



Private Infrastructure
Development Group

Pioneering infrastructure changing lives

GLOSSARY

Owners

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

PIDG Trust

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

PIDG Ltd.

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

AfDB	African Development Bank
DAC	Development Assistance Committee
DFI	Development Finance Institutions
DI	Development Impact
EAIIF	The Emerging Africa Infrastructure Fund
ECL	Expected Credit Losses
ESAP	Environmental and Social Action Plan
ESG	Environmental, Social and Governance
ESIA	Environmental and Social Impact Assessment
FCAS	Fragile and Conflict-Affected States
FI	Financial Institution
FVTPL	Fair Value Through Profit or Loss
GHG	Greenhouse Gases
H&S	Health and Safety
HSES	Health, Safety, Environment and Social
IFC	International Finance Corporation
IPP	Independent Power Producer
JV	Joint Venture
KPI	Key Performance Indicators
LDC	Least Developed Countries

LIC	Low-Income Countries
LSE	London Stock Exchange
MDB	Multilateral Development Banks
MIC	Middle-Income Countries
MLA	Mandated Lead Arranger
NED	Non-Executive Director
OECD	Organisation for Economic Co-operation and Development
OLIC	Other Low-Income Countries
OPP	Operating Policies and Procedures
PIDG	The Private Infrastructure Development Group
PPP	Public Private Partnership
PSI	Private Sector Investment
PV	Photovoltaic
SDG	UN Sustainable Development Goals
TA	Technical Assistance
TCFD	Task Force on Climate Related Financial Disclosures
TIC	Total Investment Commitments
VfM	Value for Money
VGf	Viability Gap Funding

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Introducing

PIDG

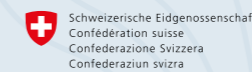
The Private Infrastructure Development Group (PIDG) is an innovative infrastructure project developer and investor which mobilises private investment in sustainable and inclusive infrastructure in sub-Saharan Africa and south and south-east Asia.

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

Since 2002, PIDG has committed \$4.4bn to support 171 infrastructure projects to financial close, mobilising \$22.1bn from the private sector. These PIDG-supported projects are expected to provide an estimated 217.7 million people with access to new or improved infrastructure.

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

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



Message from the Chair –
ANDREW BAINBRIDGE



Why PIDG is more relevant than ever in the current environment

The critical role of infrastructure in the context of COVID-19 response

PIDG's 20th anniversary will fall later this year. The combined challenges of accelerating progress towards the Sustainable Development Goals (SDGs), stepping up action to face the climate emergency, addressing changing demographic patterns and recovering from an unprecedented pandemic crisis, make PIDG's mission as and more relevant today than when it was first established.

In 2002, when the Emerging Africa Infrastructure Fund (EAIF) was established as the first company within the PIDG Group, as now, the provision of essential infrastructure was seen as a vital enabler of economic growth. Today, this is even more the case as we endeavour to recover from the damage caused by the pandemic. Sustainable infrastructure improves the quality of peoples' lives; it propels social and economic inclusion and it provides jobs. Moreover, the reality of climate change means that the focus must be on how to accelerate developing infrastructure that is both resilient to the changing climate and which spurs a transition to net zero by 2050.

Despite 2020 being a year more challenging than anybody could have anticipated, PIDG achieved financial close on eighteen projects; fourteen of which were in sub-Saharan Africa and four in south and south-east Asia. These projects will provide an estimated 14 million people with access to new or improved infrastructure.

As the COVID pandemic unfolded, PIDG responded by deploying grant-based funding in support of our projects. We know that this helped to support entire families and communities. We also raised standards of job safety by means of publicising the [PIDG life-saving rules](#). Going forward, we will continue to apply any lessons learnt, prioritise investments that stimulate inclusive growth and jobs, and focus relentlessly on standards of safety and quality of jobs.

The pandemic reminds us that in a crisis, the most vulnerable suffer disproportionately. We will re-double our efforts to safeguard and empower women and girls through our investments, with a deliberate focus in the water and off-grid solar sectors. Building on [PIDG's Gender Equity Action Plan](#) and through a sharper focus on gender lens investment, we will continue to deliberately identify and mitigate risks to women and girls and to prioritise investments that contribute to positive outcomes for them.

Whilst there is no shortage of capital worldwide, major obstacles remain to transforming investment opportunities into bankable opportunities and real investment demand as well as to bringing forward the right scale of finance at the right time in the markets we serve. The sovereign debt crisis continues to grow in sub-Saharan Africa and has been exacerbated by the impact of COVID-19. Governments are expected to be required to further limit sovereign backing of hard-currency financed projects. These are challenges that strongly correlate with PIDG's mission of addressing market failure and mobilising private capital, in many cases domestically.

In 2020 PIDG demonstrated resilience, nimbleness and flexibility to deliver positive outcomes under unprecedented circumstances. Whereas the scope of the known challenges has manifestly increased, on our 20th anniversary, I am confident that these same qualities will equip us to confront these challenges and others with an even greater level of optimism and assuredness.

Supporting sustainable infrastructure and a cleaner/greener path to economic growth

The critical role of infrastructure in the context of climate change and what PIDG can offer

PIDG develops and finances infrastructure in the poorest and most fragile countries where the financing gap is the greatest, governments have less fiscal space, and private investors are reluctant because of real and perceived risks. PIDG operates along the full cycle of an infrastructure asset and across the capital structure. De-risking private investments unlocks finance where it would not otherwise flow – delivering sustainable and resilient infrastructure that helps progress towards the SDGs.

We can look back at an impressive track record with more than 50% of our projects in the poorest countries in sub-Saharan Africa and Asia. We are bringing infrastructure solutions to those who need them most, with an inspiring list of first of its kind projects, from renewable energy to local capital markets.

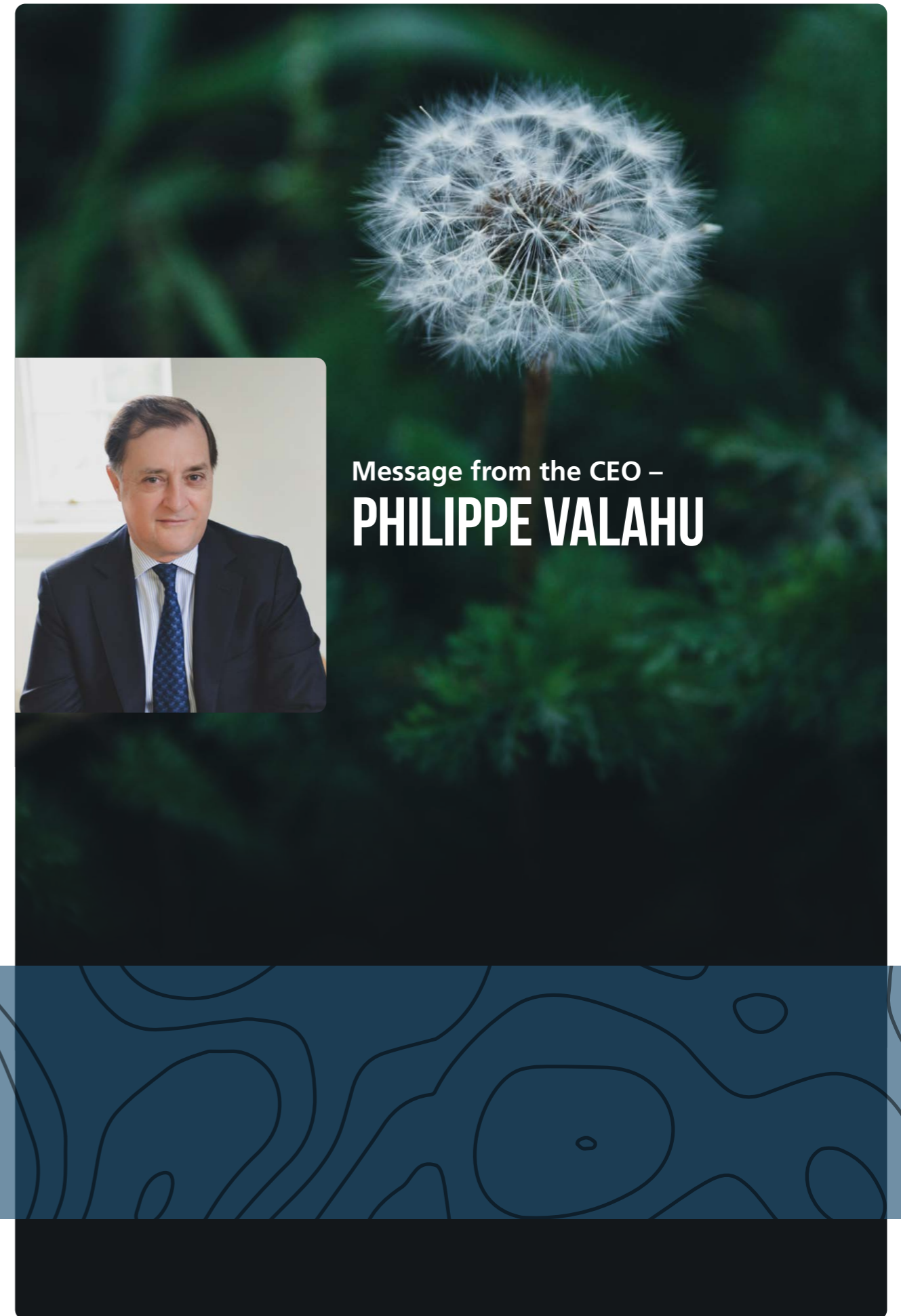
In these times of rapid change and growing uncertainty, it would be tempting to focus on projects that are more advanced and in safe sectors. However, the InfraCos will take a different view, accelerating their efforts to originate new deals in both sub-Saharan Africa's and Asia's more challenging markets. They will continue to forge new partnerships, explore and advance disruptive technologies such as electric mobility, off-grid solar and battery energy storage. The key to our thinking is ensuring that there are jobs and opportunities available as the crisis eases.

PIDG's credit solutions businesses (EAIF and GarantCo) will forge ahead with innovative structures that allow not just the development of infrastructure projects but equally the development of local capital markets by tapping into the domestic institutional investor base and further helping to establish infrastructure as an asset class. PIDG Technical Assistance (TA), with its extended scope and toolbox of solutions, will continue to help create the necessary enabling environments for these efforts and projects to succeed.

COVID-19 has starkly demonstrated how infrastructure is a basic building block for healthcare and economic and social cohesion. We can foresee that developing local capacity in renewable energy, transport and logistics and food and water security will take on a new momentum in PIDG's target geographies in Africa and Asia.

PIDG's four strategic economic development pillars of achieving scale, replicability, affordability and transformative impact will remain at the core of our business. 2020 has highlighted the importance of being nimble as a Group. We will ask more of our component parts, expecting greater project cooperation between PIDG companies, cementing existing relations with other development finance institutions and more vigorously promoting PIDG's blended finance expertise and development impact advocacy to private sector institutional and venture capital.

In times like these where significant challenges abound, the Group is prepared to continue to deliver the much needed flexible and innovative solutions to solve the urgent global infrastructure needs in ways that enable cleaner, greener and more inclusive socio-economic development. PIDG is uniquely positioned to do so thanks to our ability to cover the full project life cycle and capital structure, our clear focus on and deep expertise in the infrastructure domain and our hands-on experience of operating in markets where others tend not to go. We know that there is a lot to do over the next years and we are proud to help and play our part as a Group and together with our partners.



Message from the CEO –
PHILIPPE VALAHU

PIDG in NUMBERS

In 2020:

18 projects reached financial close, of which
8 in Fragile and Conflict-Affected States
14 in sub-Saharan Africa
4 in south/south-east Asia and Pacific

US\$2.4BN mobilised by PIDG-supported projects of which **US\$1.6BN** was private sector investment

Over **14 MILLION** people with access to new or improved infrastructure

1,614 long-term jobs directly created
5,910 short-term jobs directly created

8 projects became commercially operational

US\$537M of new commitments made

Between 2002 and 2020:

171 projects reached financial close (some include multiple PIDG companies' transactions), of which
86 in Fragile and Conflict-Affected Countries
123 in sub-Saharan Africa
37 in south and south-east Asia and Pacific
11 in other geographies (legacy)

US\$35.3BN mobilised by PIDG-supported projects of which **US\$22.1BN** was private sector investment

Over **217.7 MILLION** people with access to new or improved infrastructure

250,117 long-term jobs created
66,974 short-term jobs created

116 projects became commercially operational

US\$4.4BN commitments made

In 2020, 8 projects became operational – and here are some of the examples:



Akuo Kita Solar, Mali – EAIF / GuarantCo (Financial Close 2017)

Financed by EAIF and GuarantCo, the Akuo Kita solar plant is the largest solar farm in west Africa (50MW) and first solar IPP in Mali. It started to supply electricity in 2020.

The plant is expected to power the equivalent of over 100,000 homes a year in a fragile country where 36% live below the poverty line. Almost 350 people were employed in the 14 month construction period and 30 permanent staff – all from Mali – will manage and maintain the plant.

Financially closed in 2018, EAIF was joint MLA for the project and provided Eur 18M and an additional Eur 8M mezzanine facility over 20 years. GuarantCo provided USD\$2.8 million Debt Service Reserve Account (DSRA) guarantee.



Kigali Bulk Water PPP, Rwanda* – EAIF / PIDG TA (Financial Close 2018)

In 2017, EAIF and PIDG TA (VGF) committed to financing the development of the first bulk surface water supply PPP in sub-Saharan Africa, which became operational in Q4 2020, with water flowing since early 2021.

