2023 we published our first GEDI action plan which reports on the commitments and progress of the GEDI taskforce and we now move into our second iteration for 2024. The action plan is comprised of three pillars:

- Pillar 1 – Safeguarding Women and Girls from GBVH
- Pillar 2 – Empowering Women through Gender Lens Investing
- Pillar 3 – Leading by Example: Gender Equity at PIDG.

Pillar 1 focuses on how we safeguard women and girls from GBVH on PIDG investments, on disability-related risks and the overlap of gender and disability from a risk perspective. Pillar 2 focuses on how we can empower women and girls through gender lens investing on PIDG investments, on enabling inclusivity and on the overlap of gender and disability from an impact perspective. Pillar 3 focuses on fostering a culture of equity, diversity and inclusion in the workplace, in line with PIDG values and mirroring the work we do at the investment level at the Group. The GEDI action plan makes us both intentional and accountable across our portfolio and our own organisation.

Group level Key Performance Indicators

The Board and Management of PIDG formally acknowledge that progress against our strategic objectives require a unified portfolio approach and clear strategic KPIs. The KPIs (and metrics[1]) track performance against sustainability and impact, climate and financial objectives. The KPIs that relate to the Group's sustainability and impact objectives include:

- Percentage of new commitments classified as climate finance
- Carbon intensity of new commitments (tCO_2 equivalent per $million invested)
- Impact Rating based on our Impact Scorecard which includes scoring criteria for climate and nature
- Percentage of new projects in least developed countries or fragile and conflict affected states.

KPIs and metrics are developed as part of each business plan period and signed off by the Owners and the Board. Once agreed they are reported on a quarterly basis; achievement of the KPIs is linked to the performance appraisal and performance related payments of the PIDG companies (and PIDG's employees).

1. *KPIs without a defined target are classified as metrics. These are reported to our Board and Owners to show progress against specific strategy objectives.*

Sustainability Disclosure –

Strategy

PIDG is an innovative infrastructure developer and investor in low-income and emerging markets in Africa and Asia. Our core proposition is to:

- Increase the pipeline of projects built to internationally investable standards
- Unlock domestic institutional capital for infrastructure investment
- Deploy commercial and institutional capital in developing and emerging markets through our blended finance structures.

PIDG's 2023-30 Strategy re-affirms the group mission to get infrastructure finance moving and multiplying – accelerating climate action and sustainable development where most urgently needed.

Materiality

Impact and sustainability objectives are at the very core of PIDG mandate. We operate predominantly in countries and regions with the wider infrastructure gaps on the planet, with young and fastest growing populations, that are the most vulnerable to climate shocks and change having contributed the least to the problem and with the last large reserves of biodiversity and nature, but fast being depleted. In assessing the materiality of sustainability related risks and opportunities we make the following considerations:

a. Financial results: As an infrastructure investor we take a long-term view. The commercial viability of the infrastructure projects that we finance is inextricably linked to the risks and opportunities for the users of the infrastructure, the workers in the projects, the communities around the projects, and the natural environment impacted. An intentional risk mitigation and opportunity maximisation strategy is therefore essential to the protection of our capital invested

b. Impact results: As an impact investor, we strive for both financial and sustainable development impact results. Maximising sustainability opportunities generates value for our organisation and our capital providers. Identifying and managing sustainability risks – through our HSES systems – is the bedrock on which positive impact results can be built and minimises the risk of adverse impacts that diminish or hamper positive impacts

c. Sources of capital: Our Owners and investors have a strong sustainability and impact mandate. They have a strong interest in positive sustainable development impact and a low tolerance for adverse sustainability impacts, combined with an acceptance for sub-commercial financial returns. An intentional risk mitigation and opportunity maximisation strategy is therefore essential to our ability to continue to raise capital.

Based on these three considerations, our strategic objectives and the priorities of our owners and capital providers, we consider the following sustainability risks and opportunities as material. In table 1 below, we have clustered the material sustainability risks and opportunities in the broad categories of People and Planet, in line with our overarching strategic objectives of sustainable development and climate action.

Table 1: Risk and opportunity materiality assessment

People		Planet	
Risks	**Opportunities**	**Risks**	**Opportunities**
Workers (Health and Safety, labour, security, human rights)	Jobs creation	Physical climate risks Transition climate risks	Climate mitigation, adaptation and resilience
Communities (displacement, Health and Safety, security and human rights)	New and improved access to Infrastructure	Nature and biodiversity	Nature positive capital allocation
Gender-based violence and harassment	Gender equality outcomes	Environment (water, land, air, waste)	Circular economy

Strategic intent

PIDG has been a signatory to the Operating Principles on Impact Management since 2020. Our latest disclosure in line with the principles (November 2023) is published online. In November 2023 an independent verification of PIDG impact management systems and their alignment to the principles assessed PIDG as Advanced (highest classification) for 7 out of 8 principles and above median of other impact investors assessed and above our peer group.

Relevant to this disclosure, we clearly articulate our impact mandate on people, planet and wider economy in our Strategy, consistent with our Investment Policy. We manage our portfolio for impact through dedicated KPIs and a portfolio construction that balances financial returns, sustainable development impacts and risks. We allocate capital in line with our impact strategic objectives to maximise sustainability opportunities, based on a formal and systematic two-step impact assessment of prospective investments. We have a well-developed monitoring evaluation and learning approach that allows us to track and demonstrate impact performance and learn from data insights and users' feedback.

Through our Strategy and investment policy we made a public commitment to:

- Prioritise countries with the largest infrastructure access gaps – with a focus on Least Developed Countries and Fragile and Conflict Affected States
- Mobilise private capital in sustainable infrastructure in our markets
- Generate new or improved access to infrastructure through our investments
- Adopt a gender and inclusion lens in infrastructure investment and maximise gender equality outcomes through infrastructure investments
- Contribute to climate mitigation, adaptation or both through our investments
- Demonstrate how sustainable infrastructure can make a positive contribution to biodiversity and nature
- Build a culture of strong HSES performance across PIDG and in our organisation.

Our Group KPIs are aligned to our strategic intent and we have a dedicated Gender Equality Diversity and Inclusion (GEDI) action plan through which we state and monitoring PIDG GEDI commitments both as an organisation and in our investments.

A comprehensive set of HSES policies, standards and guidance notes guides our exclusion and risk mitigation in investment selection and portfolio management.

Sustainability Disclosure –

Risk and Opportunity Management

PIDG's approach to impact is two-fold:

(i) To identify, mitigate and manage HSES risks and adverse impacts, through PIDG's HSES management system; and
(ii) To drive and demonstrate tangible positive impact on people and planet, the wider economy and infrastructure capital markets through PIDG's wider impact management system, striving for sustainable development.

Managing risks

PIDG has developed a comprehensive set of HSES policies which, aligned to the IFC Performance Standards, set out PIDG requirements for the management of HSES risks and impacts across the PIDG portfolio. The PIDG HSES policies are implemented and managed through the PIDG Group Health, Safety, Environment and Social (HSES) Management System, set out in the HSES Framework, HSES Standards, HSES procedures and HSES guidelines.

HSES considerations are fully embedded in PIDG's two stage approval process for each new proposed investment, described in PIDG Disclosure to the Operating principles on Impact Management (Principle 4).

Each new investment is screened for HSES risks and impacts. Targeted due diligence then assesses the potential for the project to align with PIDG HSES policies. Where gaps are identified these are included in an Environmental and Social Action Plan which forms part of the contractual conditions of the investment. When an investment enters the portfolio it is tracked using the PIDG HSES risk register. Scheduled monitoring and assurance occurs across the life of the project. High risk projects receive targeted monitoring and assurance.

Projects reporting HSES incidents are put on an internal watch list and incidents investigated and lessons learnt shared across the portfolio to reduce the likelihood of reoccurrence.

PIDG has developed a set of PIDG life-saving rules and a set of PIDG safeguarding rules which set out the minimum requirements on health and safety and human rights safeguarding across our portfolio. These rules are translated into 12 languages, are made accessible through our webpage, and have training animations to support projects train their people in their intent.

PIDG HSES teams provides continual engagement with projects through dissemination of good practice notes and capacity building events. Through the PIDG Institute, the team provides HSES capacity building to its clients across the Africa and Asia regions.

PIDG HSES reports on its HSES performance on a quarterly basis to an HSES committee, and on a quarterly basis to the Risk committee. PIDG produces an internal annual monitoring report of its projects HSES performance and produces an annual incident and lessons learnt report of the HSES incidents and trend analysis across the portfolio.

Pursuing opportunities

PIDG has established a systematic approach to assessing the impact potential of prospective investments. This is part of PIDG's end to end system to drive and demonstrate impact across the entire investment cycle.

PIDG uses Impact scorecards to:

- ensure that the expected pathways to sustainable development impact are clearly articulated for each investment
- aim to get a balance of development impacts across the portfolio
- identify areas of impact that could be enhanced through focused learning, engagement or PIDG Technical Assistance.

The scorecards are a vehicle for impact and investment teams to strengthen and deepen the analysis of sustainable development impact ex ante on every deal. The Impact scorecard is built on the Impact Management Project's norms, reflecting PIDG's goals across the five dimensions of impact and investor contribution strategies. They cover direct impacts on people and planet as well as indirect, systemic impacts on local markets and the economy. Systematic application of the scorecard allows us to benchmark prospective investments and track the impact performance of the portfolio, allowing a portfolio construction that balances impact and financial performance, considering risk.

The scorecards have thresholds – so that only investments that demonstrate a minimum acceptable level of positive impact are selected. The scores are live, so deals are improved on impact from the moment they are introduced into the pipeline, with sign-off required periodically to proceed to investment.

The two main tools for a systematic and documented process to measure and manage impacts on people and planet from PIDG investments related to sustainable development impact are the Impact Clearance in Principle and the Impact Endorsement note. The risks that positive impacts will not materialise or cannot be evidenced are considered and documented and feed into the wider risk management framework.

Sustainability Disclosure –

Metrics and targets

For this first voluntary disclosure, we have identified metrics which we currently track and for which we provide data assurance (table 2 and 3). We have also identified metrics that we will disclose next year, which we already track but which we are systemising the data assurance process for. Climate and Nature related metrics are reported separately in the nature and climate disclosure chapter.

Initial set of sustainability metrics:

Table 2: Sustainability metrics

Year	Projects reaching financial close	People with new and improved access to infrastructure (male/female)	Jobs created (male/female)
2021	19	8.1m (M=5.1m/F=3m)	5k (N/A)
2022	21	2.8m (M=1.73m/F=1.06m)	2k (M=1.5K/F=0.4K)
2023	22	6.6m (M=4.1m/F=2.5m)	12k (M=10K/F=2K)

Sustainability metrics that we will report on from 2025:

- % of portfolio exposed to sustainability risks as per HSES risk categories.

Table 3: Gender Equality Outcomes (from 2023 GEDI action plan)

Pillar 1 – Safeguarding Women and Girls from GBVH	Pillar 2 – Empowering Women through Gender Lens Investing	Pillar 3 – Leading by Example: Gender Equity at PIDG
Disability is now included as part of HSES screening papers, the PIDG HSES GBVH Due Diligence Guidance, the Land acquisition and resettlement Guidelines and PIDG's Local Employment and Labour management Standard.	100% of newly closed transactions will report on gender targets or produced gender disaggregated reporting.	GEDI reviewed the gender and inclusion questions in the PIDG Engagement Survey (2023) and responded to the output from these questions via the GEDI task force.
Four monitoring and assurance (M&A) visits were undertaken with GBVH as a focus area. One M&A visit was undertaken considering disability as a focus area.	15/22 financial closes were classified as empowering women in 2023; the highest proportion ever recorded since the establishment of the gender KPI at the group level in 2021.	Cultural days have now been reintroduced into the London and Singapore offices, with more to follow. So far, we have celebrated the South African, Italian, Hungarian and Welsh national days.
Included GBVH as a focus area in M&A visits.	29% of TA grants (10/35) contributed to significant and/or improved gender outcomes in PIDG projects against its 20% gender KPI for 2023.	HR organised a successful International Women's Day event inviting a leading female athlete to talk to the group (March 2023). This aligned with GEDI principles.
HSES induction for new starters includes the HSES safeguarding rules.	All prospective projects in 2023 were screened using the disability inclusion tools.	GBVH and Gender Lens Investing Training session delivered to Impact team in September 2023.
All new projects are made aware of and provided a link to Safeguarding rules.	One of our EV transactions committed to conduct a disability audit of at least one site; PIDG's first ever financial close with a disability commitment.	Throughout 2023, the PIDG Group has shown a consistent commitment to enable women in the Group to engage with external speaking events and actively encourages partners and providers to have a more diverse approach where possible.

Climate and Nature Disclosure

This section of the Sustainability and Impact Report, presents our voluntary Climate and Nature Disclosure, responding to the recommendations of IFRS S2 Climate-related Disclosure (formally the Task Force on Climate-related Financial Disclosure (TCFD)) and the Taskforce on Nature-related Financial Disclosures (TNFD).

This disclosure follows three previous climate-related disclosures presented in line with the TCFD recommendations, which PIDG became a supporter of in January 2020. As of 2023, we have chosen to present a combined disclosure covering both climate and nature-related issues. This supports our continual integration of action on climate and nature into PIDG's business activities, in response to the interlinked climate and nature crises which require equal consideration and a coordinated response on action.

Earlier this year we became an early adopter of the TNFD, committing to start making disclosures in line with the TNFD recommendations by the financial year 2025. This followed a successful pilot trialling the TNFD approach to identify and assess nature-related issues on our investment portfolio in Asia. In this disclosure, we have published nature-related disclosures based on the information we have at present and outline our intentions to expand our coverage of our disclosures over time.

PIDG operates in some of the countries most vulnerable to the impacts of climate change. Our new Strategy, launched in 2023, has action on climate and nature at its core. This disclosure captures our work to date, and plans to understand, manage, and integrate consideration of climate and nature related risks and opportunities into our business activities. The four sections of this disclosure – Governance, Strategy, Risk and Opportunity Management, and Metrics and Targets – provide a summary of information relevant and material to our stakeholders, Owners, and investors.