The large-scale water treatment facility adds a generation capacity and supply of 40,000m3/ day of potable water, expected to provide clean, safe water to 500,000 Rwandans. The facility has a low carbon intensity with a strong community engagement programme. We are working to conduct a survey of end users to estimate impact on the population.

*reached operation Feb 2021

The cumulative PIDG results have been adjusted to reflect two significant changes in the reporting approach. From this year, we began reporting on DevCo as part of the PIDG TA. In line with the rest of PIDG TA reporting, DevCo results have been removed from the cumulative figures for the following metrics: Projects reaching financial close, Mobilisation, Access, Job Creation and Operational projects. Secondly, PIDG has changed the point of recognising GuarantCo's expected project results to financial close (from signing), which has meant that a number of projects were removed from the cumulative results portfolio, except those that reached financial close during 2020.



How we contribute TO THE SDGs

12 Partnership for the Global Goals – working with others to achieve more

For each investment we assess the expected contribution to the SDGs, identifying a primary and a secondary SDG and relevant indicators that the investment contributes to.

We assess the progress towards that indicator in country and the extent of the investment's contribution, to establish 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 (the current status) for which data is available, and the pace of progress.

For each investment we include monitoring indicators that are directly linked to the SDG indicators.



Expected contribution to the SDGs in 2020

The PIDG projects that achieved financial close in 2020 directly contribute to the following SDGs:

- 
4 PROJECTS classified as empowering women

- 
7.8M PEOPLE Improve access to energy for

- 
1,600 PEOPLE Create long-term direct jobs for
5,900 PEOPLE Create short-term direct jobs for

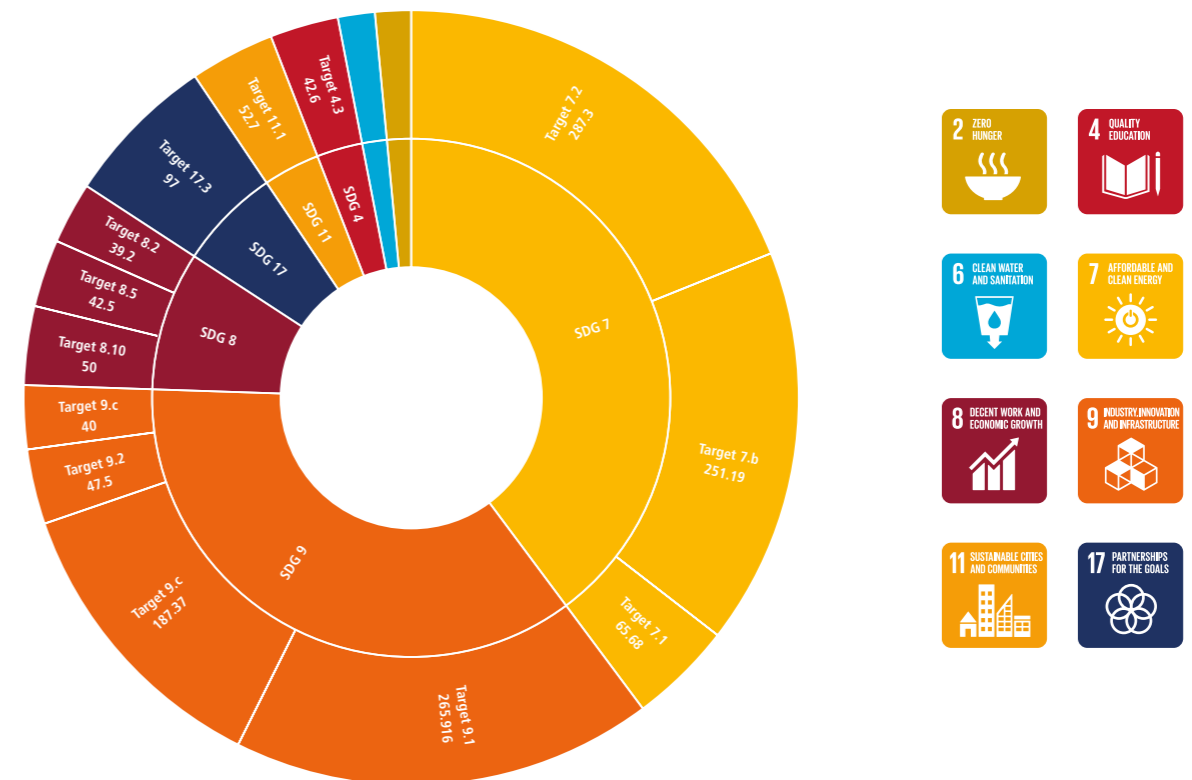
- 
14.3M PEOPLE Open up access to infrastructure for

- 

US\$1.6BN of private sector capital Mobilise more than

Contribution to the Sustainable Development Goals:

PIDG Commitments (USDm) in projects reaching financial close in 2015-2020 (by primary SDG and indicator only)



PIDG'S UNIQUE PROPOSITION

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PIDG operates at the frontier with the private sector

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

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

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

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

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

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

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Bringing others with us

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

PIDG's mandate: **OPERATING AT THE FRONTIER**

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

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

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

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

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

PIDG strategic priorities

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

PIDG's four strategic priorities are:

Scale, Transformation, Affordability, Replicability – STAR:

Scale:

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

Transformation:

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

Affordability:

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

Replicability:

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

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

PIDG programmatic sectors

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

Off-grid solar:

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

Affordable housing:

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

Water:

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

Economic zones:

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

DELIVERING IMPACT

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PIDG defines sustainable development impact as tangible net positive impact on people, planet, wider economy and markets.

In 2020, we continued to put sustainable development impact at the core of our investment decisions, in a year like no other.

Despite operating under extraordinary circumstances, in 2020 PIDG Companies brought 18 new projects to financial close. In the middle of the pandemic, these projects mobilised \$2.4bn towards sustainable infrastructure, of which \$1.6bn in private sector investment. We estimate that these projects will provide over 14 million people with access to new and improved infrastructure.

Despite being unable to travel for most of the year, 8 new projects became commercially operational and the group made \$537m of new investment commitments.

We closely supported our investees in their relentless work to adapt to the new challenges, safeguard jobs, and deliver essential services in the community at this critical time.

PIDG's Theory of Change guides how we assess and prioritise investment opportunities through our end-to-end sustainable development impact management system.

We assess each new investment against our Theory of Change and measure its expected outcomes on People, Planet, Wider Economy and Transforming Markets as well as its relevance and contribution towards the Sustainable Development Goals.

The following sections of the report focus on how the investments we closed in 2020 will deliver impact under each expected outcome of the Theory of Change.

In the chapter on Impact on People, we put a spotlight on PIDG gender lens investing approach, PIDG health, safety environmental and social standards and what we learned from our immediate COVID-19 response, as these topics are particularly relevant to end users, workers and communities around PIDG investments.

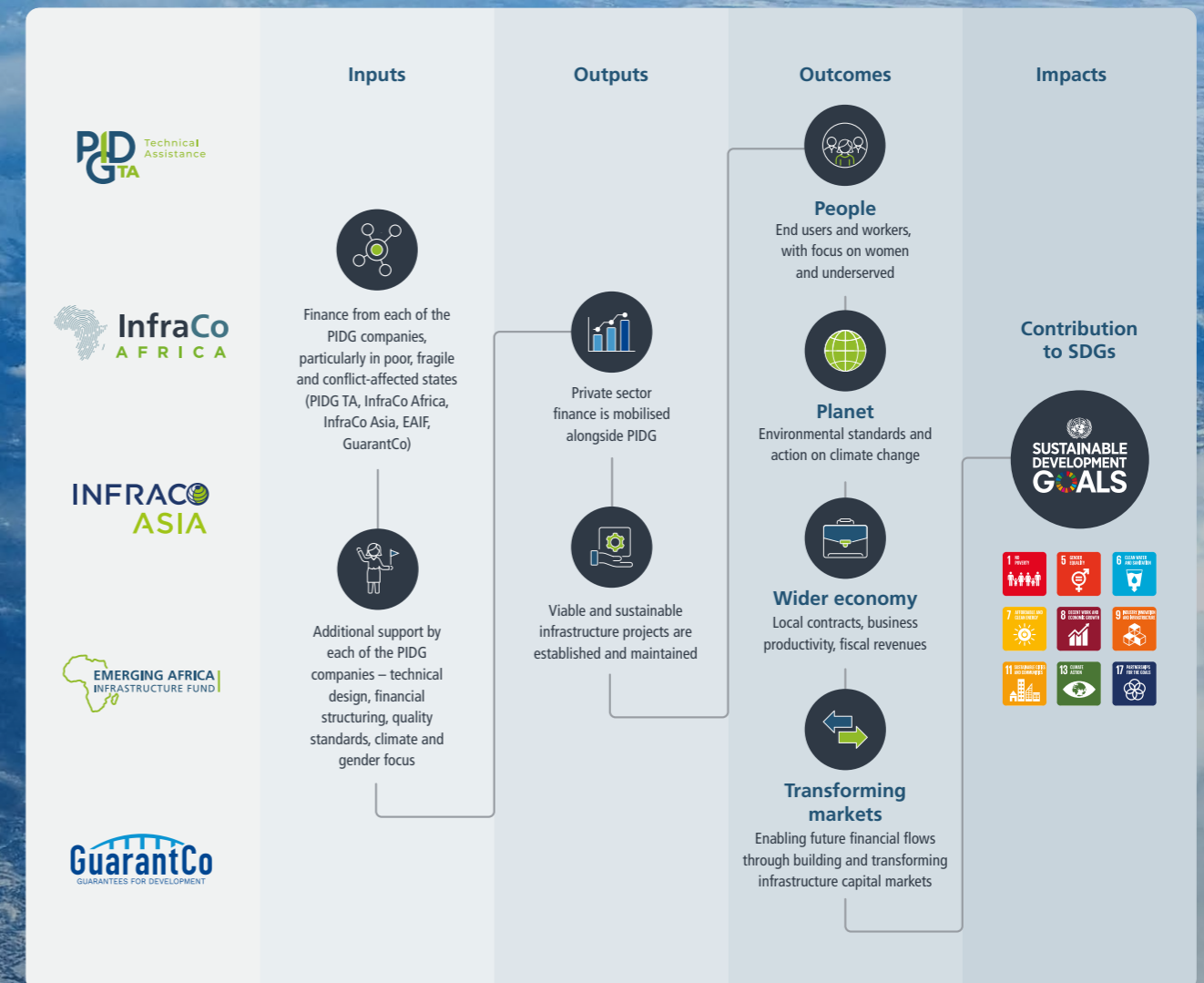
In the section on Impact on Planet, we also focus on our climate change action, providing links to PIDG's first Disclosure Report under the Task Force for Climate Related Financial Disclosure (TCFD).

Under Impact on Wider Economy, we look at the key role of infrastructure investment to stimulate inclusive trade and sustainable economic development to recover from the pandemic.

In the chapter on Transforming Markets, we put the spotlight on our work to build capacity of local investors and corporates to support capital market development and local currency solutions.

Under each section, case studies from PIDG's 2020 investments illustrate our approach and impact.

PIDG Theory of Change



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IMPACT ON PEOPLE

PIDG investments provide new or improved access to essential services such as energy, water, communications, transport and housing. This dimension of impact considers the **direct impacts for end users and workers**.

In assessing projects, we focus on:
WHO will benefit, with emphasis on reaching the most underserved groups and deliberately benefitting women and girls; the SCALE of impact – how many people will benefit; and the DEPTH of impact – what will change for the people benefitting and what difference it will make to their lives.



INDONESIA RURAL WIRELESS BROADBAND



PHILIPPINES SMART SOLAR NETWORK PROJECT – (Phase 1)



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Expansion of telecoms network to provide broadband access in rural Indonesia

Financial close
NOV 2020

InfraCo Asia provided
US\$15M
of senior debt

Total investment
(Expansion Phase)
US\$98.2M

Challenge:

Indonesia is the fourth most populous nation in the world, with 258m inhabitants, of which 43% live in rural or remote areas. It is an archipelago nation, comprising more than 17,000 islands, with more than 6,000 inhabited. This has made it difficult economically to deploy cable connection to provide nationwide internet to all citizens, especially on more sparsely populated islands. It is estimated that there are more than 26m people with no, or only 2G, with no connectivity, or only 2G connectivity, across Indonesia.

Solution:

- Net1 Indonesia will roll out a fixed wireless broadband network by installing 1,500 Base Transceiver Stations across rural and remotes areas in Indonesia.
- This network will use the 450MHz spectrum which can cover a larger geographical area than other commonly used radio frequencies.
- To finance this roll out, Net1 Indonesia raised US\$75m of debt from a consortium of 3 lenders – InfraCo Asia, Finnfund and Gemcorp LLP.
- Net1 Indonesia is an indirectly owned subsidiary of Net1 International Holdings AS which specialises in delivering broadband connectivity to underserved populations in emerging markets.

Impact:

- New or improved access to digital communications infrastructure for an estimated 450,000 households and Small and Medium Enterprises.
- Target subscriber group form the last (poorest) quintile of the population.
- Local medical centres, schools and village head office were lent free router equipment to facilitate communications during movement restrictions due to COVID-19.
- Women customers are deliberately targeted (currently 52%).
- The company is now working to support local women shop owners / traders to own and take up management of rural wifi kiosks as an additional source of income.