Selecting and designing investments that strengthen system resilience, support climate adaptation, and protect and restore nature in the process, will be a strategic driver of our work over the coming years. There is much work to be done – and we look forward to engaging with all our partners and stakeholders as we begin work on implementing our new Strategy.

Marco Serena
Chief Sustainable Impact Officer
28 June 2024

Scope of PIDG's Financial Year 2023 Disclosure

This Disclosure applies to the following Covered Assets as part of the PIDG group:

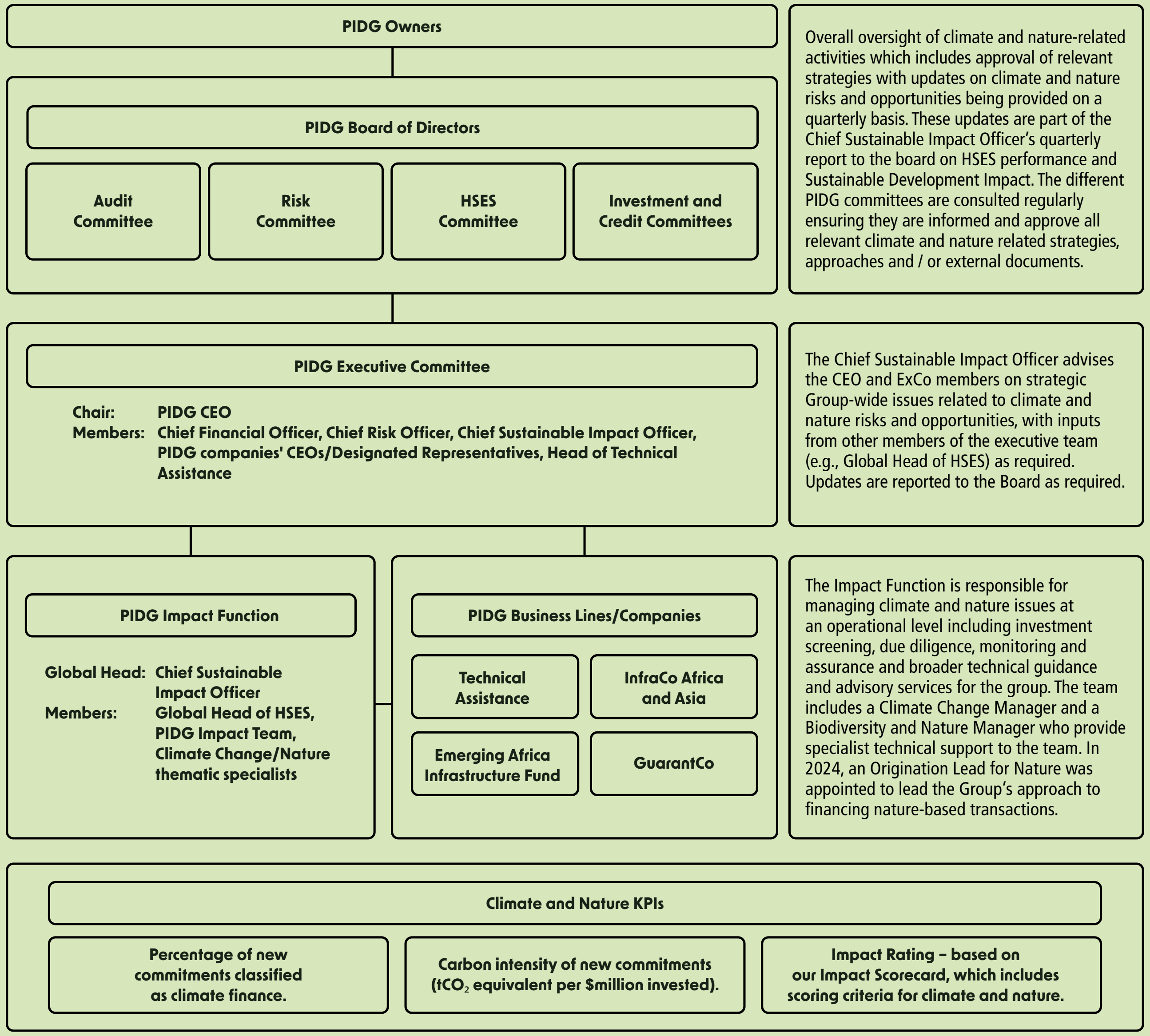
- InfraCo Africa Ltd
- InfraCo Africa Investment Ltd
- InfraCo Asia Development Pte. Ltd
- InfraCo Asia Investments Pte. Ltd
- The Emerging Africa Infrastructure Fund Ltd
- GuarantCo

Climate and Nature –

Governance

Our governance of climate and nature issues is aligned with the approach set out for sustainability risks and opportunities within the first part of this sustainability disclosure. The following section focuses on specific governance features related to climate and nature issues, as shown on figure 3 below; both Governance Sections of this Sustainability Disclosure should be read together.

Figure 3: Governance of Climate and Nature issues



Our Impact Management System

For climate and nature-related issues, the processes to manage risk and identify and maximise opportunities is aligned and integrated into our wider impact management system (see Sustainability Disclosure). Risks and impacts to biodiversity and nature are managed under the HSES umbrella, as are processes to identify and mitigate physical climate risks. The process to identify and incentivise climate and nature opportunities is delivered through PIDG's wider impact management framework, where strategic capital allocation is driven by impact scores that reward investments for lower GHG emission impact, the protection and enhancement of nature, the integration of innovative climate solutions, achievement of large-scale emission reductions, embedding circular economy principles, or by enabling improved climate resilience outcomes. PIDG is a signatory to the Operating Principles for Impact Management, PIDG HSES policies seek to ensure alignment with the International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability (IFC PSs), and PIDG reports per the TCFD, IFRS S1 and S2, and TNFD.

Engaging our stakeholders

PIDG commitments to stakeholder engagement are set out in Our HSES policies which seek to ensure alignment to the IFC Performance Standards. Our PIDG Stakeholder Engagement Standard sets out the requirement for open and constructive relationships between our projects and their external project stakeholders (inclusive of local communities, indigenous peoples, women and other vulnerable groups, regulatory authorities, Non-governmental organisations and other relevant groups). This engagement helps to support our assessment and management of nature and climate-related issues.

For nature-related issues, this includes:

- Identify any sensitive and important biodiversity features, their status and how other stakeholders might value them
- Determine any priority ecosystem services that could be impacted by the project
- Mitigate and manage impacts to biodiversity and ecosystem services
- Support the creation of (i) opportunities that contribute to nature protection and restoration, whilst seeking to ensure that the local people benefit from such initiatives, and (ii) nature-based solutions that bring about biodiversity, climate, and social benefits.

From a climate perspective, the adaptation and resilience needs of local communities are fundamental to ensuring the effectiveness of investments which aim to improve their climate resilience. Many of the countries where PIDG invests do not have National Adaptation Plans (NAPs), and where they do exist, they are often too high-level to assess the alignment of investments with country adaptation strategies. Therefore, engaging with local stakeholders is a critical process to implement investments that deliver on their intended resilience-building aims.

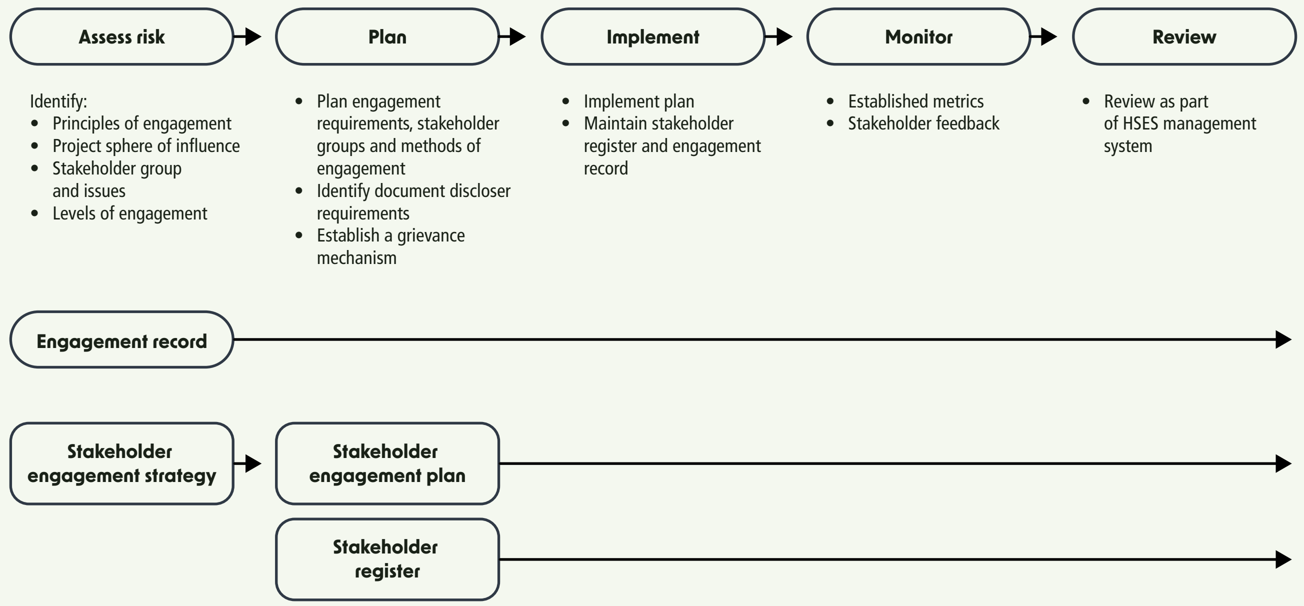
All PIDG projects are required to have an external grievance mechanism which forms an integral part of stakeholder management, and an internal grievance mechanism for project workers, as set out in the PIDG Grievance Mechanism Standard.

Governed by our principles of engagement (table 4), we will leverage off our existing framework and process (figure 4) to better engage our external project stakeholders in our assessment and management of, and response to, nature-related impacts, dependencies, risks, and opportunities across the Group.

 Table 4: Principles of stakeholder engagement

Early and continuous	Stakeholder engagement shall start at project planning and shall continue throughout the project-to-project closure.
Inclusive	Engagement shall be inclusive, recognising potentially disadvantaged groups (e.g. women, politically under-represented, people with disabilities, young and older people, ethnic minorities and indigenous peoples).
Recognise gender equity	Engagement shall recognise gender equity and consider focused engagement with women. Consideration shall be given to different social and economic representation; and ensuring women participate equitably to men.
Culturally appropriate	Engagement shall be culturally appropriate, respecting local customs and using local languages.
Timely and informed	Stakeholders shall be provided with sufficient notice of meetings. Relevant information shall be provided in a timely manner to enable meaningful consultation. Information shall be provided in an appropriate language and format.
Transparent	All engagement shall be documented to ensure transparency and to enable follow up on agreed actions.
Informs decision-making	Engagement shall be timed and planned in such a way that it can be used to inform the companies' decision-making processes throughout the project life cycle.
Adaptable	Stakeholder engagement is a continuous process which will change as stakeholders change, perceptions change and the project progresses. The engagement approach shall therefore be adaptable to change.
Informed Consultation and Participation (ICP) process	Where significant risks have been identified to project-affected communities stakeholder engagement processes shall include the principles of ICP. This requires a more in-depth exchange of views and information, which must capture both men's and women's views, and shall incorporate their views for matters that affect them directly, into the decision-making process.
Free Prior and Informed Consent (FPIC)	Where significant risks have been identified to Indigenous People, the stakeholder engagement processes shall include the principles of ICP, and in certain circumstances the principles of Free, Prior, and Informed Consent (FPIC). FPIC builds on and expands the process of ICP and will be established through good-faith negotiation between the project and the Affected Communities of Indigenous People. The project will document: (a) the mutually accepted process of engagement and (b) evidence of agreement between the parties as to the outcome of the negotiations.
Safeguarding	All engagement shall be considerate of potential gender-based violence and harassment (GBVH) risks to all engaging parties. Employees and contractors should work in pairs and observers, or community representatives should attend all meetings.

Figure 4: Stakeholder engagement framework process[1]



1. *This represents a broad framework that should be tailored according to the nature, location, and scale of the project, the phase of its development, and the interests of the stakeholders themselves.*

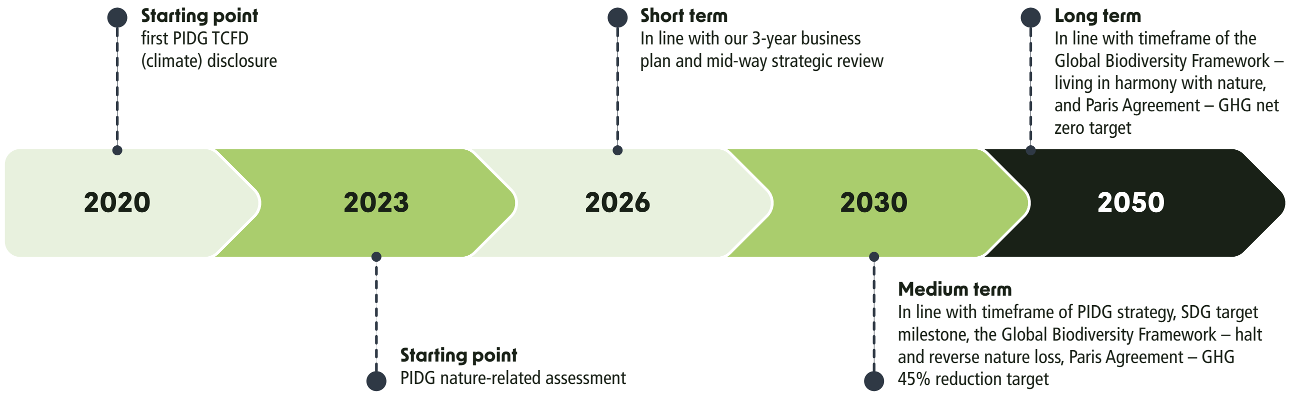
Climate and Nature –

Strategy

In 2023 we published our new Strategy for 2023-30 which makes action on climate and nature, together with sustainable development through new and improved access to infrastructure, more than just part of our work, but the central purpose of everything we do.

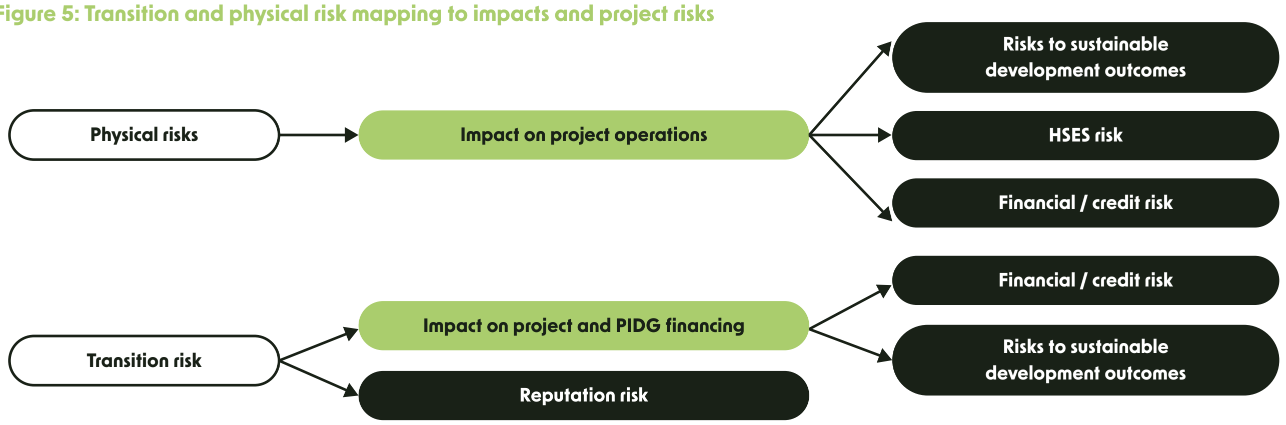
Realising our ambition over the short, medium and long term

To realise our strategic priorities on climate and nature, PIDG has set the following time horizons over which actions are being undertaken to identify and assess our climate and nature-related issues:



Through 2024, we will continue to map our actions in line with this approach to support a transition to having a net positive impact on climate and nature, with greater definition and clarity on these actions provided over time.

Figure 5: Transition and physical risk mapping to impacts and project risks



We invest in the countries with the most severe lack of access to basic infrastructure like energy, transport, telecommunications, and water, where people have the highest vulnerabilities to climate shocks and changes and have the fewest tools to adapt. These are also the countries that historically contributed the least to the climate crisis, with the youngest and fastest growing populations, and with some of the richest biodiversity and most important carbon sinks in the world that are fast being depleted. In this context, climate resilient development is an enormous opportunity, and new and improved access to infrastructure can drive action on the climate and nature, while accelerating sustainable development.

Our commitment is that the infrastructure that we develop, and finance, will enable:

- Rising living standards and inclusive job creation (direct and mostly indirect), unlocking opportunities for young and fast-growing populations, and helping to shape inclusive, climate-resilient economies that reduce poverty
- Sustainable development pathways that are compatible with climate and nature imperatives, improving resilience to climate shocks for some of the most vulnerable populations, while protecting and restoring nature.

Climate and nature related risks and opportunities

Climate and nature are intrinsically linked. Climate change has an adverse effect on nature, and nature degradation increases the pace of climate change. To break the cycle, we need to tackle the drivers of both climate change and nature degradation. Infrastructure that supports climate mitigation or adaptation and resilience needs to consider the effects on the natural environment, and opportunities for investing in nature that mitigates climate-related risks, such that it can be sustainable. Infrastructure development that contributes to preventing further emissions, is adaptable to future climate conditions, protects biodiversity, and minimises pollution presents real opportunities to ensure that both people and the environment thrive.

At PIDG, we aim to improve livelihoods by increasing access to infrastructure services with long-lasting positive impacts. Our climate and nature approach considers how exposure to climate and nature risks could lead to fiscal implications, reduced revenues, diminished HSES performance, create unsafe environments, and/or halt and reverse development impacts during and after our involvement in an investment.

We define, assess, and manage climate and nature risks under two broad categories – physical risk and transition risk (see figure 5), broadly defined as:

- **Physical risk** relates to the potential for physical damage or a reduction in operational performance across PIDG investments as a result of climate change-induced shocks or stresses and/or nature degradation which affects the supply of ecosystem services required by the project. This also includes risk to people (workers, communities, and end users of PIDG investments)
- **Transition risk** relates to risks stemming from changes in policy and regulation, consumer trends, and technology that reduce the viability of high-emission and/or nature loss and degradation-related products and services. These have the potential to reduce the financial performance of PIDG investments or introduce reputational risk to PIDG due to misalignment of investments with PIDG's Strategy.

PIDG's interface with nature

Building on the preliminary assessments undertaken in 2022, we subsequently piloted the v0.4 beta TNFD recommendations to identify and assess our nature-related issues for the Asia portfolio in 2023[2]. We applied the first phase of the TNFD's recommended assessment approach (the Locate phase), to help us understand our ecological priorities across the portfolio.

Datasets, criteria, and thresholds (figure 6) was applied the portfolio to identify sites in ecologically sensitive geographic locations (areas of high biodiversity importance/ecosystem integrity/water stress). Best available global environmental datasets and project data were used. Thresholds were defined to identify sites where each criterion was relevant (figure 7). The most appropriate threshold to identify relevant locations for each dataset was defined based on the global distribution of values within datasets. Sites which triggered at least one criterion and threshold were considered as a sensitive location where we may have an impact or dependency on nature.

Figure 6: Criteria, datasets, and thresholds used to identify sensitive locations within the portfolio.

Criterion: Biodiversity Importance

Datasets	Thresholds
Species Threat Abatement and Restoration (STAR / IBAT)	Revelant (>1)
Designated Areas (Protected Areas and Key Biodiversity Areas)	Proximity
Freshwater Biodiversity (WWF Water Risk Filter) – only hydropwer projects	High / Very High

Criterion: Ecosystem Integrity

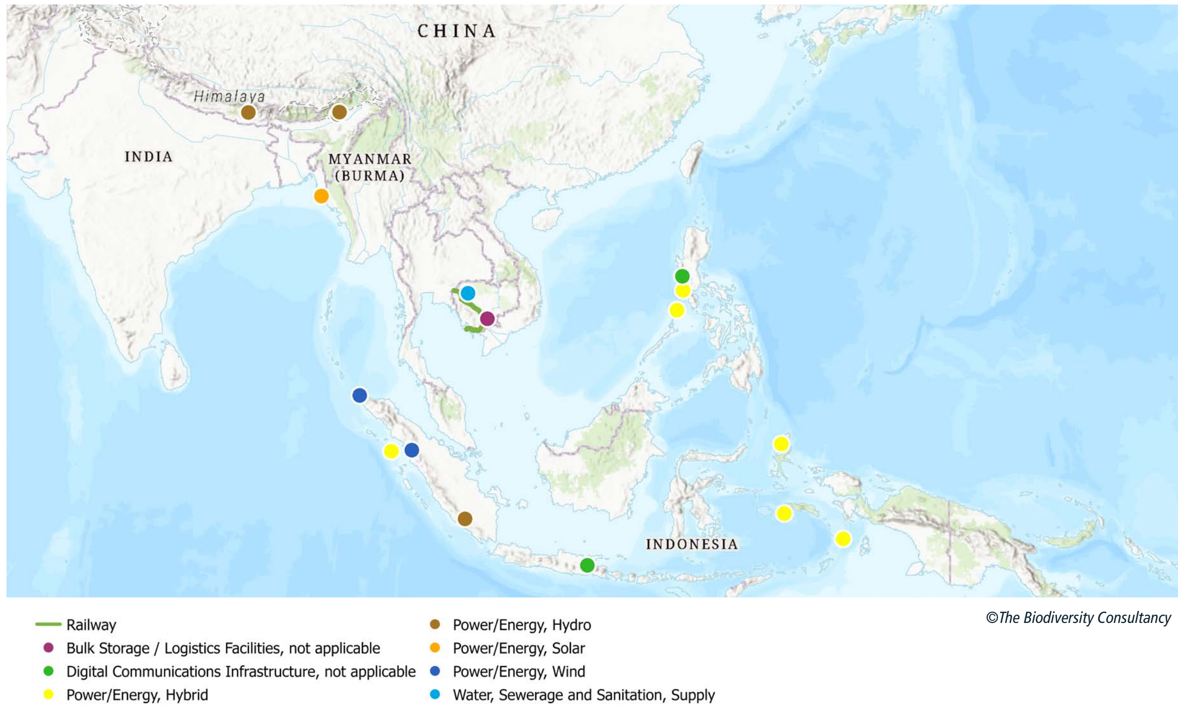
Datasets	Thresholds
Ecosystem Intactness Index	High (>0.6)
Emerging Hotspots – cover only forest ecosystems (Global Forest Watch)	Presence
Natural habitat conversion (Project data)	Presence
Freshwater ecosystems: River fragnebtation / catchment degradation (WWF Water Risk Filter)	Low / Very Low

Criterion: Water Stress

Datasets	Thresholds
Water Scarcity Risk (WWF Water Risk Filter) – only projects with high dependency in water	High / Very High

2. Full PIDG case study, 'Experience and reflections from piloting the TNFD's LEAP approach on an infrastructure development and finance organisation's portfolio' is accessible via the TNFD Resources Database.

Figure 7: PIDG Asia sites in sensitive locations.



A total of 20 of the 43 (i.e., 47%) site locations met the criteria for sensitive locations. Seven sites triggered two criteria and 13 sites triggered one criterion. Nine of these 20 sites represent early-stage development projects that have not yet been constructed. These sites are located in the countries of Indonesia, India, Nepal, and Cambodia.

The results enabled a rapid understanding of contextual risk, helped identify focus areas for due diligence and can support nature actions to ensure they account for the sensitivities of the general location that the site is located in. We will strengthen our assessment activities over time to improve and expand on our portfolio wide activities to support the identification of our material and sensitive locations.

This includes:

- Ensuring we collect geographic coordinates for all sites, where relevant
- Strengthening our existing screening and assessment process to better account for the material or sensitive location criteria, especially for areas of high physical water risk, and areas of importance for ecosystem service provision
- Better capturing and integrating project-specific information derived from existing assessment tools (ESIA), in alignment with the critical, natural or modified habitat framework of the IFC Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources (IFC PS6), into PIDG's approach.

Climate related risks

As an infrastructure investor and developer, we are exposed to climate-related risks that impact both our business operations and those associated with each of our investments.

Physical climate risks

PIDG operates in some of the countries considered most vulnerable to the impacts of climate change and which are the least prepared to deal with them. Changing weather patterns and an increased frequency of extreme weather events caused by climate change pose material risks for PIDG investments and therefore for PIDG. Each year, we undertake an assessment of climate hazards and risk exposure for operational investments in our portfolio (refer to Metrics and Targets). This assessment provides an overview of the likelihood of an investment being exposed to certain climate hazards, covering flooding, heat stress, hurricanes and typhoons, sea level rise, water stress, and wildfires. This assessment does not account for the vulnerability or predisposition of a particular investment to a given hazard, serving only as an indicator of potential risk. Nonetheless, it provides a useful evidence base to help prioritise engagement with sponsor companies, identify investments for more detailed monitoring, and discern country and sector trends that inform the evolution of our risk and opportunity management processes. For the operational assets assessed at a portfolio level in 2023, this assessment highlighted a very high (red-flag) risk of flooding for nearly a quarter of assets and a high risk for 40%[3], a high or very high risk of heat stress for half of all assets, a high risk of water stress for over a quarter of assets, and a high or very high risk of wildfires approximately half of our assets (see Metrics and Targets for more detail).

As an impact investor, our long-term viability to continue delivering against our mandate while attracting additional capital requires awareness and management of where our reported 'impact' is exposed to climate-related risks. To assess this, in 2023, we expanded the approach taken in previous years to compare our climate risk exposure in terms of financial or development impact risk. This assessment considered how our access and job creation impacts, for operational projects in our current portfolio, may be exposed to climate-related risks. Modelling exposure as a function of impact, indicates an increased exposure (when compared to financial exposure) to a high or very high risk of flooding and heat stress (over 75% of our access impact). Further work is required to fully assess the materiality of this analysis. However, the work completed provides a different perspective to help prioritise engagement with sponsor companies to better understand how climate related risks may materialise differently when considering exposure in terms of financial or development impact risk.
We are continually looking to improve our understanding of inherent and mitigated physical climate risks, which take account of investment vulnerability and mitigation. As such, all new investments are assessed for material climate risks during the screening phase, before a more detailed assessment is completed through due diligence to evaluate the extent of the risk and identify appropriate mitigation measures where necessary (refer to Risk and Opportunity Management for more detail). This will enable greater visibility and a more accurate reporting at a portfolio level of physical climate risk as new investments become operational. For new investments, we are also expanding the scope of monitoring indicators to better track the adverse impacts of climate change-induced events.

As part of our a workplan for 2024, we aim to work with sponsor companies to explore what impacts they are already experiencing due to climate change and working with them to understand any existing or planned measures to manage climate risks. Where there are no interventions currently planned, we aim to work with sponsors to implement plans to manage physical climate risks. Throughout 2024 we are also aiming to expand the granularity of our physical risk assessments, assessing our risk profile over different time horizons and emission scenarios.

Transition climate risks

We have assessed our exposure to transition risks associated with our operational portfolio for the previous five years (2019-2023). This assessment is based on a sector level assessment accounting for our exposure to sectors with a high, moderate or low level of transition risk; sectors that present transition related opportunities are also assessed. Over the five-year period we have increased our share of investments in low risk or opportunity sectors, reduced our exposure to moderate risk sectors observed a slight increase to the share of investments in high risk sectors (35% to 38%). Our high transition risk investments are primarily associated with legacy assets in the oil and gas, transport and manufacturing sectors that reached financial close before we made a number of climate related commitments. Our high transition risk investments are primarily associated with legacy assets in the oil and gas, transport and manufacturing sectors.