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A portfolio of AC microgrids and DC smart solar network projects in off-grid islands in the Philippines

Financial close
SEPT 2020

InfraCo Asia provided
US\$5.7M

Total investment (Phase 1)
US\$8.2M

Technical Assistance Fund
US\$0.1M
for PIDG COVID-19 response solar water pump project

Challenge:

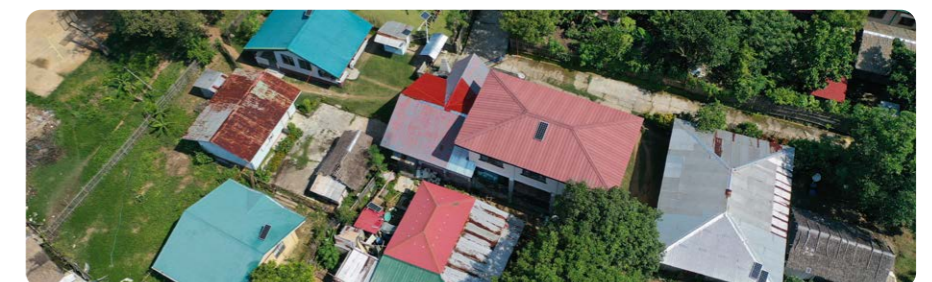
- The Philippines is an archipelago nation comprised of more than 7,000 islands. Many of these islands are remote and are considered last mile areas which are deemed most difficult to serve due to their geographic and economic circumstances. Providing reliable and affordable energy access to those communities remains a major challenge.
- In order to access energy, these communities have to rely on diesel generation which is costly and available for only a few hours a day.

Solution:

- InfraCo Asia is partnering with AIEC (Association of Isolated Electric Cooperatives)-ILAW to develop scalable smart solar networks across remote island communities in Palawan, Philippines.
- The aim is to provide the off-grid communities with 24/7 access to electricity through the use of smart solar networks which utilises either DC technology or AC technology with diesel as back up generation.
- InfraCo Asia will provide the development funding required to roll out the equity-funded Phase 1 of the project which aims to energise 4,000 households. In the expansion phase, the portfolio targets to energise 200,000 households in total.

Impact:

- The households in the remote islands which are connected to the solar networks will have access to energy 24/7 access to energy, at a lower cost compared to using diesel generator sets.
- The PIDG COVID-19 response project that provided funding for solar-powered water pump systems will benefit 3,750 people located on three sites who will have access to clean and potable drinking water.
- A survey of end users conducted in February 2021 showed that 99% of customers were provided with first time access to power.



What have we learned from our COVID RESPONSE?

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COVID-19 has impacted adversely the economies of many of PIDG’s target countries and the restrictions imposed to tackle the pandemic have resulted in delays to projects being developed and financed by PIDG companies. Delays experienced have been both project specific, such as closure of project sites, inability of development teams to travel, supply chain issues, and more generally caused by governments slowing down approval processes and focusing on more immediate priorities. This has impacted the companies’ ability to originate, perform due diligence and execute and monitor transactions. The PIDG companies expect these challenges to continue into 2021.

As part of our immediate response we mobilised a task force across the Group, focussing on the most immediate priorities: to keep people safe; safeguard our investment portfolio and work closely with PIDG investees to keep their activities going whenever possible; keep people in jobs and supporting the wider community activities that they undertook. In 90 days we prioritised and approved tailored support to 22 projects in 18 countries through PIDG Technical Assistance. We learned significant lessons in the process, which we present here.

PIDG’s immediate COVID response

Overarching results in March-June 2020:

- Total funds committed: US\$1.538m
- 22 grants across 18 countries
- Expected to directly reach more than 250,000 people.

Through PIDG Technical Assistance funding and the partnerships with our sponsors and project companies, we expect to directly support:

- 28,000 workers to stay in work through the provision of safety equipment and procedures
- 10,000 people with access to water and hand washing facilities
- Over 18,000 medical staff, 234 clinics, and 30 hospitals to respond or prepare to respond to the emergency with the right equipment
- 100,000 people with vital health messaging to stay safe and limit the spread of the virus.

Working together across all the PIDG companies as well as with our external partners was key to reach these positive results in such a short time frame. In addition, using our partners as the routes for distribution, ensured that funding and equipment reached the intended beneficiaries quickly and in a cost-effective way.



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Lessons learned

1 We were able to mobilise quickly and effectively and in a coordinated fashion. This grew our confidence that PIDG teams can work together flexibly, each playing to their strengths and achieving bigger results together.

2 We know we can make a difference by keeping people safe in their jobs during crisis, partnering with our clients in flexible ways. This supports families and entire communities.

3 We realised the importance of supporting our clients to play a positive role in the community, even when this is beyond their core business mandate. This inspired us to look at our clients’ impact in the community in a more comprehensive way beyond the specific investment we are engaged with, as we can maximise positive impact building on their wider footprint. Key themes emerged, for example the provision of clean water to communities even by clients for whom water is not the core investment activity. We will build on this understanding to seek further synergies and maximise benefits for the communities in our investments.

4 There are significant synergies between utility providers in the off-grid and the water sector. We will explore these further as we realised that it is the ambition of several clients in the off-grid electricity sector to also engage in water provision where feasible.

PROMOTING GENDER EQUALITY

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Particularly in the countries in which PIDG operates, a variety of barriers prevent women and girls from participating in and benefitting from infrastructure equitably, and women are also disproportionately affected by Gender Based Violence and Harassment (GBVH). Yet there is strong evidence that 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.

Globally, women have unequal rights and access to property, assets, formal jobs, education and decision making. They suffer more from shocks and crises, like the effects of the climate crisis and the global pandemic. Women are important agents of change and play fundamental roles as carers, educators and innovators in the community and investing in women multiplies positive impacts. The business case for gender equity is equally strong, as inclusive leadership and workforce positively correlate to productivity, returns and innovation. At PIDG we are determined to be deliberate in adopting a gender and inclusion lens in our investments and operations, as this furthers our mandate on both impact and financial returns and makes PIDG a better place to work.

We fully recognise our responsibility to safeguard women and girls across our operations and we are committed to empowering women through our investments and to deliver gender equity in the workplace. **The PIDG Gender Equity Action Plan** brings together the different areas of our Group's work and operations that are relevant to gender equity. It outlines the key actions that we are committed to implementing in 2021 across our Group of companies and for which we will be held accountable.

PIDG Gender Equity Action Plan

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

It is organised in the three pillars:

1 Safeguarding women and girls

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

2 Empowering women and girls

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

3 Leading by example at PIDG

Pillar 3 reflects that PIDG undertakes to avoid discrimination and promote diversity, inclusivity, and equal opportunities at all levels across the PIDG Group.

Climate and Gender Lens Investing

PIDG puts both climate and gender equality considerations at the core of its investment approach. At the Group level we introduced climate and gender KPIs for each company in 2019. In investment decision making, compliance with PIDG's Climate Change Standards and Gender Equality Standards are two of three minimum compliance thresholds in the very first investment screening (the other being financial additionality).

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

We screen all projects for both gender risks and potential for positive gender outcomes against five gender lens domains: company and project governance, workforce, supply chain, consumer market (products and services) and community.

The approach is showing some results in bringing about innovative solutions that demonstrate gender lens in infrastructure as evidenced in PIDG 2020 investments.

In 2021, we will continue to explore and disseminate practical analysis and best practice of the intersection between climate and gender lens investing, as women are disproportionately affected by climate change and at the same time possess invaluable skills and knowledge that are key to solving some of the biggest climate challenges. For example, women's pivotal role in the community to adapt to climate-related stresses and shocks or as change agents in the community is well-documented.

We will focus in particular on our water and off-grid energy investments, as well as how to meaningfully promote female-led, owned or managed SMEs in the supply chains that we invest in. We are developing global and regional partnerships to improve outcomes at the investment and community level, where it matters the most.

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APPLYING A GENDER LENS

in infrastructure investment



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Zimborders – Safeguarding from GBVH

Integrating GBVH – Safeguarding and Environmental screening and reporting:

The project was screened, vulnerable groups were identified as well as high GBVH risk. A human rights risk assessment was carried out as part of the further due diligence. The Environmental and Social Action Plan (ESAP) was developed and a monitoring and assurance visit took place.

Outcomes:

The project will have additional safeguarding measures and will employ 35% female staff when operational.



Acorn, Kenya – First East African Green Bond

Products and services:

PIDG companies invested in the first East African green bond – with dual listing on London Stock Exchange and Nairobi Securities Exchange – for the development of energy efficient university student accommodation in Nairobi, certified to IFC EDGE standards.

The issuer, Acorn, was supported to take a deliberate gender angle in the design and management of the buildings, developing tailored solutions to ensure safety and well-being of women students as part of their positioning in the market.

A similar approach is being replicated in west and southern Africa.

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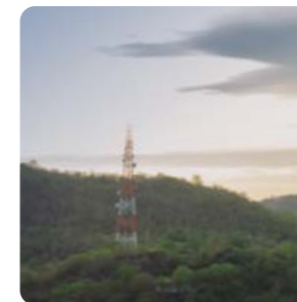
EkoRent, Kenya – first EV Taxi Service

Workforce, products and services:

EkoRent is the first 100% electric taxi service in Africa. PIDG companies financed the company to scale up to 100 vehicles and 6 charging stations.

The company is committed to providing equal pay, equal job access for women drivers and to safeguarding women as both drivers and as passengers, as a unique offer to women customers.

The project's ambition is to empower women in non-traditional roles in a heavily male-dominated sector.



Indonesia Rural Wireless Broadband

Products and services and supply chain:

Net 1 targets broadband provision in very remote rural areas, which we see as important to strengthen resilience.

The company is deliberately targeting women SME customers (currently 49%).

The company is also targeting local women shop owners / traders for the ownership and management of wifi kiosks.



CRDB, Tanzania – promoting women in non-traditional roles

Community:

PIDG TA funds will be used to support a project finance capacity building workshop for Financial Institutions (FI) to create and deliver more infrastructure projects. The workshop will be designed and delivered in a gender-sensitive way to ensure female staff participate and benefit equitably.

RAISING HEALTH AND SAFETY, ENVIRONMENTAL AND SOCIAL MANAGEMENT STANDARDS



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We recognise that to meet our values and to deliver responsible investment we must ensure that there is strong HSES governance across the group and in all our operations. Effective management of HSES reduces risk to our people, partners, communities and environment and builds climate resilience.

In 2020, we updated our policies to include human rights safeguarding, published the 12 PIDG Life-Saving Rules and 10 HSES Safeguarding Rules on our website, and delivered Gender Based Violence and Harassment (GBVH) training workshops across the group. Together, the PIDG Life-Saving Rules and the HSES Safeguarding Rules will go a long way in helping us safeguard the people involved in our projects and protect the communities where we work. However, we recognise that the provision of rules and compliance alone are not enough, and we need to be leaders in setting a strong safety culture.

Also, during 2020, we made GBVH a focus area of HSES risk screening during our due diligence processes, and provided guidance documents to support the implementation of gender equality and the prevention of GBVH and to strengthen our reporting and monitoring capabilities. From our lessons learnt we recognised the importance of having a project-safeguarding Code of Conduct across all our projects and reaching out to each and every person. We made this requirement a safeguarding rule and made it a contractual requirement of all our future transactions.

These rules, coupled with our safety culture development, will continue to be the mainstay of our group focus in 2021 through group-wide implementation and assurance. We will look to adopt new systems and tools to ensure our due diligence and monitoring and assurance remain first-rate and a key focus of our work across the group. As part of our COVID-19 contingency planning, we must ensure we do not roll-back on existing HSES standards and their implementation that we have worked to achieve in the last two years.

This Annual Review has been developed in the midst of a global health crisis. Whilst so much remains uncertain about the course of the COVID-19 pandemic, what is clear is that the way we undertake HSES risk assessments, due diligence and then support our portfolios will be very different in 2021 and beyond. Our responsibility is to help our teams and investees navigate these impacts in everything we do, from managing portfolios to developing HSES tools and skills to support our front line HSES practitioners.

Some key priority areas for 2021 are, but are not limited to:

- **Integrating HSES into Development Impact** – 100% of new deals to be reviewed and assessed for HSES risks alongside DI requirements prior to investment.
- **Improved HSES Risk** – Assessment of all new projects using the HSES risk screening tool to help portfolio and risk managers better identify, quantify and monitor sustainability-related risks.
- **Enhancing HSES Standards** – Transport and Road Safety, Electrical Safety, Gender Based Violence and Harassment (GBVH) Safeguarding, Modern Slavery and Project Security Human Rights Management.
- **New HSES Tools** – Implementation of our PIDG Life-Saving and Safeguarding Rules tool packs, supported by capacity workshops, training events and webinars.
- **Remote Monitoring and Assurance** – PIDG HSES Self-Assessment Questionnaire (SAQ) to assist portfolio managers to undertake virtual, desk based, HSES monitoring and assurance reviews.
- **Reporting** – Expanding our HSES data reporting to require all PIDG companies to report HSES monitoring data annually along with enhanced serious incident reporting.

Safety culture behaviour

Our Life-Saving and Safeguarding Rules make all our people more aware of their own responsibility towards safety and stimulates a working environment in which safety, responsibilities and potentially hazardous or harmful situations are openly discussed and reported. We help keep safeguarding a priority through regular engagement activities and training at all levels.

In 2020, we talked to some 300 staff, associates and portfolio partners about the PIDG Life-Saving Rules and their needs and concerns around safety and this dialogue showed us again that safety and safeguarding is first and foremost about behaviour. As a result, we implement tools that, for example, help us all to communicate effectively on safety culture, understand hazard recognition, undertake interventions and most importantly learn lessons from serious incidents. This emphasis on behaviour will continue in 2021 and onwards through the development of an HSES focused centre of excellence within PIDG which will stimulate implementation to be long-lasting and not just rule-driven.