Since 2021, we have not closed any oil and/or gas power generation investments and the share of investment in the renewable energy sector or sectors that support the global transition to a net zero economy has increased significantly.
The impact of this shift in investment strategy and future plans (as outlined below) will take time to change the composition and risk exposure in our operational portfolio. Our credit facilities often support or provide capital over long tenures meaning we will have exposure to investments in our operational portfolio for a long period of time.

Climate risks impacting PIDG operations

PIDG has considered the impact of physical climate risks on PIDG's own operations. PIDG staff are all able to work remotely should extreme weather events caused by climate change mean that staff are unable to travel to, or work in, PIDG offices. We therefore consider the potential impact to operations to be low.

3. The high risk of flooding has increased from 2022 due to a methodological change which increases the coverage of assets by introduces additional uncertainty – see Metrics and Targets for more detail.

Our Commitment to Climate and Nature Action

Systematically identifying, assessing and managing climate and nature risks and opportunities underpins our approach to delivering infrastructure and is a key part of our 2023-30 Strategy. At PIDG, we aim to raise living standards, create jobs, and foster opportunities through investment in infrastructure that helps build climate-resilient economies while also protecting and restoring the natural environment.

Climate and nature principles

To achieve our aims, we adhere to three key climate and nature principles in the development and financing of infrastructure:

1) Infrastructure assets and services should be resilient to climate change, integrating nature-based solutions to support this aim, while maximising other additional environmental and social co-benefits that nature-based solutions can deliver

Infrastructure developments should be robust and adaptable to current and future direct climate hazards, even under a wide range of climate scenarios. The asset should support the resilience of the infrastructure network they are part of, while being designed to mitigate or be resilient to behavioural shifts driven by climate impacts.

Nature-based solutions should be paired with infrastructure assets to directly benefit the longevity and cost-effectiveness of the asset by reducing impacts associated with environmental degradation, that could be exacerbated by climate change. Options to either entirely or partially substitute assets with nature-based solutions to directly deliver the infrastructure service(s) can be explored to reduce the embodied carbon of the asset and its GHG emissions across its lifecycle.

2) Infrastructure assets and services should increase the resilience of communities and ecosystems, while supporting climate mitigation efforts and enhancing the natural environment

Infrastructure should contribute positively to: (i) the communities that are most vulnerable to the impacts of climate change that are least able to cope with them, and (ii) the health and resilience of nature and its ability to provide ecosystem services, within the landscape they are developed in. Infrastructure can support development, equipping people to adapt and bounce back from direct and indirect climate impacts, while minimising negative impacts and encouraging positive impacts to biodiversity.

3) Infrastructure and investment approaches create outsized (transformative) impact for climate goals and the natural environment.

PIDG infrastructure developments and investments should initiate cascading benefits of development (e.g. driving climate resilience, nature protection and/or restoration, gender equality outcomes, and economic outcomes, which reinforce one another), through sparking or strengthening processes of positive change (e.g. through a demonstration effect, crowding-in further investments or stimulating public-private partnerships), and/or by improving the enabling environment (e.g. improving policy, lowering the barrier for further investments).

Commitment to climate and nature finance

As part of our three-year business plan (2024, 2025 and 2026) we have made a commitment that 50-70% of all new commitments will be classified as climate finance. This means that these investments will contribute substantially towards climate mitigation or adaptation and resilience objectives. This supports the aims set out within our 2023-30 Strategy where we state an ambition to demonstrate how infrastructure can deliver gender equality and inclusive opportunities, and nature conservation, restoration, and regeneration. We made a commitment to track the number of projects that introduce specific measures to improve climate adaptation and resilience and new measures piloted – with learning disseminated – to generate positive nature outcomes in infrastructure.

To deliver on these commitments, our strategic approach to deal origination focuses on scaling up impact through four thematic areas. These include:

- Energy and electrification – supporting the energy transition, increasing access to clean energy, and improving energy system resilience
- Transport, logistics, and connectivity – e-mobility, climate-resilient telecommunications, and urban and rural logistics
- Sustainable and resilient cities and the circular economy – water and waste management, circular manufacturing, and energy-efficient, climate-adapted affordable housing
- Water and natural resource management – large-scale water utilities, manufacturing for the low-carbon transition, and financing of natural carbon sinks.

These thematic areas are supported by cross-cutting themes that focus on the development of the green bond market in underserved low-income and emerging markets, the integration of nature-based solutions, supporting climate resilience outcomes, and promoting positive gender and inclusion outcomes.

Under this new approach, we have extended our list of approved infrastructure investment sectors to include natural infrastructure/systems and investments linked to natural carbon sinks and carbon credit markets. This is, in part, an acknowledgement of the role of nature as an infrastructure asset class in its own right, supporting sustainable development, managing climate risk, sequestering carbon emissions, and halting and reversing biodiversity loss and degradation.

50-70% of new commitments to be climate finance

Climate resilience as an investment opportunity

PIDG works in some of the countries considered most vulnerable to the impacts of climate change and which are the least prepared to deal with them. Under our new Strategy we have a clear goal to improve the climate resilience of urban, rural, and coastal communities. We intentionally focus on building, tracking, and measuring how we directly improve the climate resilience of individuals As part of this aim, we have explicitly linked our strategic investment themes to the Sharm el-Sheik Adaptation Agenda launched at COP27 in Egypt in 2022. To deliver this target, we have made changes to our investment scoring criteria to reward projects that have a clear climate adaptation and resilience focus.

In addition to assessing the climate resilience of assets and investments through screening and due diligence (see Risk and Opportunity Management section), we have developed a process to identify and improve an investment's capacity to enhance the resilience of local communities and ecosystems. This process aims to identify where an investment delivers resilience 'through', by assessing its ability to reduce the risk of a climate change induced impacts on other beneficiaries (where beneficiaries include other people, nature, assets, economic activities, etc.).

- Resilience of investments: An investment that is resilient to the risks posed by climate change
- Resilience through investments: An investment that enhances the climate resilience of other beneficiaries.

Throughout 2024, we are refining our approach to better identify and report on investments that significantly contribute to climate adaptation and resilience. This approach will draw on global best practices for climate adaptation and resilience assessment and reporting, and will incorporate 'do no harm' thresholds, a comprehensive climate change risk assessment, the necessity to address specific climate change vulnerabilities, and mechanisms to monitor resilience-building outcomes. Our primary focus will be on investing in infrastructure that substantially advances climate adaptation and resilience at the system level – adaptation and resilience enabling investments. This investment approach is complemented by our approach to manage physical risk at the investment level.

Helping develop low carbon economies

We invest in parts of the world that have historically contributed least to global greenhouse gases (GHG) emissions still with some of lowest emissions per capita by today's standards. However, these economies now have some of the fastest growing youngest populations where most of the world's new infrastructure will be built from now to 2050. Our role is to support these economies in avoiding future GHG emissions, helping them leapfrog to operating models which capitalise on low-carbon technologies and solutions. These technologies are already developed with rapidly falling costs and a growing understanding of the multiple development co-benefits that they deliver.

As part of managing transition risk whilst maximising the opportunity, we made a commitment in 2020 that all new investments would be aligned to the goals of the Paris Agreement supporting climate mitigation and adaptation whilst aiming to keep global temperature increases to 1.5°C. Our Paris-alignment assessment is a two-step process – investments are first screened at a sub-sector level being categorised as aligned, misaligned, conditional or transitional with conditional and transitional investments requiring a more detailed Paris-alignment assessment before progressing (see Risk and Opportunity Management section). This strategy decision resulted in the development of the PIDG Climate Change Standard, an internal document that provides guidance on our Paris-alignment assessment and other climate related processes, covering all new direct and indirect investments.

As part of this commitment, we also made updates to our investment policy – excluding misaligned sectors. As a result, PIDG will not finance, directly or indirectly:

- Coal or heavy fuel oil (HFO) fired power plants
- Upstream investment in coal, oil or gas extraction, processing or production
- New transport infrastructure (road, rail, waterway and port) constructed mainly for the transport of fossil fuels.

Our Paris-alignment commitment is further supported by a specific climate change related KPI which tracks PIDG Group and PIDG Company performance on attributed GHG emissions. The KPI monitors the carbon emission intensity (tCO_2e / million USD invested) of new investments. Achievement of the KPI is linked to the performance appraisal and performance related payments of the PIDG companies. To meet the KPI investment teams are required to operate within an annual carbon budget, meaning that low emitting investments are prioritised for investment and high emitting investments are ranked for their wider benefits and selectively undertaken. We met our carbon intensity KPI in 2021, 2022 and 2023 (see Metrics and Targets section for further detail).

Climate and Nature –

Risk and Opportunity Management

Climate and nature-related issues are assessed and managed across an investment's lifecycle (figure 8 and 9). Each new proposed investment undergoes a two-stage approval process: Clearance in Principle and Endorsement, which requires sign off by the Chief Sustainable Impact Officer and Global Head of HSES.

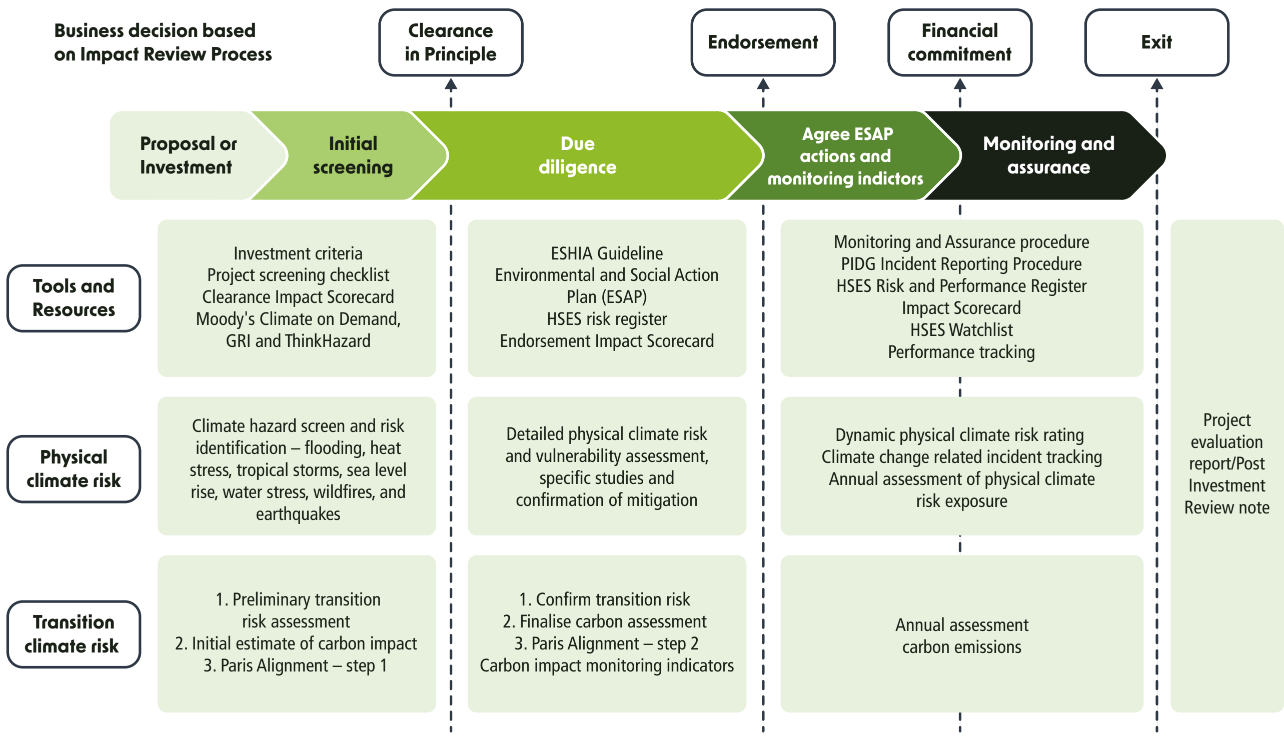
Potential investments first undergo initial screening of their potential climate and/or nature-related issues, to identify red flags and focus areas for due diligence. Investments only progress to due diligence once Clearance in Principle has been received.

Due diligence involves assessing the potential for the investment to align with the PIDG HSES policies, which seek to ensure alignment with the PIDG Climate Change Standard and the IFC Performance Standards. It also involves evaluating whether key climate and/or nature risks and opportunities have been identified to ensure that the risks are manageable and/or acceptable and that opportunities have been recognised before submission for Endorsement.

Once an investment enters the portfolio, it is tracked using the impact tracking tools and the HSES risk register. Climate and nature risks are categorised using this register. This enables high climate and nature risk areas to be prioritised and monitored accordingly. The PIDG Impact team monitor the project over the life of the investment, with the HSES team providing targeted monitoring and assurance to high-risk projects. The Impact team then undertakes a post investment review to provide the opportunity for consolidating Impact information and learning lessons for improvement.

Climate risk and opportunity management

Figure 8: Climate risk management process mapped to investment lifecycle



Initial screening and Clearance in Principle

During the screening stage, an initial evaluation of potential climate hazards is conducted, with an assessment made of potential physical climate risks as a result of these hazards. The hazards considered include flooding, heat stress, tropical storms, sea level rise, water stress, wildfires, and earthquakes. The assessment will examine the impact of climate risks over the investment tenure (development and financial impacts), as well as the operating life of the asset (development impacts). The specific data sources used vary depending on factors such as the asset class, investment type, number of sites, and geographic scope with the data sources and tools used to assess risks including the GRI Risk Viewer, Moody's Climate on Demand, and Think Hazard. The initial screening assessment will identify key actions for due diligence, highlighting where mitigation is required or where further, more detailed, studies are needed to validate identified risks. At a minimum, any risks categorised as high or very high will undergo a detailed review, with appropriate mitigation measures required to reduce the risk to an acceptable level.

At the screening stage, an initial assessment of transition risk is conducted based on the best available information, with due diligence actions and conditions included against assumptions that impact the overall rating. This assessment evaluates transition risk using four indicators, considering international, national, and sector decarbonisation policies and regulations (both planned and implemented):

- Direct impact of policy to reduce GHG emissions
- Indirect impact of policy to reduce GHG emissions
- Potential impact on revenue due to availability of lower carbon alternatives
- Level of investment needed to complete in a lower carbon economy.

Each indicator is assigned a high, medium, or low risk rating, which contributes to an overall rating for the investment based on the highest rating across the indicators.

This assessment is complemented by the first step of our Paris alignment approach (see Paris Alignment Approach), which determines the alignment of an investment based on its sector or sub-sector classification. If an investment is classified as conditional or transitional, key assumptions and data points are identified for further review through due diligence to support the detailed assessment completed at endorsement.

Both the transition risk assessment and Paris alignment approach are supported by an estimate of an investment's carbon impact. This involves an assessment of absolute emissions associated with the total investment commitment, the PIDG-attributed carbon intensity in $tCO_2e/mUSD$ invested, and any avoided emissions where relevant. An investment's carbon performance informs the Impact Rating, awarded to each investment, with a climate bonus available for investments that deliver emission reductions at scale. The carbon impact assessment at screening may be based on proxies/benchmarks, which are refined through due diligence.

Following screening, the proposed investment undergoes the Clearance in Principle approval phase.

Due diligence and endorsement

Depending on the findings from the initial screening, due diligence may entail a more detailed physical climate risk and vulnerability assessment, and/or specialised studies to assess specific risks, such as flood risk assessment, with the aim of validating any preliminary risks identified at screening. Mitigation measures, contingent upon the risk, may include specific adaptive features or changes to the design to mitigate risks and/or time-bound actions captured in the Environmental and Social Action Plan (ESAP). In cases where we are investing in the expansion of an existing company, into a financial intermediary, or supporting the development of a platform, a significant component of due diligence will involve assessing the company's in-house capabilities to identify and mitigate physical climate risks, with support and capacity building provided where necessary. The due diligence process is finalised with an investment achieving endorsement from the Impact function, enabling the investment to progress to financial close.

Each investment is also awarded an overarching risk rating covering physical climate risk, which is a summarised, dynamic rating based on the current position of the investment factoring in inherent physical risk exposure and currently implemented mitigation measures. This risk rating is continually reviewed through the monitoring and assurance phase. An important aspect of the endorsement process is agreeing upon and signing off on ESAP actions and monitoring indicators, encompassing both impact and HSES considerations. Notably, this now includes a requirement that any events attributed to climate change or exacerbated by climate change are reported separately, with the incident report assessing how well the design and operation of the asset mitigated the significance of the event.

The process to manage transition risks through due diligence and at endorsement follows the three-part approach initiated during screening – transition risk assessment, Paris alignment approach, and carbon impact review – with a focus on refining any assumptions made during screening. At endorsement, we confirm an investment's ex ante estimate of greenhouse gas emissions, with monitoring indicators provided to validate this assessment throughout operation. Any project with high transition risks requires clear mitigation steps, which also involve finalising a Paris alignment assessment for conditional or transitional sectors.

Monitoring and assurance

The monitoring process commences at financial close and continues throughout the lifespan of the investment until we exit. This encompasses monitoring the implementation of ESAP actions, HSES incident reporting – including incident reporting on 'damage due to extreme weather events linked to climate change' – and continual review of each investment's physical climate risk rating. If a climate-related incident occurs, investments are placed on an internal watchlist and incidents investigated, corrective actions undertaken (if needed), and lessons learnt shared across the portfolio to reduce the likelihood of reoccurrence. Through post-financial close support, monitoring and assurance visits or reviews, and the completion of ESAP actions, our objective is to improve the physical climate risk rating of investments within our portfolio. However, in certain cases, risks may evolve and/or increase due a range of different factors which would result in the project being identified for corrective action. For select equity investments and cases where we offer project development support, we take an active role in continuing to assess and mitigate climate-related risks. This involvement may extend to supporting the assessment of new investments in financial institutions or platform deals, where each subsequent project undergoes review by PIDG for approval.

Throughout the monitoring phase, we conduct an annual assessment of physical climate risk exposure across our operational investments (refer to Metrics and Targets for 2023 assessment). As part of this assessment, we engage with each sponsor company to gather climate-related data points. In the 2024 cycle, we aim to expand the scope of this process for physical risk assessments to gather more granular data on risk mitigation, enabling more accurate reporting and prioritisation of support for investments with a high-risk exposure.

An annual assessment of greenhouse gases (GHGs) associated with PIDG investments is completed in line with the Platform for Carbon Accounting Financials Standard (refer to Metrics and Targets for the 2023 assessment). This includes a review of progress against any decarbonisation commitments made by investments at the endorsement stage. This is particularly important for projects with Paris alignment conditions or high transition risks.

Risk and opportunity management for credit enhancement facilities

Traditionally, PIDG has invested in the project finance asset class, which makes up the majority of our operational portfolio. Under our new Strategy, we are aiming to increase the number of local credit enhancement facilities to unlock domestic capital for infrastructure financing in PIDG eligible markets, as well as support local banks and funds. These investment types introduce another level of separation between PIDG and our investments and require a different approach for risk management and reporting. At their inception and through the transaction development phase, we work closely with the facility to help build capacity and ensure PIDG investment, impact, and HSES policies can be effectively implemented, and the M&A process validates this assessment.

Throughout 2023, we have worked with InfraCredit Nigeria (our first credit enhancement facility) to better understand their exposure to climate-related risks. This included a GHG assessment using economic intensity emission factors, a review of transition risk at a sector level, and a climate hazard screen of their operational investments. The results of these assessments are included within our reporting this year, attributed to us based on our contribution to their capital allocation. Through 2024, we aim to work with InfraCredit to share our results, explore mitigation measures, and provide broader capacity-building support. This approach will be rolled out across new and existing credit enhancement facilities and financial institutions.

Paris Alignment Approach

Step 1

Our Paris alignment assessment is a two-step process. At the screening stage, investments are tested for alignment using the sector or sub-sector classification, with each sub-sector being classified as misaligned, conditional, transitional, or Paris aligned (see table 5). Any conditional or transitional projects proceed to a second, more detailed assessment.

Table 5: PIDG Paris Alignment criteria

Paris aligned projects	Close to zero GHG emissions or potential to be close to zero emissions	Pass – PIDG will finance without further assessment
Transitional projects	Projects that emit some greenhouse gases during operation but are deemed necessary for the electrification and/or economic development of the country and are part of a transition to a zero-carbon economy	Detailed assessment required – step 2
Conditional projects	Projects that, depending on project-specific factors, may be aligned or misaligned	
Misaligned projects	Projects that are GHG emission intensive and are not aligned to the Paris Agreement	Fail – PIDG will not finance, directly or indirectly misaligned projects

Step 2

Energy sector

Investments in natural gas or LPG/LNG power generation and associated infrastructure require a detailed and systematic assessment of their alignment with the Paris Agreement which is supported by a Paris alignment decision tree. PIDG targets investment in the world's least developed countries, and this assessment examines the country's needs and what is being replaced or displaced as part of the proposed infrastructure. The use of natural gas has provided low-carbon transition support to many of the world's most developed economies, and we would assess the suitability of our investment in achieving this aim. For example, we test:

- That the country is classified as Least Developed Country (OECD DAC I classification) or Fragile and Conflict Affected State (as per harmonised World Bank Group list)
- Assess the rates of electrification and needs for more capacity in a particular country
- Assess the wider development impact achieved through investment in the project
- Examine what the natural gas plant is replacing, i.e., coal-powered power plants
- Evaluate the intermittency of the current renewable energy supply, assessing the need for additional baseload capacity
- Ensure that any gas-powered technologies are line with current best practice for efficiency standards
- Aim to ensure, in all cases, that the plant will be out of operation by 2050.

For other conditional projects in the energy sector our detailed methodology includes project specific criteria to demonstrate compliance.

Transport sector

Conditional projects in the transport sector are assessed using a similar approach to the one outlined for the energy sector. In all cases we ensure that the investment directly contributes to sustainable development and poverty alleviation in a developing economy. In most cases we then assess the ability of the investment to displace higher emitting activities i.e. does a road support a shift to lower emission forms of transport (e.g. shift from air to road)? Or reduce journey distance travelled (new roads) or travel time (upgrades to existing roads)? Similarly new diesel railway infrastructure can be considered aligned if it replaces transportation that would otherwise happen by road/air and if there are plans to electrify the trains in line with trajectories to decarbonise the transport system.

Manufacturing sector

Investments in manufacturing could include the provision of new or upgraded facilities to support the production of:

- Cement and concrete
- Iron and steel
- Aluminium
- Chemicals (including fertilisers)
- Electric vehicles/batteries.

In these sectors, defining Paris alignment based on positive and negative tests (as for the energy and transport sectors) is more difficult. Therefore, PIDG has adopted a sectoral decarbonisation pathway approach. This approach includes:

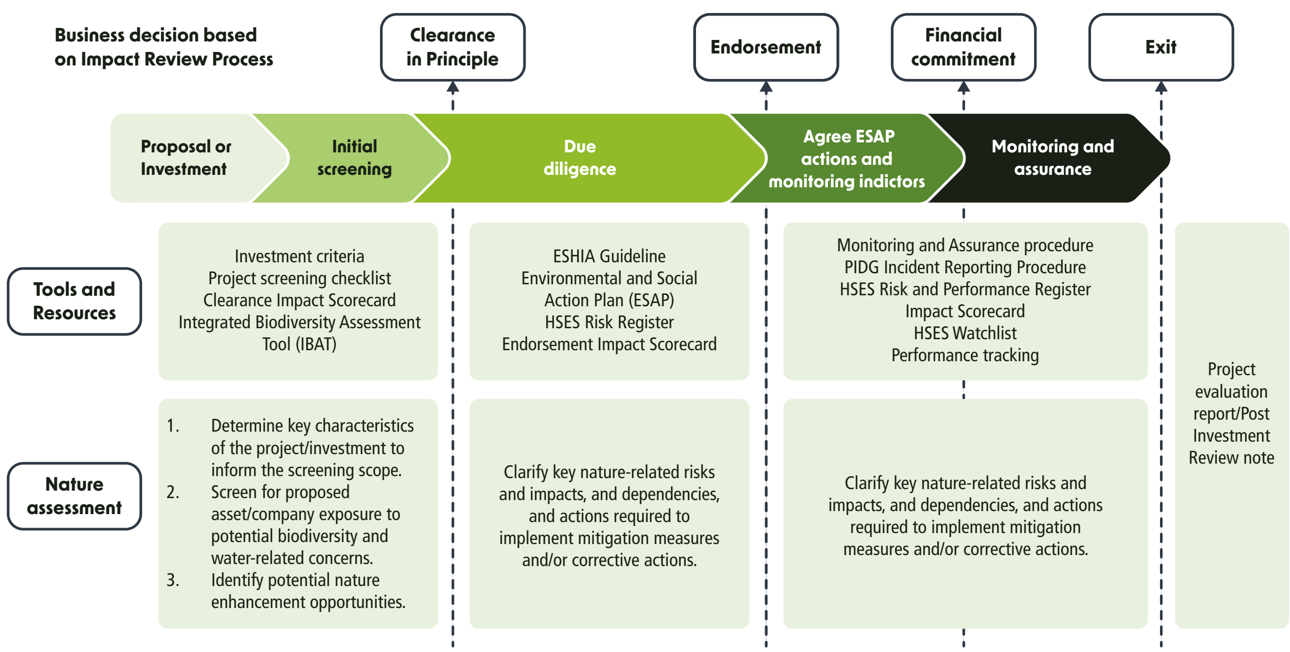
- Estimating GHG emissions per tonne of product for each year during lifetime of PIDG involvement to determine if production is on a Paris-aligned trajectory, based on science-based sectoral pathways
- Confirmation of Board-level sponsor commitment to reducing GHGs in line with Paris Agreement goals
- Demonstration that the cleanest and most efficient technology is being used, and that provisions for allowing future technological switch to lower emission options are considered
- This process is supported with guidance materials and research that we share with sponsor companies helping them explore viable decarbonisation interventions for a particular manufacturing process.

Nature risk and opportunity management

Nature-related issues are embedded within PIDG's Impact Management Framework, which provides the framework to enable the systematic identification and management of nature-related issues associated with projects and investments. We identify, assess, and manage the risks and impacts on nature from our projects and investments in alignment with the IFC Performance Standards on environmental and social sustainability (IFC PSs). Opportunities to support improving the state of nature through nature-based solutions are considered on all our projects where feasible, to maximise their positive benefits on nature. A variety of in-house bespoke, and externally sourced tools and resources, are employed to help appraise, monitor, and record our project and investment performance across our project and investments lifecycle.

The process for considering the nature-related issues associated with each new proposed investment, and the relevant tools and resources we use (figure 9), is described in further detail below. This broadly aligns with the identification and assessment of climate-related issued (see 'Climate risk and opportunity management' section above).

Figure 9: Nature risk and opportunity management process mapped to investment lifecycle



Initial screening and Clearance in Principle

Understanding the key characteristics of the project/investment to inform the screening scope

Nature-related risks and opportunities that are associated with the proposed investment are identified following an understanding of the use of proceeds, asset type, asset development/lifecycle stage, and the company's control over their asset(s).

The identification of the risks and opportunities will then primarily depend on information known of: (i) the physical environmental footprint of the project and associated activities, with a current focus on the thematic areas of biodiversity and water; (ii) the company/client's capacity and commitment to manage risks and opportunities in accordance with the IFC PSs, and/or; (iii) risks inherent to PIDG-approved investment sectors and the expected future environmental setting or location of the investment activities, when the physical footprint is unknown.

Risk and opportunity screening process for known asset location(s)

Where the physical footprint of the proposed project and associated activities is known/largely known, a screening is undertaken to understand the risks to biodiversity and water resources from the asset, and the nature-related dependencies (i.e., ecosystem services) which could pose a risk to the project and/or communities living within and surrounding the project.