Considerable work has been done on developing our HSES risk register for the PIDG portfolio in 2020. We will embed this valuable tool into our management systems and start to use the data to develop risk based and targeted HSES monitoring assurance and capacity development visits to portfolio projects in 2021. Group-wide HSES data collection and annual monitoring reporting guidance is now in place, and shall be enhanced and implemented further in 2021 with the PIDG companies collating and analysing HSES metrics as part of internal Annual Monitoring Reporting process.



PIDG LIFE-SAVING RULES
**CHANGING LIVES
SAVING LIVES** ✓



PIDG SAFEGUARDING RULES
**CHANGING LIVES
PROTECTING LIVES**

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IMPACT ON PLANET

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

This area of impact considers the carbon intensity of PIDG investments, the overall carbon footprint of those investments and their resilience to the changing climate.

PIDG rewards and fast tracks projects that can demonstrate the technical and commercial viability of innovative climate solutions.



EKORENT NOPEA

– Kenya



GOLOMOTI SOLAR

– Malawi



Accelerating access to clean transportation in Nairobi

Challenge:

- By 2050, it is estimated that African cities will be home to an additional 950 million people. In Kenya, rapid urban growth coupled with limited public transport and dependence upon fossil fuels for vehicular transport has led to congestion and poor air quality in cities such as the capital Nairobi.
- With the Kenyan Government's commitment to expanding the role of renewables in the country's energy mix, attention has turned to the potential for investment in electric mobility to reduce greenhouse gas emissions and expand the role of renewables in the Kenyan transport sector.

Solution:

- InfraCo Africa has joined with EkoRent Oy (EkoRent) to pilot the expansion of its Nairobi-based electric taxi company, NopeaRide.
- InfraCo Africa's involvement will enable the company to grow its fleet to 100 Electric Vehicles (from 30) whilst also expanding its charging infrastructure across the city.
- New charging infrastructure will be rolled out in an efficient and cost-effective manner using data derived from Nopea driver and passenger apps, Nopea vehicles, charging stations, and by monitoring traffic flow and popular journey routes.

Impact:

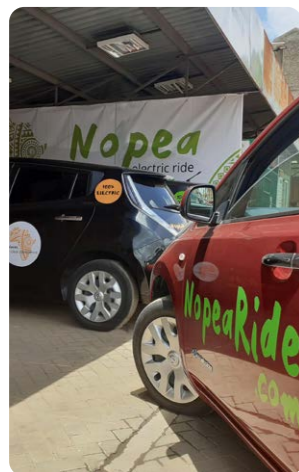
- NopeaRide's electric vehicles cut direct greenhouse gas emissions.
- Running and maintenance costs of Electric Vehicles are less compared to combustion engine taxis.
- For drivers, these cost savings translate to a 30-50% increase in their income, compared to potential earnings if driving conventional taxis.
- NopeaRide plans to move towards driver-owned vehicles, with maintenance training and technical services.
- The NopeaRide apps incorporate safety features to safeguard drivers and passengers, with a particular focus on female passengers and drivers.
- With potential for subsequent phases of development, the EkoRent model is highly replicable.



Financial close
NOV 2020

Investment by InfraCo Africa
€1M

Total investment
€2.85M



Building Malawi's solar energy future

Challenge:

- Malawi has an electrification rate of just 12.7%, with frequent power outages affecting economic productivity.
- Malawi's energy sector is currently reliant upon hydro power; however, rainfall fluctuations have severely impacted electricity generation in recent years.
- The Government of Malawi has recognised energy as a key driver of economic growth in its Growth and Development Strategy (2017-2022) and is working to diversify the country's energy mix and to establish regulatory frameworks needed to attract private sector investment to Malawi's energy sector.

Solution:

- The 20MWAC Golomoti Solar photovoltaic project will deliver much-needed power to Malawi's national grid. It is expected to become operational in 2022.
- With grant funding from Innovate UK, Golomoti Solar will pioneer implementation of a state-of-the-art 5MWh battery energy storage solution (BESS).
- InfraCo Africa is co-developing Golomoti Solar with JCM Power (JCM), replicating their successful partnership on Salima Solar, a neighbouring 60MWAC grid-tied project.

Impact:

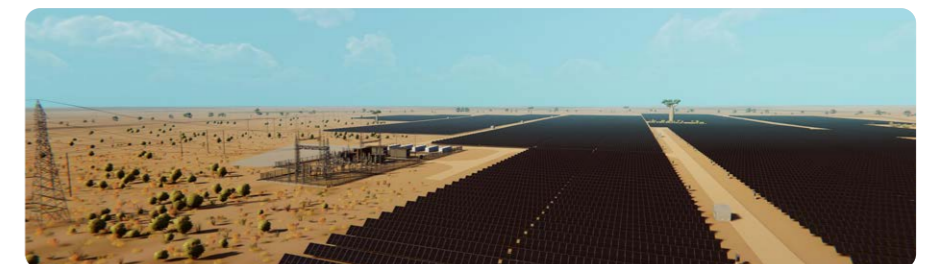
- Golomoti Solar will provide much needed electricity to the national grid, improving the availability and reliability of power for businesses and households.
- Golomoti Solar will also demonstrate the viability of a utility-scale BESS which will ease the integration of renewables power into the national grid.
- The BESS will reduce the national utility's reliance on hydropower and diesel generation, whilst ensuring that grid stability is maintained.
- It is anticipated that performance data from the BESS will inform similar systems elsewhere in the region.



Financial close
DEC 2020

InfraCo Africa provided
US\$8M

Total investment
US\$34.7M



TAKING ACTION

on climate change

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The countries that PIDG invests in have some of the lowest historic and current per capita emissions of Greenhouse Gases (GHGs) in the world – yet are the countries that are the most impacted by the changing climate, facing risks to health, livelihoods, food security, water supply, human security and economic growth.

Developing new infrastructure that is resilient enough to withstand the inevitable changes in climate over the coming decades is critical to achieving lasting impacts. Rapid population growth and urbanisation, as well as the aspirations of the predominantly young population, create the challenge and opportunity to plug the significant infrastructure gap in innovative ways.

PIDG is committed to demonstrate the technical and financial viability of innovative climate resilient infrastructure that contributes to a transition to global net zero. Developing greenfield infrastructure in the most difficult markets, where it matters most to sustainable socio-economic development, should be a deliberate focus of climate finance for an equitable and just transition.

This work is at the core of PIDG’s mandate. We believe that high risk project development – focused on innovative financing for solutions that leapfrog high GHG emitting infrastructure – should receive substantially more attention and international effort. Long-term debt, guarantees and local currency solutions will be key ingredients to achieve scale, replication and market transformation.

PIDG has a strong track record as a ‘market maker’ in the sustainable infrastructure space, particularly in renewable energy. PIDG companies developed and financed some of the first independent power producers in several frontier markets including Pakistan (wind), Vietnam (solar and hydro), Chad, Guinea, Mali, Burkina Faso (solar) and Ethiopia (geothermal).

PIDG investments pioneer technological innovation, for example Cabeolica – one of the first commercial scale wind Independent Power Producers (IPP) in Africa, in Cape Verde, or Kivu watt in Rwanda – harnessing harmful gas from Lake Kivu for clean energy production, Golomoti Malawi – one of the first on grid solar PV plants with a Battery Energy Storage System, and more recently EkoRent / Nopea in Nairobi, the first fully electric taxi service in an African capital.

Capital market development is a central component of PIDG’s work, as demonstrated by the focus on local currency solutions, setting up local vehicles like InfraCredit Nigeria and InfraZamin Pakistan and developing the green bond market in local currency.

We know that the scale and urgency of the climate emergency means that there is much more to do, together.

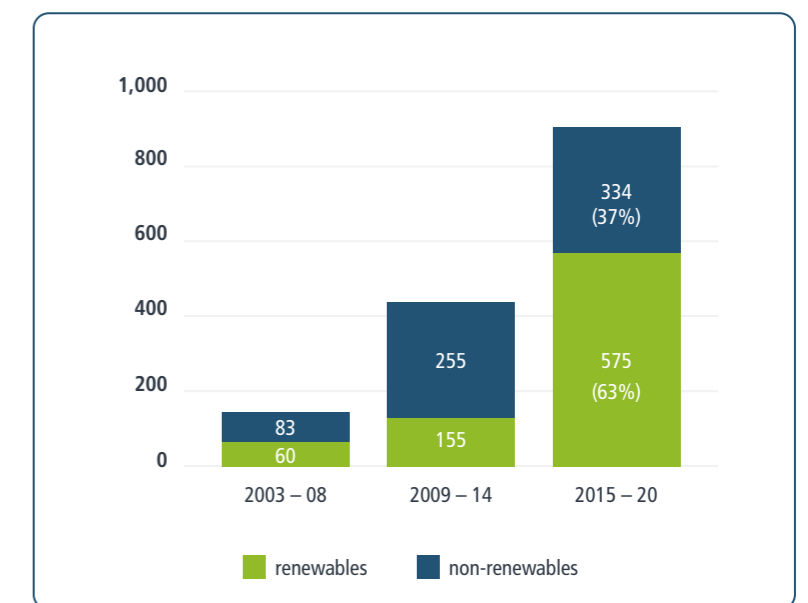
PIDG's pivotal role in the energy sector

During 2002-2020 PIDG has committed **US\$1.46bn** to energy projects. **54%** of cumulative commitments are in renewables.

PIDG commitments are expected to generate nearly **5.6GW of new installed capacity**, half of which is in renewables.

The evolution of commitments over time shows PIDG’s pivotal role in the renewables market.

PIDG's renewable/non-renewable split over time (US\$m committed)



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PIDG's commitment and 2020 action

PIDG is committed to supporting the goals of the Paris Agreement on Climate Change and to invest in projects that assist countries to transition towards a global net zero carbon economy by 2050, in line with the goals of keeping global temperature increase below 2 degrees and towards 1.5 degrees above pre-industrial levels. PIDG aims to accelerate progress towards the goals of the Paris Agreement, by supporting the development of low carbon, climate resilient infrastructure and mobilising flows of climate finance to countries with the widest infrastructure gap.

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

The PIDG Climate Strategy spells out the areas of work that the PIDG companies will prioritise in order to fulfil this ambition.

The overall strategic objective of PIDG's climate change action is to accelerate an equitable and just transition to Net Zero in the countries in which we operate. PIDG aims to do so by enabling the development of low carbon, climate resilient infrastructure and mobilising flows of climate finance to countries with the widest infrastructure gap, to leapfrog and replace the highest GHG emitting technologies.

During 2021-23 we will focus on four specific strategic objectives:

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

Since 2020, all new investments that PIDG companies consider must demonstrate alignment with the goals of the Paris Agreement. At the operational level, PIDG Climate Standard covers the minimum requirements that we expect in each PIDG investment, as well as the decision trees that allows us to demonstrate alignment.

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

- **2019** – First PIDG climate KPI established.
- **Jan 2020** – PIDG signed up as a supporter to the Task Force for Climate Related Financial Disclosures (TCFD) and adopted an ambitious programme of actions across the Group under the four TCFD Pillars of Governance, Strategy, Risk and Metrics and Targets.
- **Jan 2020** – All new investments Paris aligned. Rigorous decision trees and we fast track investments that introduce innovative climate solutions.
- **Feb 2020** – study on market ready climate innovation in energy and transport concluded and integrated in origination.
- **May 2020** – PIDG was the first ODA funded organisation to publish the estimated carbon footprint of its investments.
- **Sept 2020** – Climate physical and transition risks systematically included in the review of all new investments.
- **2021** – scoping nature positive infrastructure solutions.
- **June 2021** – **First PIDG TCFD Disclosure Report.**

Priority themes of PIDG Climate Change Action in 2021-23

Priorities

Mobilise private climate finance in underserved, fast growing markets, demonstrating the viability of low carbon, climate resilient infrastructure for private investors.

Strengthen climate change adaptation and resilience through our investments.

Mobilise domestic investors and stakeholders in emerging markets including through local currency solutions.

Integrate climate and gender investment lenses in our work.

Tools

- PIDG acting as market maker in frontier markets.
- Leapfrogging technologies and stimulating innovation.
- Project development, long term finance, local currency solutions, guarantees and green bonds.

- Systematic assessment of climate risks (all sectors).
- Integration of climate resilience considerations in infrastructure design (all sectors).
- Exploring nature proof and nature positive infrastructure solutions.

- Partnership with InfraCredit Nigeria, InfraZamin Pakistan and new Credit Enhancing Solution in Kenya.
- Building local capacity for green bonds and local currency solutions.
- Local stakeholders' engagement and end users voices, with focus on youth and women.

- Partnerships with regional organisations (Asia, Africa) as per **Gender Equity Action Plan 2021.**

Focus Sector and Countries

- Renewable energy (Battery Energy Storage Solutions; Off-grid and distributed energy solutions at scale).
- Electric mobility.
- Energy efficient affordable housing.

- Water.
- Agri-supporting infrastructure (logistics, irrigation).
- Resilient cities.
- Exploring natural capital infrastructure.

- Building capacity of local sponsors and investors to stimulate innovation.
- Being a conduit for voices from our markets in the global debate on the transition to net zero.

- Off-grid and water sectors.
- Women led businesses in infrastructure supply chains.

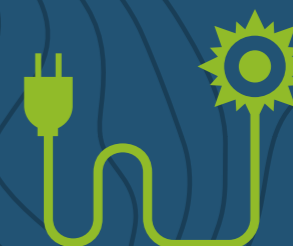
PAKISTAN ROOFTOP SOLAR PLATFORM

– (Phase 1)



GREEN YELLOW RENEWABLE ENERGY

– Madagascar



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Financial close
JUL 2020

Total Investment (Phase 1)
US\$7M

InfraCo Asia provided
US\$4.9M

Development of a portfolio of distributed rooftop solar systems in Pakistan

Challenge:

- Approximately 21% losses in electricity transmission and distribution dents the economic progress of industries.
- The country continues to rely heavily on coal and thermal power (over 62%) to fuel the growth of its trade and industries.
- Despite the government's ambitious plans for the development of renewable energy, private sector developers remain challenged by a lack of project development capacity, limited access to mainstream financing, and perceived sovereign risks.