A preliminary identification of the sensitive biodiversity areas and features that the project/investment maybe interacting with, is undertaken based on information obtained from the Integrated Biodiversity Assessment Tool (IBAT), satellite imagery, and other publicly available literature (as needed). This includes identifying the proximity of the proposed asset(s) to sensitive biodiversity areas (legally protected, and/or internationally recognised areas), and any potential critical habitat-, and/or natural habitat triggers, with reference to IFC PS6. Projects proposed in, and impacting Alliance for Zero Extinction sites and World Heritage sites are considered as no-go areas and will not be acceptable for financing. Biodiversity-related concerns identified from the screening are subsequently prioritised for further investigation during the due diligence.

For water-related concerns, the screening process identifies any project activities that have the potential for material water dependencies. Areas that are likely to be facing ongoing high-water stress and/or extreme competition for water resources are identified from GRI Risk Viewer, Moody's Climate on Demand, or Think Hazard (see climate 'Initial screening and Clearance in Principle' section). Projects that are in areas of high-water stress, with activities identified to be potentially water intensive are flagged for further investigation during due diligence. Throughout 2024, we are refining our approach to better screen for project activities that have the potential for both material water dependencies and impacts.

In parallel to the risk screening process, PIDG also screens for nature enhancement opportunities through our Impact Scorecard, defined as 'activities that contribute to improving the state of nature through biodiversity and/or water conservation, restoration and/or sustainable natural resource management within their Area of Influence'. A screening tool is currently under development, which we will pilot throughout 2024 to help guide the consideration of nature enhancement and how this can support the climate resilience of the investment and its impact on wider system resilience.

Risk and opportunity screening process for unidentified/future assets

Where some or all proceeds are directed at unidentified, future assets, the screening will be based on the identification of the risks and impacts inherent to the sector and/or based on what is reasonably known about the environmental characteristics of the business activity's likely geographical setting. For such investment types, PIDG will focus screenings on the company's business plans and investment strategy that indicate a strong likelihood of high biodiversity and/or water risk projects, and where relevant, opportunities to support the conservation, restoration and nature-based solutions actions and initiatives.

Following screening, the proposed investment undergoes our Clearance in Principle approval phase.

Due diligence and endorsement

Due diligence assesses the potential for the project to align with PIDG policies and standards. Based on the information collected during due diligence, the key nature-related risks and impacts from the screening stage are clarified, and gaps associated with each applicable IFC PSs are identified. Actions needed to address the identified gaps are documented in the ESAP which forms part of the contractual conditions of the investment.

Due diligence process for known asset location(s)

For investments where the associated physical footprint is known, the scope of review focuses on information surrounding the project facilities, components, including any associated facilities. Existing environmental assessments are reviewed where available. Depending on the nature and scale of risk, a site visit will be undertaken to inspect the project location and/or operating facilities and gather additional information through interviews with the company and contractor staff, members of the affected community, and/or other key stakeholders.

Due diligence process for unidentified/future asset location(s)

For investments involving unidentified/future asset location(s), the due diligence will focus on investigating the maturity, and reliability of the company's environmental management system. This includes a review of environmental policies, procedures for identifying and assessing the nature risks and impacts related to developed/acquired/operated assets, management plans/programs, the organisational resources and capacity to implement their environmental management system, and existing monitoring and management reports.

Endorsement

Following due diligence, the proposed investment undergoes the second stage of approval – endorsement. A review of the nature-related-risks and opportunities assessment, and how this will be mitigated and managed will be undertaken. Sufficient information should be gathered and presented at this stage to seek to ensure that there is comfort that risks and opportunities are mitigatable, manageable, and/or acceptable. Nature-related monitoring indicators are specified at this stage.

Monitoring and assurance

In line with the wider HSES monitoring and assurance process, when an investment enters the portfolio, it is monitored throughout its lifespan until we exit. This encompasses monitoring the implementation of ESAP actions, any nature-related incident reporting and continual review of each investment's rating on its risks and impacts to nature, and likely material nature dependencies.

Each investment is tracked using the PIDG HSES risk register, which includes nature-related indicators associated with land/freshwater/ocean use change, natural resource use, and pollution. Targeted nature-related interventions based on the risk profile of each investment are undertaken through monitoring and assurance visits/reviews, guidance and advisory support on the implementation of nature-related mitigation and management actions per the ESAP, or in the event that the risk profile of the investment evolves/increases, and appropriate training and capacity raising. These are undertaken in-house or with support through a lender's technical advisor or consultant.

If a nature-related incident occurs, for e.g., incidents related to emissions, spills or leaks, vegetation clearance outside the designated physical footprint, and fauna injuries or mortalities due to project activities, investments are placed on an internal Watchlist and incidents investigated, corrective actions undertaken (if needed), and lessons learnt shared across the portfolio to reduce the likelihood of reoccurrence. HSES metrics, which include biodiversity and water-related metrics, are collected on an annual basis across all projects, and reported as part of each PIDG company's annual monitoring report of its project portfolio's HSES performance.

For select equity investments and cases where we offer project development support, we take an active role in continuing to assess and mitigate risks and impacts to nature, and material nature dependencies, where needed. This involvement may extend to supporting the assessment of new investments in financial institutions or platform deals, where each subsequent project undergoes review by PIDG for approval.

Climate and Nature –

Metrics and targets

Climate metrics and targets

In line with the IFRS S2 recommendations we have a range of targets and metrics to help assess our climate-related risks and opportunities. These are presented in table 6 and can be broadly categorised into as a forward-looking metric which track investment performance of financially closed investments based on current strategies and policies (investment performance) or a measure of actual performance based on the operational portfolio which is reflection of historical strategies and policies (operational portfolio). We track performance through both lenses aiming to reduce exposure to climate-related risks through active engagement with sponsor companies and through changes to investment strategies which deliver longer term improvements to risk exposure as new investments financially close, are constructed and become operational.

Table 6: Summary of climate related metrics

KPI / Metric	Type of metric	Objective
50-70% of new commitments to be classified as climate finance	Investment performance	To increase the amount capital deployed that supports climate mitigation, adaptation, and resilience or both
Carbon intensity of new commitments to remain below a 'cap' of 800 tCO_2e/$million invested	Investment performance	To limit the GHG emissions associated with new investments helping mange transition risk
Number of people supported to adapt to climate shocks and change	Investment performance	To estimate and track the impact of new investments in terms of improvements to the climate resilience of end users
Number of projects that introduce specific measures to improve climate adaptation and resilience	Investment performance	To track how many projects have included a specific measure that aims to increase climate adaptation and resilience properties at an asset level
Financed emissions (absolute)	Operational portfolio	A measure of absolute GHGs emitted during the reporting period
Financed emissions (attributed)	Operational portfolio	A measure of attributed GHGs emitted during the reporting period
Percentage of assets exposed to climate-related transition risks and opportunities	Operational portfolio	A measure of operational portfolio exposure to climate-related risks and opportunities; with an aim of tracking progress to reduce risk exposure
Percentage of assets vulnerable to climate-related physical risks	Operational portfolio	A measure of operational portfolio exposure to climate-related physical risks as a way of prioritising support in mitigating risks
Operational – scope 1, 2 and 3 emissions	Business operations	A measure of the GHGs associated with business operations

Investment performance

Climate finance

For 2024 we have introduced a new KPI, tracking the percentage of new commitments classified as climate finance with a target of 50-70% for the following three years. Even though we had no formal commitment in 2023, we have assessed our performance against this KPI with 65% of investments closed in 2023 contributing substantially to climate mitigation and/or adaption and resilience.

Carbon intensity

For the previous three years we have tracked the carbon intensity performance of investments that finically close in that year. Each PIDG company is required to keep within a 'cap' of 800 tCO_2e/mUSD. This cap was set at the average emission intensity of all investments between 2015-19. At a Group level we have remained below this target since the KPIs introduction, as shown on figure 10 (right).

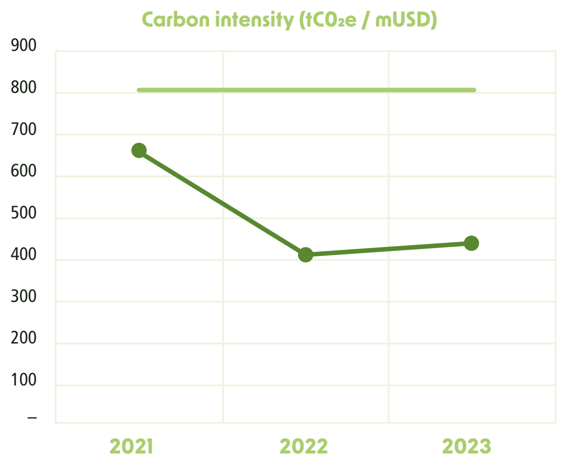
Tracking climate resilience

We use two metrics to support the tracking of our ambitions to improve the climate resilience of urban, rural, and coastal communities. Attributing climate resilience solely to a specific investment can be challenging due to the various indirect impacts that investments may have on supporting resilience-building outcomes. To address these challenges, we intentionally focus on building, tracking, and measuring how we directly improve the climate resilience of individuals.

The number of people supported to adapt to climate shocks and change focuses on tracking the number of people made more resilient to the impacts of climate change. We introduced this metric in 2022, and for all investments financially closing in that year, we expect to improve the climate resilience of 1,030,857 people. In 2023, we have more than doubled this with an expected impact of 2,219,729 people made more resilient to the impacts of climate change.

The number of projects that introduce specific measures to improve climate adaptation and resilience – for 2024, we will be tracking the number of investments that include a specific measure to reduce a climate risk or vulnerability that leads to the project being more resilient to the impact of climate change.

Figure 10: Average carbon intensity of investments financially closed in 2021, 2022 and 2023



Financed emissions

On an annual basis we calculate the financed emissions associated with our investments using the Global GHG Accounting and Reporting Standard for Financial Institutions published by the Platform for Carbon Accounting Financials (PCAF)[4]. In line with the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard we account for these emissions as part of our downstream emission impact (Scope 3 Category 15 (investments)). The results of this assessment, covering 2019-23 is presented in table 7 and 8 (right).

In line with the PCAF standard, we report the scope 1 and 2 emissions of sponsor companies and scope 3 emissions where relevant. At a sector level, this typically includes scope 3 emissions from oil and gas infrastructure and processing[5], transport (i.e. vehicle emissions using roads) and fossil use usage in clean cooking applications. In line with the PCAF standard, we are continually looking to increase our coverage of scope 3 emissions for investments in other sectors. Under the PCAF methodology, emissions from guarantees are only included when the guarantee is called and converts to a loan. However, PIDG wants to recognise the facilitated emissions from guarantees, so all are included here, whether the guarantee has been called or not. Further detail on the financed emissions methodology can be found in appendix 2.

4. The Global GHG Accounting and Reporting Standard for the Financial Industry (carbonaccountingfinancials.com)
5. Oil and gas transportation and storage is a small percentage of our portfolio by amount invested. However, it contributes a significant proportion of our scope 3 emissions.

Table 7: Total absolute GHG emissions from PIDG investments 2019-23 (tCO_2e)[6]

Company	2019		2020		2021	
	Scope 1 and 2	Scope 3	Scope 1 and 2	Scope 3	Scope 1 and 2	Scope 3
EAIF (debt)	5,091,773	-	4,301,632	-	4,526,716	-
GuarantCo (guarantees)	2,437,512	5,050,111	1,101,510	4,881,555	158,941	4,881,555
InfraCo Africa (equity)	1,687	-	4,777	-	4,294	-
InfraCo Asia (equity)	106	-	262	-	82	-
PIDG overall group	**7,531,078**	**5,050,111**	**5,408,180**	**4,881,555**	**4,690,033**	**4,881,555**

Company	2022		2023	
	Scope 1 and 2	Scope 3	Scope 1 and 2	Scope 3
EAIF (debt)	5,341,728	158,266	5,585,635	327,701
GuarantCo (guarantees)	5,354,418	2,614,935	3,951,718	2,691,329
InfraCo Africa (equity)	5,334	-	8,308	219,001
InfraCo Asia (equity)	78	-	286	-
PIDG overall Group	**10,701,557**	**2,773,201**	**9,545,947**	**3,238,031**

Table 8: Attributed GHG emissions from PIDG investments 2019-23 (tCO_2e)

Company	2019		2020		2021	
	Scope 1 and 2	Scope 3	Scope 1 and 2	Scope 3	Scope 1 and 2	Scope 3
EAIF (debt)	241,389	0	184,717	0	204,390	0
GuarantCo (guarantees)	217,330	695,846	58,583	636,530	20,057	612,310
InfraCo Africa (equity)	267	0	345	0	851	0
InfraCo Asia (equity)	106	0	262	0	82	0
PIDG overall Group	**459,092**	**695,846**	**243,907**	**636,530**	**225,380**	**612,310**
Emissions Intensity (tCO_2e/mUSD)	**585**	**-**	**311**	**-**	**281**	**-**

Company	2022		2023	
	Scope 1 and 2	Scope 3	Scope 1 and 2	Scope 3
EAIF (debt)	156,024	2,407	180,303	77,786
GuarantCo (guarantees)	71,194	288,735	50,165	309,786
InfraCo Africa (equity)	1,647	0	2,480	43,535
InfraCo Asia (equity)	78	0	155	-
PIDG overall group	**228,943**	**291,142**	**233,104**	**431,106**
Emissions Intensity (tCO_2e/mUSD)	**232**	**-**	**200**	**-**

6. Historic emissions (2019-23) have been adjusted in this year's disclosure to apportion emissions between PIDG companies based on their role in a project. The overall group emissions have not changed with this adjustment removing any issue of double counting across PIDG companies.

Avoided emissions

In line with the PCAF Standard, we report on investments that generate avoided emissions (see table 9 and 10). Currently, this primarily covers grid-tied renewable energy projects. However, we have recently invested in a number of projects (not in the energy sector) that generate avoided emissions using carbon credits as a revenue stream. We are also actively exploring natural capital investments, that have carbon credits as their core revenue stream; in future years we will include these avoided emissions in this assessment.

Table 9: Total Avoided GHG emissions from PIDG investments 2019-23 (tCO_2e)[7]

Company	2019	2020	2021	2022	2023
EAIF (debt)	138,931	208,397	167,666	202,247	262,509
GuarantCo (guarantees)	39,244	39,226	35,603	55,416	119,121
InfraCo Africa (equity)	0	0	0	110,491	72,184
InfraCo Asia (equity)	54,671	109,342	0	0	4,932
PIDG overall group	**232,846**	**356,965**	**203,269**	**368,154**	**458,746**

Table 10: Attributed Avoided GHG emissions from PIDG investments 2019-23 (tCO_2e)

Company	2019	2020	2021	2022	2023
EAIF (debt)	30,387	50,849	44,780	47,244	68,818
GuarantCo (guarantees)	26,456	27,907	23,284	16,150	69,531
InfraCo Africa (equity)	0	0	0	5,730	11,764
InfraCo Asia (equity)	6,438	2,126	0	0	3,577
PIDG overall group	**63,282**	**80,882**	**68,064**	**69,123**	**153,690**

7. Historic emissions (2019-23) have been adjusted in this year's disclosure to apportion emissions between PIDG companies based on their role in a project. The overall group emissions have not changed with this adjustment removing any issue of double counting across PIDG companies.'

Climate-related transition risks and opportunities

We monitor and manage climate-related transition risks and opportunities of our operational portfolio and have tracked exposure since 2019 (see table 11). The scope of the assessment includes investments that have reached operation (or partial operation) covering direct investments (via equity, debt or guarantees) but excluding investments via financial intermediaries (FIs). At a sector level the transition risk associated with financial intermediaries is likely to be low to moderate. Any investment into a financial intermediary come with requirements that the use of our capital can only be invested in Paris-aligned projects and follow PIDG investment policies.

Risk of sector:
PIDG assessed the transition risk of each sector based information published by Moody's combined with internal expert knowledge on the geographies that PIDG operates in.

Exposure:
Exposure was based on financial exposure at year-end (i.e. amount of debt outstanding, equity investment, guarantee outstanding).

Table 11: Transition risk assessment 2019-23

Sectors	Risk	2019		2020		2021		2022		2023	
Total exposure in high-risk sectors	**High**	**274**	**35%**	**296**	**38%**	**226**	**28%**	**351**	**36%**	**441**	**38%**
Power generation – oil	High	54	7%	51	7%	37	5%	27	3%	21	2%
Power generation – gas	High	130	17%	123	16%	108	13%	122	12%	132	11%
Oil processing, transportation and storage	High	15	2%	11	1%	7	1%	1	0%	0	0%
Gas pipelines, transportation and storage	High	17	2%	16	2%	15	2%	13	1%	17	1%
Transport – air transport	High	4	1%	25	3%	28	4%	21	2%	25	2%
Transport – rail transport	High	0	0%	27	3%	0	0%	35	4%	33	3%
Transport – ICE road transport	High	15	2%	5	1%	0	0%	70	7%	140	12%
Manufacturing – steel	High	13	2%	30	4%	30	4%	30	3%	30	3%
Manufacturing – chemicals	High	25	3%	7	1%	0	0%	32	3%	44	4%
Total exposure in moderate risk sectors	**Moderate**	**159**	**20%**	**117**	**15%**	**147**	**18%**	**77**	**8%**	**77**	**7%**
Manufacturing – cement	Moderate	28	4%	16	2%	0	0%	0	0%	0	0%
Manufacturing – other	Moderate	43	6%	43	5%	27	3%	0	0%	17	1%
Transport – ports, ferry	Moderate	55	7%	58	7%	54	7%	33	3%	11	1%
Mining	Moderate	28	4%	0	0%	67	8%	0	0%	0	0%
Agri-infrastructure (not resilience solutions)	Moderate	5	1%	0	0%	0	0%	0	0%	0	0%
Bulk storage	Moderate	0	0%	0	0%	0	0%	45	5%	49	4%
Total exposure in low-risk sectors	**Low**	**351**	**45%**	**370**	**47%**	**430**	**54%**	**557**	**57%**	**655**	**56%**
Telecoms	Low	39	5%	34	4%	107	13%	151	15%	161	14%
Housing/construction	Low / opportunity	42	5%	48	6%	45	6%	54	5%	45	4%
Water, sewage and sanitation	Low / opportunity	1	0%	0	0%	19	2%	21	2%	25	2%
Power generation – renewables	Low / opportunity	213	27%	235	30%	214	27%	299	30%	389	33%
Power generation – transmission and distribution (T&D)	Low / opportunity	55	7%	52	7%	39	5%	23	2%	11	1%
Agri-infrastructure (irrigation)	Low / opportunity	2	0%	2	0%	2	0%	4	0%	19	2%
Transport – EV road transport	Low / opportunity	0	0%	0	0%	5	1%	5	0%	4	0%
Total		**784**	**100%**	**783**	**100%**	**803**	**100%**	**986**	**100%**	**1173**	**100%**
Financial intermediaries (FIs)										**172**	
Total including FIs										**1345**	

Climate-related physical risks

Every year, we update an assessment of climate hazard exposure across our operational portfolio. The scope of the assessment includes investments that have reached the operational stage or partial operational stage by the end of 2023. This assessment provides an overview of the likelihood of an investment being exposed to certain climate hazards, covering flooding, heat stress, hurricanes and typhoons, sea level rise, water stress, and wildfires. This assessment does not account for the vulnerability or predisposition of a particular investment to a given hazard, serving only as an indicator of potential risk.

This year, we have made some methodological changes. Previously, we only included fixed assets for which geographic coordinates could be provided. This resulted in the exclusion of several sector and project typologies, namely internet cables, telco towers, transmission and distribution (T&D) infrastructure, and financial intermediaries. In 2023, these exclusions accounted for 40% of our operational portfolio by investment amount. For 2023, we have expanded our data sources and utilised Think Hazard data at a country or regional level to provide an indication of potential climate hazards to which our investments could be exposed. This will not be as accurate as an assessment conducted using site-specific coordinates. To monitor the different levels of certainty in assessment results, we have categorised different data sources by their quality level, which is summarised for the portfolio (see table 12).

Table 12: Climate hazard exposure data quality assessment

Data hierarchy	Source	Percentage of portfolio
Level 4	Moody's Climate on Demand assessment using point coordinate	61%
Level 3	Think Hazard regional data	0.3%
Level 2	Think Hazard country data – single country	25%
Level 1	Think Hazard country data – multi country	9%
Not assessed		5%

Moody's Climate on Demand compares changes in temperature and weather between historical conditions (1975-2005) and predicted future conditions (2030-40), using the RCP 8.5 (business-as-usual) scenario. A score is provided for each asset (from 1-100) which is further categorised into risk level: none, low, medium, high and red flag. The Think Hazard data is less specific with a hazard rated very low, low, medium or high – it was assumed that low and very low were equal to a Moody's low rating. Where an investment spans multiple countries the highest risk rating was selected for a particular hazard.

Financial exposure to climate hazards

The following results – table 13 and 14 – model climate hazard exposure as a function of financial exposure based on the disbursed capital amount for a given investment. This provides a useful indicator to understand the financial risks we face as an organisation based on our investments' exposure to climate hazards.

Table 13: Invested capital (mUSD) exposure to climate hazards

	Unknown	Non	Low	Medium	High	Red flag
Floods	71	3	281	144	538	308
Heat stress	71	5	361	236	611	61
Hurricanes and typhoons	71	828	202	65	175	4
Sea level rise	71	635	209	32	359	38
Water stress	71	20	513	345	394	2
Wildfire	71	0	69	553	638	13

Table 14: Invested capital (mUSD) exposure to climate hazards percentage split

	Unknown	Non	Low	Medium	High	Red flag
Floods	5%	0%	21%	11%	40%	23%
Heat stress	5%	0%	27%	18%	45%	5%
Hurricanes and typhoons	5%	62%	15%	5%	13%	0%
Sea level rise	5%	47%	16%	2%	27%	3%
Water stress	5%	2%	38%	26%	29%	0%
Wildfire	5%	0%	5%	41%	47%	1%

The inclusion of Think Hazard data reduces our coverage of 'unknown' hazard exposure. However, since the data is at a country or region level, it increases the uncertainty and reduces the accuracy of our assessment. For example, a telecoms investment with over 1,000 towers operating across three countries may be categorised as being at high risk of flooding based on country-level data. In reality, only 5% of the sites may be at risk of flooding due to their location and lack of proximity to water bodies. To illustrate the impact of this effect, table 15 and 16 display our portfolio's exposure to climate hazards based on financial exposure, using Moody's geo-specific assessments. As expected, the 'unknowns' increase, but we are more confident in the accuracy of the results. Overtime, we hope to reduce the percentage of assets assessed using Think Hazard data whilst also building in an understanding of any mitigation that investment may already include helping further reduce our exposure to climate related hazards.

Table 15: Invested capital (mUSD) exposure to climate hazards without Think Hazard data

	Unknown	Non	Low	Medium	High	Red flag
Floods	525	0	236	142	139	303
Heat stress	525	0	316	106	337	61
Hurricanes and typhoons	525	643	108	65	0	4
Sea level rise	525	600	183	0	0	37
Water stress	525	0	453	217	150	0
Wildfire	525	0	69	506	231	13

Table 16: Invested capital (mUSD) exposure to climate hazards percentage split without Think Hazard data

	Unknown	Non	Low	Medium	High	Red flag
Floods	39%	0%	18%	11%	10%	23%
Heat stress	39%	0%	23%	8%	25%	5%
Hurricanes and typhoons	39%	48%	8%	5%	0%	0%
Sea level rise	39%	45%	14%	0%	0%	3%
Water stress	39%	0%	34%	16%	11%	0%
Wildfire	39%	0%	5%	38%	17%	1%

New and improved access to infrastructure exposure to climate hazards

As an impact investor, our long-term viability to continue delivering against our mandate while attracting additional capital heavily relies on our impact. This 'impact' will be exposed to climate-related hazards; one measure of impact that we use to monitor and report on is new or improved access to infrastructure (for people). To assess how these services may be disrupted due to climate-related impacts, we repeated the climate hazard exposure assessment detailed above, using the number of people with new or improved access to infrastructure as an input for exposure. The results from this assessment are shown in table 17 and 18 (below). This assessment provides a different perspective to help prioritise engagement with sponsor companies aiming to better understand how climate-related risks may materialise concerning development impact risk at the investment level and across the PIDG portfolio.

Table 17: Infrastructure access (no. of people) exposure to climate hazards

	Unknown	Non	Low	Medium	High	Red flag
Floods	1,521,309	1,586	11,561,317	4,274,486	11,589,572	47,076,565
Heat stress	1,521,309	122,178	13,237,046	1,493,656	51,681,489	7,969,157
Hurricanes and typhoons	1,521,309	66,786,140	6,485,479	530,131	697,642	4,134
Sea level rise	1,521,309	55,224,850	14,897,018	151,336	4,192,690	37,633
Water stress	1,521,309	918,000	40,318,446	26,608,834	6,620,614	37,633
Wildfire	1,521,309	-	1,163,569	37,757,338	35,582,619	-

Table 18: Infrastructure access (no. of people) exposure to climate hazards percentage split

	Unknown	Non	Low	Medium	High	Red flag
Floods	2%	0%	15%	6%	15%	62%
Heat stress	2%	0%	17%	2%	68%	10%
Hurricanes and typhoons	2%	88%	9%	1%	1%	0%
Sea level rise	2%	73%	20%	0%	6%	0%
Water stress	2%	1%	53%	35%	9%	0%
Wildfire	2%	0%	2%	50%	47%	0%

Long-term jobs exposure to climate hazards

Another measure of our impact is long-term jobs created. Following the same approach as the assessments detailed above, we have assessed the climate hazard exposure to these jobs. This aims to better understand how a physical climate risk to an asset may result in the loss or reduction of long-term jobs created – see table 19 and 20 (below).

Table 19: Long term jobs exposure to climate hazards

	Unknown	Non	Low	Medium	High	Red flag
Floods	199	11	644	668	3,158	1,792
Heat stress	199	10	2,211	785	2,953	314
Hurricanes and typhoons	199	4,459	1,525	92	183	14
Sea level rise	199	3,168	740	31	2,034	300
Water stress	199	30	2,526	1,167	2,547	3
Wildfire	199	-	232	2,701	3,340	-

Table 20: Long term jobs exposure to climate hazards percentage split

	Unknown	Non	Low	Medium	High	Red flag
Floods	3%	0%	10%	10%	49%	28%
Heat stress	3%	0%	34%	12%	46%	5%
Hurricanes and typhoons	3%	69%	24%	1%	3%	0%
Sea level rise	3%	49%	11%	0%	31%	5%
Water stress	3%	0%	39%	18%	39%	0%
Wildfire	3%	0%	4%	42%	52%	0%

Sector vulnerability to climate hazards

We assessed the vulnerability of each investment based on four indicators, designed to capture the ways in which climate hazards could impact on investment performance. Each investment was assigned red-flag, high, medium or low, depending on a qualitative assessment of impact on the investment:

- Dependency of project operation or outputs on natural resources and weather (including water availability)
- Climate sensitivity of market demand for project or project outputs
- Vulnerability of supply chain; reliance on secure transport routes and secure energy supply
- Reliance on labour for project operation.

Results from this assessment were compared with sector vulnerabilities published by Moodys and United Nations Environment Programme Finance Initiative and found to be broadly comparable. The results from this assessment with financial exposure figures for 2023 are shown in table 21.