Solution:

- InfraCo Asia is jointly developing a 40MW distributed solar portfolio in Pakistan with Albario Engineering Private Limited, a privately held engineering services provider.
- To overcome the barriers of inadequate financing in the region, the project will be developed in phases. The partner's and InfraCo Asia's development equity will implement 4MW in Phase 1. Debt will be raised from regional banks to expand the portfolio to 40MW in Phase 2.
- Power generated from the project will be sold to industries, institutions and schools.

Impact:

- Commercial and industrial players are the main end-users and they are expected to benefit due to less interruptions from power outages as energy supply would improve. In addition, the grid connected solar systems are also expected to provide access to clean energy for another 7,600 grid-connected users in Phase 1.
- The project will help improve Pakistan's energy mix and contribute towards the country's target of producing 60 per cent of its electrical power from renewable sources by 2030.

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Financial close
OCT 2020

GuarantCo provided a
US\$9.3M guarantee

Mobilising
US\$18.94M
private sector investment

Total investment
US\$19M



Development of Madagascar's renewable energy sector

Challenge:

- Madagascar's energy mix is presently dominated by heavy fuel oil and diesel. The Madagascar Government aims to achieve an 80 percent renewable energy mix by 2030 and improve its energy security.
- The government owned vertically integrated utility, 'JIRAMA', operates most of the country's grid infrastructure, and requires the involvement of the private sector if it is to address the acute shortage of electricity access and achieve its renewable energy target.

Solution:

- GuarantCo's first guarantee in Madagascar, the c. MGA 36.9 billion (US\$9.3 million) 50% partial credit guarantee with a 9-year tenor supports the leverage of the funding structure of Green Yellow, whose 20MW plant is the first on-grid solar plant in the country.
- Proceeds will support Green Yellow's development of renewable energy projects in Madagascar and the wider region, increasing diversification of the energy mix and access to affordable electricity, and giving local banks the confidence to invest in renewables in the future.

Impact:

- Projects will provide access to clean energy for households and companies, create jobs, and stimulate wider economic development.
- Madagascar people and businesses will have access to more affordable energy, as the Green Yellow project's initial tariff is set at just EUR 14.8 cents / kWh till 2031 and EUR 12.5 cents / kWh thereafter, half of JIRAMA's EUR 25-31 cents. Hybrid projects' tariff will be lower again.
- Provision of clean energy offsets other local polluting sources of grid electricity generation, as well as diesel generators.

IMPACT ON WIDER ECONOMY

The infrastructure that PIDG funds creates indirect impacts in the wider economy. PIDG investments enable increased revenues and reduced costs for local businesses through the infrastructure that we finance and this boosts fiscal revenues.



PORT AUTONOME DE DAKAR

– Senegal



ZIMBORDERS

– Zimbabwe



New National Port of Dakar and Special Economic Zone (SEZ)



Financial close
OCT 2020

Total investment
US\$108M
(initial phase)

Investment by EAIF
US\$15M IN XOF
EAIF as anchor investor



Challenge:

- The current port is constrained by its location in central Dakar with the city surrounding it.
- The port is considered to be one of the city's main contributors to traffic congestion, as trucks must enter the city precinct.
- The port is also constrained as it has no deep-water access.
- The port is one of the major ports of west Africa and a key driver of potential economic growth.
- Under-investment in port equipment has resulted in limitations in port cargo processing capabilities, an old and inefficient port lay-out means delays and congestion.

Solution:

- EAIF acted as anchor of the regional XOF bond to finance the construction of a new modern port facility and Special Economic Zone. The bond, a regional offering to the XOF region of west Africa totalled XOF 60bn (US\$107m).
- The 7-year bond will finance the first phase of relocating the Port of Dakar and the construction of a new Special Economic Zone at Poppinguine-Ndayane, near Dakar.
- The deep-water port will have enhanced road and rail networks access into the west Africa region, securing Dakar's position as a regional trade hub.
- Construction expected to begin in late 2022.

Impact:

- The port is a '4th generation' industrial port, and will be one of the most advanced ports in Africa.
- Turnaround times will fall by between a half and two thirds.
- A "Green port" strategy includes a large-scale tree planting programme.
- An additional 400 jobs will be created when the port relocates.
- c.3,000 construction jobs.
- EAIF promoting improvement of bond market efficiency through better transparency, covenants and reporting on ESG/HSES standards.
- A new City district rejuvenation project in the location of the old port.



Financial close
NOV 2020

Total investment
US\$296M

Investment by EAIF
US\$44M
EAIF provided senior and junior debt



EAIF fills funding gap in the upgrade of the Beitbridge Border Post to stimulate trade in SADC

Challenge:

- Beitbridge is one of the busiest border posts on the African continent, lying on the critical north-south corridor.
- The biggest challenge that the border faces is the issue of severe traffic delays, for both passenger vehicles and trucks. The outdated systems and ageing infrastructure were unable to cope with the huge rise in traffic numbers and increase in cross-border trade.
- The project experienced a critical funding gap. Besides EAIF providing long term senior debt alongside commercial banks, the transaction also required a junior debt tranche.
- Zimbabwe is a challenging jurisdiction from an economic and lending perspective.

Solution:

- EAIF acted as both senior and junior facility lender in the transaction. The junior facility bridged a critical funding gap between the senior facility and shareholder equity. This eased the pressure on the project cash flows because EAIF provided a longer tenor.
- The presence of EAIF in the financing resulted in greater emphasis being placed on a robust Human Rights due diligence and reporting framework.
- The transaction was conservatively structured to manage some of the FX and traffic risks, by having offshore revenue collection accounts and US\$ based payment systems.

Impact:

- Development Impact of the project is quite broad – from improving revenue collection systems and reporting to increasing logistics efficiency in the SADC region. This transaction is also expected to encourage and mobilise FDI into Zimbabwe.
- EAIF has established a benchmark for enhanced Human Rights due diligence and monitoring.
- A dedicated plan to address the risk of Gender Based Violence and Harassment (GBVH) is in place, with a focus on women traders and migrants. This resulted in an increased number of women employed at the border post and additional monitoring measures.
- The borrower has committed to empower local women during the operation period of the project through a targeted recruitment drive and additional safeguarding measures.

IMPACT ON THE WIDER ECONOMY

– the key role of infrastructure for trade and economic development

Stimulating investment, trade, entrepreneurship and job creation is a key challenge to fulfil the ambitions of the growing young population and unlock the demographic dividend in emerging markets. Infrastructure plays a crucial role to enable trade and economic development, improve productivity, create job opportunities and enhance fiscal revenues.

PIDG's approach

PIDG is well placed to contribute to the infrastructure needs that serve conglomerates of businesses creating jobs, logistics hubs, transport nodes and other designated initiatives promoting smallscale manufacturing (including agro-processing), more traditional manufacturing and sustainable industrialisation. PIDG engagement can happen at the level of supporting infrastructure like the Gabon Special Economic Zone (SEZ) and Port Autonome de Dakar or by partnering with developers of smaller manufacturing and industrial developments that attract multiple businesses.

PIDG's role is both to accelerate these initiatives and to enhance their standards, on quality of jobs, gender equity, health and safety, environmental management, energy efficiency and carbon emissions. PIDG can support by e.g. providing early-stage development equity and TA to well-structured SEZ PPPs and by debt and equity financing to bulk/logistics companies, utility services providers and by focusing on all the ancillary infrastructure.

Regional transport and logistics

Disruption to intercontinental travel and trade during the pandemic was a stark reminder that proximity matters, and regional integration is a key driver of growth and economic resilience.

The progress of the African Continental Free Trade Agreement creates some cautious optimism and highlights even further the importance of regional transport and logistics for economic growth in the continent. We have a number of exciting pipeline investments in regional transportation and logistics that we expect will make an important contribution to regional trade and enable global trade over the years.

Enabling manufacturing and local value addition

Moving workforce to higher paying jobs, from primary agriculture to light weight manufacturing including agribusiness and the wider manufacturing and industrial sectors, is a key strategy to create the jobs that the growing young population needs. A crop of young entrepreneurs and innovators can be supported to disrupt economies over the next years.

We will focus on selected direct investments that create a large number of jobs, including in manufacturing as well as working on infrastructure that enables multiple businesses through our programmatic investments in and around Special Economic Zones (SEZ).

LIBERIA INLAND STORAGE FACILITY

– Liberia



HELIOS TOWERS AFRICA

– Pan Africa



Financial close
DEC 2020

InfraCo Africa provided
US\$6.8M

PIDG TA provided
US\$0.4M

Total investment
US\$9.6M



Delivering storage solutions to facilitate regional trade

Challenge:

- Liberia largely depends on imports to fuel its small but expanding economy. The Freeport of Monrovia is Liberia’s main international entry point to its capital city, where 90% of the country’s economic activity takes place.
- Despite significant investment into port and road infrastructure in recent years, there is an identified shortage of storage and other logistics infrastructure required to complement the import supply and export value chains and ensure trade is handled efficiently. Without such infrastructure, costs increase exponentially, businesses struggle to export their products in a timely fashion, and consistent delays exist in delivering basic food supplies, livestock and animal products to Liberia’s consumers.

Solution:

- The Liberia Inland Storage Facility (LISF) project will build Liberia’s first commercial open-access, storage facility.
- The project will provide businesses with approximately 4,600m² of modern warehousing space.
- With state-of-the-art inventory management systems, loading and unloading capacity, the LISF will be the first of its kind to meet the needs of Small and Medium Enterprises (SMEs) and larger companies seeking flexible access to storage space in Liberia.

Impact:

- Access to high-quality storage will significantly reduce supply chain losses for SMEs; stabilising prices and contributing to Liberia’s wider economic growth.
- PIDG’s Technical Assistance (TA) funded a pre-feasibility study to assess power options for the LISF. TA has since provided capital for a rooftop solar-hybrid system to maximise energy efficiency.
- The LISF’s flexible design will allow for the inclusion of alternative storage solutions in the future to meet the evolving needs of Liberia’s businesses.
- The LISF is expected to generate 40 jobs during construction and 27 jobs once operational.



Financial close
JUNE 2020

Total investment
\$750M

Investment by EAIF
US\$30M
EAIF as anchor investor



EAIF anchors successful bond raise for Helios Towers Africa (HTA)

Challenge:

- Because of the global financial uncertainty caused by COVID-19, the African corporate debt capital markets were volatile and the bond amount that HTA intended to raise was considered challenging given the market circumstances.
- HSES reporting to bondholders tends to be limited for listed instruments and not to the level EAIF tends to desire. It was clear that EAIF would require an enhanced reporting framework in order to participate in the bond.

Solution:

- EAIF acted as an anchor investor in the HTA bond. EAIF’s decision to participate could therefore be seen as a strong indicator on the general sentiment towards the company/markets in which it operates in. The company did consider the size of the bond in view of market volatility. EAIF’s support enhanced the chance of success for a sizeable issuance.
- Following dialogue with the Company, EAIF agreed a robust HSES reporting framework. In addition, given the strong emphasis placed by HTA on establishing a more robust HSES reporting framework, EAIF has been invited to participate in the development of this framework.

Impact:

- The issue was well subscribed and HTA were able to raise US\$750 million. Consequently, EAIF scaled back its investment to US\$30 million, having initially committed up to \$60m, to allow more private investors to participate. EAIF’s anchor investment helped to keep the African corporate debt capital market during volatile times.
- The robust HSES reporting framework enables EAIF to actively monitor the performance of a listed instrument. This reporting framework has paved the way for additional capital market issuances and support. EAIF continues to support the expansion of HTA’s tower network throughout 4 African countries. These towers are essential for the roll out of digital communications services.

TRANSFORMING MARKETS

PIDG's investments unlock financing by local investors and investors who are new to infrastructure asset classes, and stimulate replication and market transformation, enabling future flows of infrastructure finance.

In this impact area we focus on aspects that will enable positive market transformation beyond the project that PIDG is financing. Building local capital markets and local currency solutions is a deliberate Group focus.



INFRACREDIT

– Nigeria



INFRAZAMIN

– Pakistan



Unlocking long term infrastructure finance in Nigeria



Established
DEC 2016

Financial close (InfraCo Africa)
DEC 2020

InfraCo Africa
Investments (equity)
US\$27M

GuarantCo
(Contingent Capital)
US\$25M

Technical advisory
US\$1M



Challenge:

- InfraCredit is a Lagos-based credit guarantee institution established by PIDG company GuarantCo and the Nigerian Sovereign Investment Authority. InfraCredit provides Naira-denominated guarantees to enable infrastructure projects to raise local currency debt finance from the domestic market.
- With a robust pipeline of Nigerian infrastructure projects, InfraCredit needed to raise equity to bolster its balance sheet so it could maintain its AAA credit rating and issue further guarantees.

Solution:

- InfraCredit's guarantees enable infrastructure companies to issue bonds by providing a 'credit wrap' that secures timely repayment of principal and interest to investors, acting as a catalyst to mobilise financing from those seeking investment grade bonds.
- InfraCo Africa's equity investment will diversify InfraCredit's ownership structure and strengthen its balance sheet, supporting the company's AAA credit rating and attracting further long-term local currency finance for the infrastructure projects it guarantees
- InfraCo Africa will also champion further enhancement of the Health, Safety Environment and Social (HSES) and Anti-Bribery and Corruption (ABC) management systems implemented by those seeking benefitting from InfraCredit guarantees.

Impact:

- The credit enhancement offered by an InfraCredit guarantee lowers the perceived investment risk, making infrastructure projects more bankable.
- To date, InfraCredit have issued four guarantees and have a robust pipeline of potential guarantees for 2021 onwards.
- By attracting institutional investors to support the development of infrastructure projects, the model aims to unlock significant funds and transform infrastructure finance in Nigeria by extending the length of tenor and lowering financing costs.

Establishment of a local currency credit enhancement facility in Pakistan



Financial close
NOV 2020

InfraCo Asia (equity)
\$15M

Total Investment
US\$76M

Technical Assistance
US\$1M

GuarantCo (Contingent Capital)
UP TO US\$50M
Capped at level of equity capital

Challenge:

- The Pakistan financial system is characterised by low levels of financial participation and development – generally, only the largest corporate groups have access to formal finance channels. Smaller banks or other NBFs are generally unwilling to consider non-recourse financing.
- Overall, there is a significant infrastructure investment deficit in Pakistan. Moreover, the government, typically the main funder of infrastructure, is fiscally constrained.

Solution:

- InfraCo Asia, together with partner Karandaaz Pakistan, is providing the core equity for the facility, InfraZamin Pakistan ("IZP"), while GuarantCo will provide the contingent capital.
- IZP will issue credit guarantees for infrastructure-related debt instruments based on its AAA rating from PACRA, the local credit rating agency, and thereby attract private capital that would otherwise not participate in lending to infrastructure-related sectors in Pakistan.

Impact:

- This will be the first-of-its-kind credit enhancement facility in Pakistan.
- The facility is expected to increase the capital available for financing infrastructure projects, as well as contribute to the knowledge of Pakistan's financial market and investors – on the use of credit guarantees for complex transactions.
- A further goal is to create a sustainable entity where, further private capital can be mobilised to support the future growth of IZP.



TRANSFORMING CAPITAL MARKETS

to unlock infrastructure financing at scale

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PIDG companies continue to demonstrate their ability to complete truly pathfinding transactions while also diversifying into new sectors. This ensures the group stays true to its mission and operates at the frontier and where it matters most. As a Group, PIDG is also in a unique position to further maximise its impact by moving from closing impactful individual projects to providing holistic end-to-end solutions to a significant market need or a market failure. By leveraging the "power of the Group" true market transformation can be achieved and new frameworks were set up to accelerate the move in to this direction. One area of focus currently and in the near term is the coordinated work that PIDG companies can do to support the pipeline development, financing structuring and local stakeholders' capacity building to unlock climate finance, including through green bonds.

PIDG InfraSolutions

The challenges that most low-income countries in Africa and Asia face today are unprecedented. Infrastructure development involves large amounts of upfront capital expenditure, which resource constrained governments struggle to meet given the small tax base, limited room to raise taxes, and the declining official development assistance (ODA). Where funding is available, it continues to be sourced largely from multilateral or development finance backed resources which are invariably in hard currency. The challenge is further compounded by the pandemic which has seen low-income countries' exchange rates lose ground against foreign currencies, increasing the cost of foreign currency debt and invariably resulting in more expensive infrastructure.

In order to address the most significant needs and biggest market failures, a targeted and coordinated approach is required.

The PIDG Group is uniquely positioned to use the offering, expertise and innovative capacity of its different companies. By combining efforts and leveraging the "power of the Group", PIDG can create bundled solutions that multiply the impact and drive true market transformation in a way that few others can.

Local currency solutions will play a key role to address the challenges of infrastructure financing in low income and emerging markets and to unlock significant pools of local finance, including from local pension funds. This is why building capacity for local currency financing is a deliberate focus for PIDG.

PIDG InfraSolutions will act as an in-house catalyst for accelerated local currency finance solutions in frontier markets. It is being set up to be a pathfinder, arranger and collaborator with key market players with the aim of mainstreaming local currency finance in infrastructure projects in the frontier markets within the PIDG mandate.

Market realities form the foundation for PIDG InfraSolutions:

- 1) It is difficult to attract private capital to frontier markets given that they are riskier, smaller and less tested markets, yet there is a strategic shift in these markets given the recognition of the financing gap.
- 2) Providers of capital shy away from these markets mostly due to institutional incentives which reward closure of sizeable transactions making transactors logically focus on "easier" markets where there is more certainty of closure.
- 3) Local currency financing even though more available, remains largely under-developed even in 'more developed' markets like Kenya, there is no market for local currency interest rate swaps, which makes structuring long term fixed rate financing a challenge.
- 4) To make the opportunities investable, work needs to be done to strengthen the investees capacity in areas such as financial, operational and HSES compliance.

PIDG InfraSolutions' vision and mission can be articulated as follows:

- a) PIDG InfraSolutions' vision is to become a catalyst for accelerated local currency finance solutions in frontier markets.
- b) PIDG InfraSolutions' mission is to be a pathfinder, arranger and collaborator with key market players aimed at mainstreaming local currency finance in infrastructure projects in frontier markets within the PIDG mandate. This will develop local capital markets whilst improving the affordability of infrastructure assets and assisting with the alleviation of poverty.

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Financial close
JULY 2020

Total project investment
US\$180M

Investment by EAIF
US\$27.2M
EAIF as anchor investor



The largest listed bond in West Africa to fund the modernisation and extension of Sonatel's network in Senegal

Challenge:

- Sonatel were seeking to raise the largest listed corporate bond in the region to date, with the target XOF 100bn being almost 3x larger than the average ticket size in the region. This was made even more challenging on the back of the market volatility caused by the COVID-19 pandemic.
- The timeline for the bond launch was short, and this was EAIF's first XOF instrument. This meant EAIF would need to seek approvals and ensure all the requisite local accounts/hedging was put in place in an expedited fashion.
- The local regulatory framework, covenant package and reporting requirements for a listed instruments was limited as compared to other issuances that EAIF has participated in.

Solution:

- EAIF acted as an anchor investor in the bond. EAIF's decision to participate could therefore be seen as a strong indicator of the general sentiment towards the company/markets in which it operates in. EAIF had a scale back provision from US\$50m to US\$20m should there be enough appetite from private investors.
- All processes were expedited without compromising on the detailed due diligence review. EAIF/PIDG worked to ensure all accounts were set up and the required approvals were in place.
- EAIF was able to seek a slightly enhanced covenant package and reporting framework, with a view to play a more active role in structuring future deals.

Impact:

- The issue was well subscribed and Sonatel were able to raise the full XOF 100bn. Consequently, EAIF scaled back its investment to XOF 15.1bn (US\$27m), having initially committed up to XOF 28bn (US\$50m), to allow more private investors to participate).
- EAIF was able to close the deal in a short window, further demonstrating the flexibility of the EAIF process.
- Proceeds will be used by the company to improve its offer in rural area. We expect rural 4G coverage to increase to 97% from current 51% significantly improving service. Accelerating the programme replacing diesel generators with solar in rural telecom towers is another use of the bonds proceeds.
- Through this bond, EAIF started working with the regulator to strengthen the standards of reporting on health safety and environmental standards in future bonds.



Financial close
JULY 2020

Guarantco provided a
US\$26.23M
liquidity extension guarantee

Total Private Sector Investment
US\$61.2M

Technical Assistance
US\$94K

Development of a 65MW natural-gas fired thermal plant in Togo

Challenge:

- As an LDC country, Togo currently has one of the lowest income countries in the world, Togo currently has a generation capacity of just 235MW. The government plans to significantly upscale its domestic generation capacity, with the support of private sector investors, to address the power deficit experienced by the country.
- Although bank funding in Togo is available, any local-bank lending beyond 7 years is practically unfeasible due the asset/liability mismatches of local banks and the resulting effects on liquidity ratios. Sponsors rely on hard currency denominated DFI debt for long tenors or, if they want local currency debt, must put pressure on project cash flows by structuring the transactions on shorter tenors that local banks can provide.

Solution:

- GuarantCo provided a XOF 15.3 billion (US\$26.23 million) Liquidity Extension Guarantee (LEG) to finance the construction of a 65MW natural gas-fired thermal plant, providing banks with the option to lend for 14 years for the first time.
- PIDG Technical Assistance used to further improve environmental and operational performance.
- The project has been assessed as aligned with the goals of the Paris Agreement on Climate Change through PIDG's gas decision tree. Togo is classified as a Least Developed Country with a low electrification rate (35%) and a need for additional grid generation capacity. The plant will use the most efficient technology and, based on a 25 year Power Purchase Agreement (PPA), will finish operation before 2050. There is a clear need for power in Togo and alternatives for baseload are not apparent (no geothermal resource, limited hydro resource). Construction of intermittent renewable energy is planned and Kekeli will have an important role in supporting the grid and balancing and enabling intermittent power from solar.

Impact:

- Provides electricity to over 2 million people in Togo, responding to increasing demand, and supporting the Government of Togo's power ambition.
- More competitive and reliable electricity tariffs, due to reduced reliance on electricity imports, as well as the extended tenor and LCY denomination of the LEG.
- Located in the capital, the plant will provide over 200 jobs, and boost local economic growth.
- Environmental and operational lessons learned can be applied across other projects in the group and in Togo.
- This project demonstrates the viability of an innovative solution to a problem that is common to similar large infrastructure projects in west Africa.

KEY DEVELOPMENT IMPACT METRICS

PIDG Group and companies



PIDG commitments BY GEOGRAPHIES

In 2020, PIDG committed more than US\$537m to 75 transactions – over US\$501m to 22 investments and US\$36m to 53 PIDG TA grants

Of these commitments:

47% were to projects in **Fragile and Conflict-Affected States** **46%** were to projects in **Least Developed or other Lower-Income Countries (DAC I/II)**

Since 2002, PIDG has committed US\$4.4bn to 547 transactions – US\$4.2bn in 230 investments, and US\$166m to 317 PIDG TA grants and DevCo mandates

Of these cumulative commitments made by PIDG since 2002:

51% were to projects in **Fragile and Conflict-Affected States** **44%** were to projects in **Least Developed or other Lower-Income Countries (DAC I/II)**

PIDG commitments BY INFRASTRUCTURE SECTOR (2002-2020)

PIDG commitments by sector: 2020 (US\$m)

	US\$m	%
MultiSector ¹	199.1	37.0%
Digital Communications Infrastructure	112.2	20.9%
Energy	84.2	15.7%
Bulk Storage and Logistics	65.6	12.2%
Gas Transportation, Distribution and Storage	31.1	5.8%
Manufacturing	16.0	3.0%
Social Infrastructure	15.8	2.9%
Water, Sewerage and Sanitation	11.0	2.0%
Transportation	1.6	0.3%
Capital Market Development (TA only)	1.1	0.2%
Total	537.6	

PIDG commitments by sector: cumulative (US\$m)

	US\$m	%
Energy	1,613.4	36.6%
Digital Communications Infrastructure	671.8	15.2%
Transportation	514.0	11.7%
Manufacturing	384.9	8.7%
Multi-Sector	355.1	8.1%
Social Infrastructure	196.1	4.5%
Bulk Storage / Logistics	170.1	3.9%
Gas Transportation, Distribution and Storage	168.6	3.8%
Agri-Infrastructure	97.6	2.2%
Water, Sewerage and Sanitation	87.0	2.0%
Capital Market Development (TA only)	5.0	0.1%
Oil Transportation, Distribution and Storage (legacy)	96.0	2.2%
Mining and Upstream Oil and Gas (legacy)	46.2	1.0%
Total	4,405.8	100.0%

PIDG commitments to power generation projects

	US\$m	%
Renewable	667.9	52%
Biomass	41.1	6%
Geothermal	37.1	6%
Hybrid	16.1	2%
Hydro	242.6	36%
Solar	322.4	48%
Wind	8.5	1%

	US\$m	%
Non-renewables	618.8	48%
Coal	-	-
Gas	497.4	80%
Hybrid	15.0	2%
Oil	106.4	17%

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

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

1. Multi-sector comprises transactions with financial intermediaries of \$192m, \$5.5m for DevCo partnerships, and \$1.6m to COVID Response Grants

MOBILISATION OF FUNDING

from private sector and development finance sources

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

Since 2002, PIDG has committed \$4.4bn to 537 transactions. PIDG-supported projects have mobilised \$35.3bn in total, including \$22.1bn from the private sector.

PIDG focuses on frontier countries: 53% of total investment mobilised by PIDG-supported projects has been in Least Developed and other Lower-Income Countries; and 58% in Fragile and Conflict-Affected States.

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

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

The OECD has been developing a methodology for this since 2014, taking into account the different ways in which funding is mobilised. In 2018, the OECD refined its approach to take account of the funding mobilised via project finance, including via equity investments; this – for the first time – has enabled the inclusion of the mobilisation of private sector investment by the Developer-Investor 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. PIDG traditional methodology considers the overall private sector investment mobilised in the project rather than attempting attribution to individual institutions involved.

The table opposite shows the amount of PSI mobilised:

- a comparison for the years 2012-19 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 2020 with the figures calculated according to OECD's methodology. The OECD figures will be confirmed when its exercise takes place in mid-2021.

As the table shows, during 2012-19 PIDG-supported projects mobilised \$12.3bn, as compared to the OECD mobilisation figures of \$5.9bn. For 2020, PIDG-supported projects mobilised \$1.6bn in private sector financing; it is calculated that the OECD approach would allocate \$0.7bn of this to PIDG.