Table 21: Sector vulnerability to climate hazards

Sector	Exposure (mUSD)	Vulnerability
Power generation – renewables	389	moderate
Telecoms and T&D	172	moderate
FIs	172	n/a
Transport – road transport	144	moderate
Power generation – gas	132	high
Bulk storage	49	moderate
Housing/construction	45	moderate
Manufacturing – chemicals	44	moderate
Transport – rail transport	33	moderate
Manufacturing – steel	30	moderate
Water, sewerage and sanitation	25	high
Transport – air transport	25	moderate
Power generation – oil	21	high
Agri-infrastructure	19	high
Manufacturing – other	17	high
Gas pipelines, transportation and storage	17	high
Transport – ports, ferry	11	high
Oil processing, transportation and storage	0	high
Manufacturing – cement	0	moderate
Mining	0	high
Total	**1,345**	

Operational emissions

At PIDG we recognise that our business activities have an impact on climate change, and we are committed to taking actions to reduce these emissions. We have been collecting data and calculating greenhouse gas (GHG) emissions associated with our operations since 2019. This has focused on emissions from our offices (scope 1 and 2), as well as those from flights and train journeys required as part of our business activities (scope 3 business travel).

As part of our 2023-30 Strategy, we are aiming to scale our impact. This will result in a greater number, and greater scale, of investments per year which will likely necessitate the need for more business travel. To better understand our ongoing impact, and reduction initiatives considering these expansion plans, we report and assess our scope 1 and 2 and scope 3 separately.

Scope 1 and 2 – our offices

PIDG and its companies lease offices in London, Nairobi, Singapore, and Casablanca, which consume gas and electricity to power electrical equipment and heat, cool and ventilate spaces. We adopt a continual improvement approach to our GHG accounting processes. This year we have updated our accounting methodology for scope 1 and 2 emissions to improve the accuracy of reporting and better monitor any reduction initiatives (see table 22). This was achieved through engagement with the facility management (FM) team at 6 Bevis Marks, London (our largest office) and were able to obtain energy consumption data for the building on a per m^2 basis (previously per occupant). This adjustment has been backdated to the baseline to eliminate any discrepancies.

Table 22: Scope 1 and 2 emissions 2019-23

	Company	2019	2020	2021	2022	2023
Scope 1 and 2	EAIF	26	22	14	16	16
	GuarantCo	31	26	24	21	22
	InfraCo Africa	16	15	16	18	17
	InfraCo Asia	5	7	5	6	7
	PIDG ltd.	17	14	13	12	11
	Total	**96**	**83**	**73**	**73**	**73**

What are we doing to reduce emissions:

The nature of leasing offices limits our options for reduction initiatives. At the larger London office, the building is managed by a dedicated facility management (FM) team who provide monthly updates on energy consumption and reduction opportunities. These efforts have contributed to a significant reduction in GHG emissions of 38% from 2019 to 2023. Through 2024 to support these efforts and explore what opportunities exist at our other offices, we plan to speak with the facility management team associated with each office. These conversations will explore:

- Heating, cooling and ventilation design for the building
- Sub metering configurations
- Landlord vs tenant energy consumption
- Existing energy efficiency measures and scope to install additional interventions
- Any existing renewable energy tariffs and/or opportunities to explore renewable tariff procurement.

Going forward, climate impact will be part of the procurement criteria when new office premises are needed. These criteria will be focused on the selection of offices with:

- High levels of energy efficiency with a PIDG aspirational standard of kWh/m^2
- No fossil fuels
- Energy procurement via high integrity renewable tariffs.

Scope 3 – Business travel

For business operations the majority of emissions arise from business travel. Given the nature of our business, some travel will be needed, but we aim to assess whether travel is necessary before planning each journey. As part of our 2023-30 Strategy, we aim to scale our impact, resulting in a greater number and scale of investments per year, which will likely require more travel. Table 23 (below) shows the emissions associated with business travel from 2019 to 2023, both in absolute and economic intensity terms.

Table 23: Business travel emissions – 2019-23

	Company	2019	2020	2021	2022	2023
Scope 3 – business travel	EAIF	283	11	21	259	283
	GuarantCo	919	102	90	686	792
	InfraCo Africa	349	67	159	316	410
	InfraCo Asia	265	33	0	157	278
	PIDG ltd.	486	47	89	430	690
	Total	**2,302**	**260**	**359**	**1,848**	**2,453**
	Intensity per mUSD committed	**4.8**	**0.5**	**0.7**	**4.0**	**4.6**

What are we doing to reduce emissions:

We are implementing measures to minimise any increase in our business travel emissions associated with our scaling plans. These measures include recruiting more staff based outside of the UK to reduce intercontinental travel. Additionally, we are launching new guidance to help our staff travel more consciously, based on the following principles:

1) Where possible, meetings will be attended remotely
2) Where in-person attendance is necessary, meetings will be attended by people in region wherever possible, avoiding the need for intercontinental travel
3) Where in-person attendance is necessary, lower carbon alternatives to air travel will be chosen e.g. in Europe, train travel is the preferred option where there is a viable route
4) Where air travel is the only viable option, preference will be given to direct flights where available and cost effective
5) Economy or premium economy class will be prioritised over business class where practical, in line with the group travel policy and the business travel decision tree
6) Where long haul intercontinental trips are required, the trip should serve multiple purposes or require multiple nights' stay.

Nature metrics and targets

PIDG is exploring integrating nature metrics that are most relevant to our portfolio which will be included in future disclosures.

Appendix 1 –
Disclosure Alignment

See table 24 (below) for a status of our actions taken in alignment with TCFD, IFRS S2, and TNFD recommendations to date.

Table 24: Disclosure progress covering TCFD/IFRS S2 and TNFD recommendations

Pillar	Recommendation	TCFD, IFRS S2	TNFD
Governance	A. Describe the Board's oversight of climate/nature-related issues.	Aligned	Partially aligned
	B. Describe management's role in assessing and managing climate/nature-related issues.	Aligned	Partially aligned
	C. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	Not applicable	Partially aligned
Strategy	A. Describe the climate/nature-related issues the organisation has identified over the short, medium and long term.	Partially aligned	Not yet started
	B. Describe the impact/effect climate/nature-related issues have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	Partially aligned	Not yet started
	C. Describe the resilience of the organisation's strategy to climate/nature-related risks and opportunities, taking into consideration different scenarios.	Partially aligned	Not yet started
	D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	Not applica-ble	Partially aligned
Risk and Impact Manage-ment	A(i). Describe the organisation's processes for identifying, assessing and/or prioritising climate/nature-related issues in its direct operations[1].	Aligned	Not yet started
	A(ii). Describe the organisation's processes for prioritising nature-related issues in its upstream, and downstream value chain(s).	Not yet started	Partially aligned
	B. Describe the organisation's processes for managing climate/nature-related issues.	Not applicable	Partially aligned
	C. Describe how processes for identifying, assessing, prioritising and monitoring climate/nature-related risks are integrated into and inform the organisation's overall risk management processes.	Partially aligned	Partially aligned
Metrics and targets	A. Disclose the metrics used by the organisation to assess and manage material climate/nature-related risks and opportunities in line with its strategy and risk management process.	Not applicable	Partially aligned
	B. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks/Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.	Partially aligned	Not yet started
	C. Describe the targets and goals used by the organisation to manage climate/nature-related issues and its performance against these.	Partially aligned	Not yet started

1. The IFRS S2 recommendation does not distinguish between direct operations and value chain. The assessment of progress is against the following recommendation 'describe the organisation's processes for identifying and assessing climate-related risks.

Appendix 2 –
Alignment with PCAF Standard

This appendix provides further detail demonstrating alignment with our emissions reporting and the PCAF Standard 2nd Edition, in particular chapter 6 of the Standard, reporting recommendations and requirements. Note, we have calculated and checked the financed emissions in-house. These have not been validated externally but we will consider this in future years.

Table 25: PIDG alignment with PCAF Standard

PCAF reporting recommendations and requirements	PIDG alignment
Report using the operational or financial control consolidation approach	PIDG has calculated financed emissions for all investments by PIDG companies as scope 3 category 15 emissions.
Overall reporting requirements and recommendations	• Principles: Our GHG accounting and reporting is based on the principles of relevance, completeness, consistency, transparency, and accuracy • Purpose: Our reporting aligns with our business goals i.e. for identifying and managing climate-related transition risks and as a starting point for developing an emissions reduction trajectory • Frequency: Financed emissions were calculated at a fixed point in time, namely 31 December 2022, in line with the financial reporting cycle • Recalculation and significance threshold: we have adopted a baseline recalculation policy (see Appendix 2). To date, no events (e.g. structural changes to the organisation) have occurred that would trigger the need to recalculate the baseline • Form of reporting: this report is made available on our website • Past performance: This report discloses financed emissions for 2019-23.
Coverage	Financed emissions were calculated for all investments and investment types made by PIDG, namely debt (EAIF), equity (InfraCo Asia and InfraCo Africa) and guarantees (GuarantCo) that have reached operation stage. Note while under the PCAF methodology, emissions from guarantees are only included when the guarantee is called and converts to a loan.PIDG wants to recognise the emissions from all guarantees so all are included here, whether the guarantee has been called or not, aware that we are mostly guarantying local banks that might not be reporting to TFCD recommendations. Note PIDG does make some investments via financial intermediaries. In most cases these are not currently included in our GHG calculations as the PCAF methodology does not include this type of investment in the current version of the Standard. In 2023 we included an assessment of one FI, following a review of this trial we aim to roll this out across other FIs in our portfolio.
Gases and units	PIDG GHG calculations accounted for all 7 GHGs under the Kyoto protocol, which were converted to tonnes of carbon dioxide equivalent.

Table 25: PIDG alignment with PCAF Standard (continued)

PCAF reporting recommendations and requirements	PIDG alignment
Absolute emissions	• PIDG GHG financed emission calculations include combined scope 1 and 2 emissions of each investment. Figures are disaggregated at the PIDG company level which is equivalent to the asset level • This report also includes emissions associated with PIDG operations i.e. scope 1 and 2 emissions and scope 3 emissions associated with business travel • PIDG includes the scope 3 emissions of our sponsor companies, where they are likely to be significant. At this stage, we have included scope 3 emissions from oil and gas infrastructure and processing, as well as from vehicles using roads infrastructure • In some InfraCo investments, PIDG is the initial sponsor of a project. Lifetime emissions of these projects have not been reported here but this is something that will be included in future reporting • PIDG does not retire carbon credits (and as far as we are aware our investee companies also do not retire carbon credits) to offset absolute emissions.
Avoided emissions and emission removals	• PIDG has included avoided emission calculations for grid connected renewable energy projects. These figures are reported separately from absolute emissions and do not take account of any carbon credits generated for these same emissions • PIDG does not currently have any investments that generate emission removals.
Emissions intensity	PIDG has included emission intensity of investments this year (scope 1 and 2 emissions / mUSD invested).
Data quality	• This report presents the most recent data available i.e. as at 31 December 2023. In cases where data for 2023 was not available, data from an earlier year was used • Data has been verified internally; external data verification is under consideration for future years • A weighted data score of 2.1 was calculated across the PIDG group for scope 1 and 2 emissions.

Table 26: Description of types and sources of data

Activity data	Given the markets that PIDG operates in, GHG emissions are not typically reported by investee companies. At the end of each financial year therefore, PIDG asks for data needed for GHG calculations as part of its annual impact reporting. Data points requested are: • Reported or verified emissions data • Activity data (e.g. MWh power generated, tonnes cement produced) • Energy consumption data (e.g. MWh power consumed from grid, tonnes of HFO burned) • GHG calculations (if available).
Assumptions	In cases where activity data is not provided by clients, PIDG will follow the following hierarchy: • use data from the last year that data was available • use ex ante estimates from the time of the investment decision • estimate GHGs based on assumptions from a credible source, including the PCAF database, UNFCCC CDM methodologies, EIB carbon footprinting methodology.
Emission factors	For calculating GHGs, PIDG typically uses emission factors from: • IPCC Guidelines for National GHG Inventories • GHG conversion factors published annually by the UK government. For calculating emission reductions, PIDG uses grid emission factors published by the UNFCCC IFI TWG.
Attribution factor calculation	• For project finance deals, PIDG uses data on outstanding amount (at end of financial year, either debt or equity) and total investment commitment (at financial close) • For business loans and unlisted equity, data was requested from investee companies on EVIC (for listed companies) or total debt and equity (for unlisted companies) as at year end. If this was not available, data from the most recent year it was available was used.

Appendix 3 –

PIDG greenhouse gas baseline recalculation policy

Table 27: PIDG GHG emission recalculation policy

Context	The PCAF Standard 2nd Edition states that financial institutions shall, in line with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard requirement, establish a baseline recalculation policy to define under which circumstances a recalculating of (base year) financed emissions is necessary to ensure the consistency, comparability, and relevance of the reported GHG emissions data over time. As part of this base year emissions recalculation policy, financial institutions shall establish and disclose the significance threshold that triggers base year emissions recalculations.
PIDG approach	PIDG has calculated and published GHG emissions associated with its operations and investments (financed emissions) using a base year of 2019. We recognise that it may be necessary to recalculate base year emissions (or to establish a new, more recent base year) at certain points in time in order to ensure consistency and comparability of data over time. As outlined in the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard[1], we will recalculate base year emissions when changes occur that have a significant impact on our GHG emissions. These are outlined below. PIDG defines the significance threshold that triggers base year emissions recalculations to be 10%, although in certain circumstances we may recalculate emissions for a smaller change.
Structural changes in the reporting organisation	This could include mergers, acquisitions, divestments, outsourcing, and insourcing.
Changes in calculation methodologies, improvements in data accuracy, or discovery of significant errors	PIDG is continually aiming to improve data quality by working with investee companies to collect complete and accurate data. PIDG is also planning to have GHG data verified by a third party in the future. Where data quality improvements and/or discovery of errors lead to changes in total emissions greater than the significance threshold, base year emissions will be recalculated. Similarly, if changes in methodologies, emission factors or other factors lead to significant changes in results, base year emissions will be recalculated.
Changes in the categories or activities included in the scope 3 inventory	PIDG is planning to increase the categories of scope 3 emissions included in its reporting over time to include, for example, employee commuting and homeworking. In this instance, if these lead to changes in total emissions greater than the significance threshold, base year emissions will be recalculated using historical data where available and/or estimates.
Timeline and reporting	Where recalculations are needed, these will be carried out at the end of the financial year and published in our next TCFD report.

1. *Corporate-Value-Chain-Accounting-Reporing-Standard_041613_2.pdf (ghgprotocol.org)*

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