Total Investment Commitments Private Sector Investment DFI Investment Grants (US\$m) (2002-2020)*

	Total investment commitments	Private sector investment	DFI investment	Grant*
Agri-infrastructure	471.1	201.2	256.4	13.5
Bulk storage and logistics	1,228.8	836.3	392.0	0.5
Digital Communications Infrastructure	10,441.1	8,308.3	2,132.8	
Energy	10,186.2	4,571.7	5,592.4	22.1
Gas Transportation, Distribution and Storage	773.1	502.5	270.6	
Manufacturing	3,741.9	2,123.7	1,618.2	
Mining and Upstream Oil and Gas	2,131.0	1,312.7	818.3	
Multi-Sector	808.0	442.4	359.2	6.4
Oil Transportation, Distribution and Storage	715.0	429.0	286.0	
Social Infrastructure	224.7	178.1	46.6	
Transportation	4,292.8	3,060.7	1,232.1	
Water, Sewerage and Sanitation	286.4	122.6	163.3	0.5
Total	35,300.0	22,089.1	13,168.0	43.0

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

Comparison of PIDG standard methodology vs. OECD proposed attribution

2020 results	US\$m	OECD results compared to PIDG 2012-19	US\$m
PSI mobilised by projects supported by PIDG	1,575.2	PIDG: Reported PSI mobilisation by projects for 2012-19	12,282.2
Estimated PSI mobilised as per OECD methodology	667.2	Share of PSI attributed by OECD 2012-19	5,873.7

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Predicted access BY SECTOR

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

A key conversion methodology is for grid-tied energy generation, which makes up over half of PIDG's cumulative access figures. The number of people served is currently calculated by dividing the energy generated by the per capita electricity consumption for the relevant country, but PIDG is aware that this method faces challenges.

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

Estimated number of people with new or improved access to infrastructure

	Predicted Access – estimated number of people (2002-2020)
Energy	96,858,286
Digital Communications Infrastructure	52,310,751
Gas Transportation, Distribution and Storage	28,664,195
Manufacturing	17,837,003
Transportation	13,257,380
Bulk Storage / Logistics	3,330,000
Oil Transportation, Distribution and Storage	3,306,105
Multi-Sector	1,311,889
Water, Sewerage and Sanitation	580,247
Agri-Infrastructure	108,874
Mining and Upstream Oil and Gas	89,500
Social Infrastructure	51,731
Total	217,705,961

Projected cumulative EMPLOYMENT (2002–2020)

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

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

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

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

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

In addition to wider economic effects, PIDG projects also create jobs more directly. The 18 projects reaching financial close in 2020 will create 5,910 short-term jobs and 1,614 long-term jobs.

Where power projects are on-grid, it is not possible to specifically identify the jobs created so PIDG is developing models to assess the impact of these at a macro level.

Projected cumulative jobs directly generated by PIDG-supported projects (2002–2020)

	Short-term employment	Long-term employment
Agri-Infrastructure	2,882	8,000
Bulk Storage / Logistics	7,186	1,365
Digital Communications Infrastructure	3,358	10,768
Energy	20,248	1,515
Gas Transportation, Distribution and Storage	2,527	357
Manufacturing	11,870	4,263
Mining and Upstream Oil and Gas	5,540	775
Multi-Sector	175	160
Oil Transportation, Distribution and Storage	3,800	2,000
Social Infrastructure	2,940	95
Transportation	5,952	220,770
Water, Sewerage and Sanitation	496	49
Total	66,974	250,117

Approximately 80% of the direct long-term jobs created were in projects which supported non-bank financial institutions' loans for vehicle purchase by SMEs, thus creating additional employment for drivers

PIDG COMPANIES

at a glance



PIDGTA Technical Assistance

InfraCo AFRICA

INFRACO ASIA

EMERGING AFRICA INFRASTRUCTURE FUND

GuarantCo GUARANTEES FOR DEVELOPMENT

TA

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

DEVCO

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

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At a glance

Established	2004
PIDG Members currently funding	UK Aid , DGIS, Seco, Sida, World Bank-IFC, DFAT
Cumulative PIDG Member funding disbursed to the PIDG Trust	\$128.9m
Total commitments by PIDG TA at 31 December 2020	\$44.5m to 233 TA Grants \$5.5m to 6 Capital Grants \$58.3m to 9 VGF Grants \$12m to 2 DevCo Grants
PIDG TA’s 2020 commitments	\$8.9m for 45 TA Grants \$4.8m for 5 Capital Grants \$17m for 2 VGF Grants \$5.5m to 1 DevCo Grant
PIDG TA approved 53 new grants in 2020, including:	<ul style="list-style-type: none"> • Africa GreenCo, Zambia • Djermaya Solar, Chad • Cuamba Solar Viability Gap Funding, Mozambique • Deputy Chief of Staff Embedded Advisor, Kenya • Western Power Hydro IPP – Ngonye Falls Resettlement Action Plan, Zambia • InfraCredit First Time Issuers Facility, Nigeria

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At a glance

Established	2003
PIDG Members currently funding	UK Aid , DGIS, Sida, World Bank-IFC; DevCo is funded directly, not through the PIDG Trust
Cumulative PIDG Member funding	\$91.1m
Managed by	IFC, a member of the World Bank Group
Total commitments as at 31 Dec 2020	\$46.5m to 67 projects/mandates, including 37 that have reached financial close, 15 that have reached commercial close, 10 under active development, and 5 closed after completing Phase I or Post-Transaction work

INFRACO AFRICA

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

INFRACO ASIA

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

At a glance

Established	InfraCo Africa Limited (IAfD): 2004 InfraCo Africa Investment Limited (IAfI): 2014
PIDG Members currently funding	IAfD: UK Aid, DGIS, SECO IAfI: UK Aid
Cumulative PIDG Member funding	IAfD: \$258.4m IAfI: \$49.5m
Managed by	InfraCo Africa
Total commitments as at 31 Dec 2020	IAfD: \$145.2m to develop 27 projects, 16 of which have reached financial close IAfI: \$27m to develop 1 project, which also reached financial close
2020 commitments	IAfD: \$14m across 3 new projects, 2 of which reached financial close IAfI: \$27m on 1 new project, which reached financial close

Projects that reached financial close in 2020

- Golomoti Solar, Malawi
- InfraCredit Nigeria (InfraCo Africa Investments)
- EkoRent Nopea, Kenya
- Liberia Inland Storage Facility

Projects that became operational in 2020

- Bonergie, Senegal

Expected development impact

	2020	2004–2020
Financially-closed projects	4	17
Total investment commitments (TICs) (\$m)	182.8	1,387.7
% of committed investment in LDC/OLIC	-	76.8%
% of committed investment in FCAS	-	54.2%
Access (in millions)	0.43	10.4
Job creation: short-term	210	5,136
Job creation: long-term	159	961
Fiscal benefits (\$m)	5.1	521.5

Note:

- this table combines the results for InfraCo Africa Ltd. and InfraCo Africa Investment.
- \$500m of InfraCo Africa's fiscal impact relates to avoided subsidies in one project in 2010. In 2012, PIDG decided that it would no longer assess the fiscal impact of avoided subsidies in its projects but that those identified before 2012 would still be counted.

At a glance

Established	InfraCo Asia Development Pte Limited (IASD): 2010 InfraCo Asia Investments Pte Limited (IASI): 2014
PIDG Members currently funding	IASD: UK Aid, SECO, DFAT, DGIS IASI: UK Aid
Cumulative PIDG Member funding	IASD: \$180.8m IASI: \$72.1m
Managed by	InfraCo Asia
Total commitments as at 31 Dec 2020	IASD: \$118.1m to develop 31 projects, of which 12 have reached financial close IASI: \$67.2m on 6 projects, all of which have reached financial close – 4 of these were IASD projects
2020 commitments	IASD: \$10.4m across 3 projects, 1 of which reached financial close IASI: \$30m on 2 projects that reached financial close

Projects that reached financial close in 2020

- Pakistan Rooftop Solar Platform
- Philippines Smart Solar Network Project – Phase 1
- Indonesia Rural Wireless Broadband
- InfraZamin Pakistan

Projects that became operational in 2020

- Philippines Smart Solar Network Project – Phase 1
- Myanmar Rural Electrification System – Pilot

Expected development impact

	2020	2010–2020
Financially-closed projects	4	14
Total investment commitments (TICs) (\$m)	188.4	782.5
% of Committed investment in LDC/OLIC	-	14.3%
% of Committed investment in FCAS	-	40.0%
Access (in millions)	1.6	4.2
Job creation: short-term	830	4,152
Job creation: long-term	285	1,017
Fiscal benefits (\$m)	10.8	52.1

EAIIF

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

GUARANTCO

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

At a glance

Established	2001
PIDG Members currently funding	UK Aid , DGIS, Sida, SECO
Cumulative PIDG Member funding	\$394.9m
Fund capacity	As of 31 December 2020, EAIIF has a committed loan portfolio of USD 1.042bn and has a lending capacity of up to \$600m for the business plan period 2021-2023 through a combination of recycling of portfolio loan repayments, existing undrawn debt facilities and cash flow from operations
Managed by	Ninety One
Total commitments as at 31 Dec 2020	\$1,942m to 88 projects, of which 84 have reached financial close
2020 commitments	\$242.5m to 8 projects, of which 6 reached financial close ¹

Projects that reached financial close¹ in 2020

- Azito Phase IV, Cote d'Ivoire
- Helios Towers Africa, Multiple Countries
- Port Autonome de Dakar (PAD), Senegal
- Sonatel, Senegal
- Tema – Access LNG BV, Ghana
- West Indian Cable Ocean Cable Company (WIOCC), Multiple Countries
- Zimborders – Beitbridge border crossing upgrade, Zimbabwe

Projects that became operational in 2020

- Akuo Kita Solar, Mali
- Ravinala Airports, Madagascar

Expected development impact

	2020	2002–2020
Financially-closed projects	7	84
Total investment commitments (TICs) (\$m)	1,831.0	23,526.2
Private sector investment commitments (\$m)	1,279.1	14,338.4
% of Committed investment in LDC/OLIC	-	64.0%
% of Committed investment in FCAS	-	63.0%
Access (in millions)	10.2	147.7
Job creation: short-term	4,639	34,650
Job creation: long-term	1,160	23,704
Fiscal benefits (\$m)	252.2	2,390.4

1. 6 projects of the 8 committed in 2020 reached FC in 2020. There is a seventh project that reached FC in 2020 that was committed before 2020.

At a glance

Established	2006
PIDG Members currently funding	UK Aid, Sida, SECO through the PIDG Trust, DGIS through FMO, and DFAT
Cumulative PIDG Member funding	\$321.5m
Fund capacity	Capacity of over \$1.5bn
Managed by	GuarantCo Management Company Ltd
Total commitments as at 31 Dec 2020	\$1,350.0m to 57 projects, of which 51 have reached financial close
2020 commitments	\$177.5m to 6 projects, of which 1 has reached financial close ¹

Projects that reached financial close in 2020

- Kekeli Efficient Power ("KEP"), Togo
- Green Yellow Madagascar
- CRDB Bank Plc, Tanzania

Projects that became operational in 2020

- Au Financiers 2, India
- Akuo Kita Solar, Mali
- K-Electric, Pakistan

Expected development impact

	2020	2005–2020
Financially-closed projects	3	51
Total investment commitments (TICs) (\$m)	204.5	5,825.5
Private sector investment commitments (\$m)	120.1	4,934.7
% of Committed investment in LDC/OLIC	-	19.4%
% of Committed investment in FCAS	-	43.0%
Access (in millions)	2.0	44.8
Job creation: short-term	231	12,975
Job creation: long-term	10	220,849
Fiscal benefits (\$m)	-	1,782.2

1. Project committed in 2020 reached FC. The other 2 FC 2020 were committed before 2020.

INFRASTRUCTURE CRISIS FACILITY – DEBT POOL

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

GAP

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

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At a glance

Established	2009 ICF-DP is a closed-end fund and is no longer making any further investments
PIDG Members currently funding	KfW
Cumulative PIDG Member funding	\$7.8m
Managed by	Cordiant Capital Inc.
Total commitments as at 31 Dec 2020	\$568.4m to 19 projects that have reached financial close and / or have been repaid

Expected development impact

	2020	2009–2020
Financially-closed projects	-	19
Total investment commitments (TICs) (\$m)	-	3,747.5
% of Committed investment in LDC/OLIC	-	25.8%
% of Committed investment in FCAS	-	30.8%
Access (in millions)	-	10.5
Job creation: short-term	-	9,981
Job creation: long-term	-	3,562
Fiscal benefits (\$m)	-	633.7

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

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

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

The facility is in run-off.

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At a glance

Established	2013 During 2017, the decision was made to wind-down GAP, and it ceased taking on new projects
PIDG Members who have provided funding	UK Aid, BEIS, Norway MFA
Cumulative PIDG Member funding	\$12.5m
Total commitments as at 31 Dec 2020	\$21.1m to 1 project that has reached financial close

Expected development impact

	2020	2013–2017
Financially-closed projects	-	1
Total investment commitments (TICs) (\$m)	-	30.5
% of Committed investment in LDC/OLIC	-	100%
Access (in millions)	-	0.2
Job creation: short-term	-	80
Job creation: long-term	-	24
Fiscal benefits (\$m)	-	1.1

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

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

FINANCE










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OWNER FUNDING:

Member and other Owner funding disbursed to PIDG (US\$m) as at 31 December 2020

Donor/Company (US\$m)	 UK Aid	 DGIS	 SECO	 DFAT	 Sida	 FMO	 KfW	 WB-IFC	 MFA	Other ¹	Total
PIDG Group (2020)	124.1	20.0	11.2	2.3	0.6	-	-	0.6	-	-	158.7
Cumulative 2002-2020											
TA	80.5	17.2	19.0	0.6	0.2	-	-	7.9	-	3.5	128.9
DevCo	63.6	5.5	-	-	3.3	-	-	11.7	-	7.0	91.1
InfraCo Africa Development	152.9	64.0	35.1	-	-	-	-	-	-	6.4	258.4
InfraCo Africa Investment	49.5	-	-	-	-	-	-	-	-	-	49.5
InfraCo Asia Development	99.0	28.5	21.6	31.8	-	-	-	-	-	-	180.8
InfraCo Asia Investments	72.1	-	-	-	-	-	-	-	-	-	72.1
EAI ²	322.9	30.0	22.0	-	20.0	-	-	-	-	-	394.9
GuarantCo	214.9	4.0	46.9	6.7	15.0	34.0	-	-	-	-	321.5
ICF Debt Pool	-	-	-	-	-	-	7.8	-	-	-	7.8
GAP	6.4 ³	-	-	-	-	-	-	-	6.1	-	12.5
AgDevCo ⁴	67.0	-	-	-	-	-	-	-	-	-	67.0
Project Development	2.6	0.1	0.3	-	0.1	-	-	0.3	0.5	-	4.0
Total less admin	1,131.4	149.3	144.8	39.1	38.6	34.0	7.8	19.9	6.6	16.9	1,588.5
General admin	21.0	6.9	7.1	4.1	5.8	-	2.0	5.6	2.1	3.3	58.0
Totals	1,152.5	156.2	151.9	43.3	44.3	34.0	9.8	25.6	8.7	20.2	1,646.5²

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

2. Total 2020 contributions represents all net cash disbursements received by the PIDG Trust from the Owners as at 31 December 2020. As a result, there are some timing variances between cash being disbursed from the PIDG Trust to the PIDG companies and thus the subsequent PIDG company shares being issued in relation to Owner disbursements made in and around the year-end.

3. UK Aid includes disbursements from BEIS to GAP.

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

OTHER SOURCES OF FUNDING (US\$m)









as at 31 December 2020

In addition to the net \$1.6bn of cumulative Owner disbursements made to date, PIDG companies draw on a range of other sources of capital to deliver their strategies and targets. PIDG and its companies also have access to other funding sources, such as debt financing, contingent capital and UK Government-backed promissory notes. The total of all funding disbursed or committed is now cumulatively \$3.5bn¹.

During PIDG's 19 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 (US\$m)	 UK Aid	 AFD	 FMO	 DFAT	 KfW	 AfDB	 Allianz	 Standard Chartered	Total
TA	25.4 ²	-	-	-	-	-	-	-	25.4
InfraCo Africa Development	73.3 ²	-	-	-	-	-	-	-	73.3
InfraCo Asia Development	20.2 ²	-	-	-	-	-	-	-	20.2
EAI ³	-	-	50.0	-	349.8	75.0	117.1	50.0	641.9
GuarantCo ⁴	54.6	122.8	30.0	-	-	-	-	-	207.4
ICF Debt Pool ⁵	-	-	-	-	223.9	-	-	-	223.9
Totals	173.5	122.8	80.0	-	573.7	75.0	117.1	50.0	1,192.1⁶

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

2. In addition to the funding disbursed by UK Aid, UK Government promissory notes are lodged with the Bank of England to the PIDG Trust for the PIDG Companies. These instruments allow companies to draw down cash disbursements on demand. As at 31 December 2020, the amount of undisbursed cash under issued promissory notes stood at \$118.9m (£87.1m).

3. EAI³ has access to committed loans as at 31 December 2020 of:

a. \$50m (maturing in 2028) from FMO;
b. \$135m (maturing 2028-2030) and €175m (maturing 2024-2030) from KfW;
c. \$75m (maturing 2028) from African Development Bank (AfDB);
d. \$25m and €75m (maturing 2030) from Allianz;
e. \$50m (revolving credit facility available in USD and EUR maturing in 2021) from Standard Chartered.

4. GuarantCo:

a. Access to £40m callable capital arrangement with UK aid allowing GuarantCo under certain circumstances, to draw further capital.
b. Access to €100m stand-by facility with AFD which can be triggered as debt instrument after the callable capital with UK aid is fully drawn.
c. Subsequent to the end of the year, additional facilities have been arranged with UK Aid (a further £90m of callable capital) and Global Affairs Canada (GAC) (CAD\$40m of repayable contributions).

5. ICF Debt Pool:

As at 31 December 2020, €164m was disbursed net of repayment from an original commitment of €500m.

6. Of \$1,192.1m of other sources of funding, \$685.4m is outstanding and available for use.

UNAUDITED CONSOLIDATED RESULTS

for the PIDG Group

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As noted overleaf, the Group is not required to produce consolidated audited accounts, but has chosen to present unaudited consolidated results below (based on the audited results of its Group entities). The Group's income decreased in 2020 when compared to 2019 as a result of some delays in closing transactions due to COVID-19. This reduced fee income that would have otherwise been received by the Group. Administrative and other costs were broadly flat – third party fund management fees increased on the back of larger balances / activities, offset by reduced project costs due to both COVID-19 related delays and the insourcing of some project staff. Impairment losses reduced as a result of a refinement in IFRS 9 related loss models more than offsetting COVID-19 related factors. Overall the consolidated result improved marginally year on year. A restatement of 2019's results has been undertaken as a result of the revision of the basis of consolidation with particular reference to General Admin grant funds received from Owners and the non-consolidation of ICF Debt Pool. The Group ended 2020 with total equity of \$1,054m, up from \$920m in 2019.

Unaudited consolidated income statement

USD'm	Year Ended 31 Dec 2020	Year Ended 31 Dec 2019
Guarantee fees and net interest income	49.2	47.8
Profit/loss on disposal of projects	(0.1)	(1.4)
Other income	20.9	30.9
Total income	70.0	77.3
Fund manager fees	(28.6)	(26.1)
Project development expenditure	(17.0)	(25.5)
Administrative and other costs	(29.4)	(22.5)
Total expenditure	(75.0)	(74.1)
Fair value movements and impairments	(2.4)	(11.4)
Loss before tax	(7.4)	(8.2)
Tax	(1.4)	(1.4)
Loss after tax	(8.8)	(9.6)
Attributable to:		
Owners of the Company	(8.9)	(8.9)
Non-controlling interests	0.1	(0.7)
Loss after tax	(8.8)	(9.6)
Other comprehensive income (OCI)	-	0.2
Total comprehensive loss for the year	(8.8)	(9.4)
Attributable to:		
Owners of the Company	(8.8)	(8.7)
Non-controlling interests	-	(0.7)
Total comprehensive loss for the year	(8.8)	(9.4)

Unaudited consolidated statement of financial position

USD'm	Year Ended 31 Dec 2020	Year Ended 31 Dec 2019
Investments in subsidiaries, JVs and associates	76.1	42.0
Loans and advances and related instruments	755.1	636.6
Guarantee and financial instruments at FVTPL	130.3	124.5
Money Market Funds	147.6	128.6
Other assets	30.7	23.8
Cash at bank	206.1	197.0
Total assets	1,345.9	1,152.7
Loans and Borrowings and related instruments	(211.7)	(161.6)
ECL on guarantees payable	(30.7)	(25.4)
Other liabilities	(49.9)	(46.1)
Total liabilities	(292.3)	(233.1)
Total equity	1,053.6	919.6
Attributable to:		
Owners of the Company	1,023.5	890.3
Non-controlling interests	30.1	29.3
	1,053.6	919.6

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UNAUDITED CONSOLIDATED RESULTS

for the PIDG Group

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The unaudited consolidated income statement and the unaudited consolidated statement of financial position have been prepared from the following audited statutory accounts for the year ended 31 December 2020:

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

The General Administration element of the PIDG Trust (PIDG Trust GA) has also been included based on its management accounts for the year ended 31 December 2020.

All of these statutory accounts received unqualified audit opinions.

Basis of unaudited consolidation

The income statements and the statements of financial position for the aforementioned audited statutory accounts have been summed on a line by line basis. PIDG Ltd., InfraCo Africa Limited and InfraCo Africa Investments have been translated (at year end rate for the statement of financial position and period average rate for the income statement) from their presentational currency of GBP to USD for the purposes of this consolidation and the foreign exchange on translation recognised in Other comprehensive income. PIDG Trust GA results have also been treated in the same way.

These GA costs represent the general administration costs incurred by the Private Infrastructure Development Group Limited (PIDG Ltd.) statutory entity for the year ended 31 December 2020 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 2020.

In terms of technical assistance costs, TA and DevCo costs have been excluded as PIDG's objective is to achieve ongoing sustainability without the consideration of TA. The results of ICF Debt Pool have also been excluded from all years presented as this reflects that the PIDG Group does not have any portfolio management responsibility for the fund now that it is in run off. Intra group balances, where they relate to GA expenses and grants, have been reviewed for this year's consolidation and eliminated. Other intra group balances are deemed non-significant for presentation in these statements and therefore remain un-eliminated.

Audited consolidated group accounts are not required as:

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

Unaudited consolidated income statement

The PIDG Group plans to be financially sustainable in the medium-term (excluding our Upstream Technical Assistance business). To achieve this requires ongoing profitability in our Credit Solutions businesses and increased holding periods in projects by the Developer-Investor businesses, potentially beyond financial close.

Fund manager fees relate to the fees paid to GuarantCo Management Company and Ninety-One (formerly part of Investec Asset Management) for running GuarantCo and EAIF respectively.

The reduction in other income reflects lower fee income due to fewer transactions, as well as the disposal of joint ventures in InfraCo Asia.

Fair value movements and impairments includes fair value adjustments in the Developer-Investor businesses and IFRS 9 related expected credit losses and reversals of historic provisions in the Credit Solutions business. The movement in expected credit losses for EAIF were predominantly driven by the implementation of a revised credit ratings model and the improvement in InfraCo Africa was due to a combination of reduced discount factors applied in their new valuation model and projects reaching key milestones.

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 2020 include \$14m disbursed by DGIS, \$6.3m disbursed by SECO, \$2.3m disbursed by DFAT and \$14m disbursed by UK Aid just prior to the year-end. Cash balances (and government promissory notes) are required in the Developer-Investor businesses in order to meet project commitments as and when they fall due and to enable them to build a pipeline of bankable projects.

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

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VALUE FOR MONEY METRICS

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

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

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

For the Credit Solutions business both GuarantCo and EAIF are able to leverage off Owner contributions and hence their capacity to fund or guarantee projects is a multiple of their net assets.

Despite continued investment across the Group, Group costs as a percentage of total Owner commitments remain close to 3% and fell slightly in 2020 versus 2019, when compared with the Group's gross assets. As a result of the expiry of Owner's multi-year funding arrangements, which are currently being renewed, future commitments are modest in comparison with prior years' data presented. This is therefore showing a high point in the ratio of costs to Owner commitments over the funding cycle.

InfraCos' efficiency

InfraCo Africa Aggregate	2020	2019	2018
Operating costs ¹ / Total Donor Commitments ²	1.6%	1.7%	1.6%

InfraCo Asia Aggregate	2020	2019	2018
Operating costs ¹ / Total Donor Commitments ²	1.5%	1.5%	1.3%

Credit Companies' efficiency¹²

GuarantCo	2020	2019	2018
Total costs ³ /Total Donor Contributions' Capacity ⁴	1.3%	1.4%	1.2%
Total costs ³ /Total Donor Commitments' Capacity ⁵	0.9%	0.9%	0.8%

EAIF ¹³	2020	2019	2018
Total costs ³ /FUM ⁶	1.9%	1.8%	2.2%
Total costs ³ /Total Donor Commitments' Capacity ⁷	1.5%	1.3%	1.3%

PIDG General Admin

	2020	2019	2018
Total Costs ⁸ /Total Donor Commitments ⁹	0.39%	0.39%	0.36%
Total Costs ⁸ /Total gross assets ¹⁰	0.51%	0.57%	0.62%

PIDG Group costs¹⁴

	2020	2019	2018
Group Costs ¹¹ /Total Donor Commitments ⁹	3.0%	2.8%	2.5%
Group Costs ¹¹ /Total gross assets ¹⁰	3.9%	4.1%	4.2%

1. Excludes success fees.

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

3. Operational costs.

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

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

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

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

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

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

10. Total gross assets of the group per the unaudited consolidated statement of financial position, including minority interest.

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

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

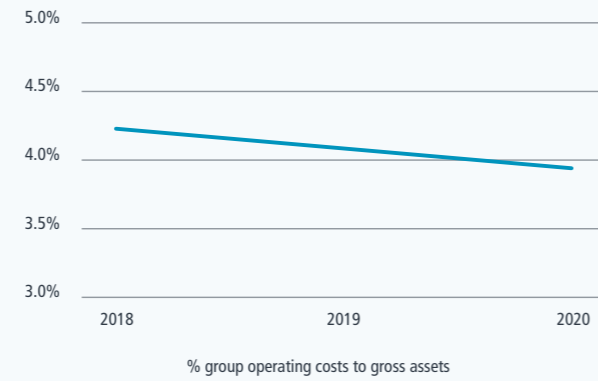
13. EAIF costs rising due to 1) rising management fee reflecting increasing portfolio commitments; 2) higher performance fee in 2020 and 3) foreign exchange losses of \$1m in 2020.

14. Total expense ratio is rising due to 1) increasing costs to scale up the business and 2) Owner letters of arrangement expiring shortly; new funding commitments will be negotiated for the future, therefore the expense ratio should fall on their renewal.

Value for money metrics

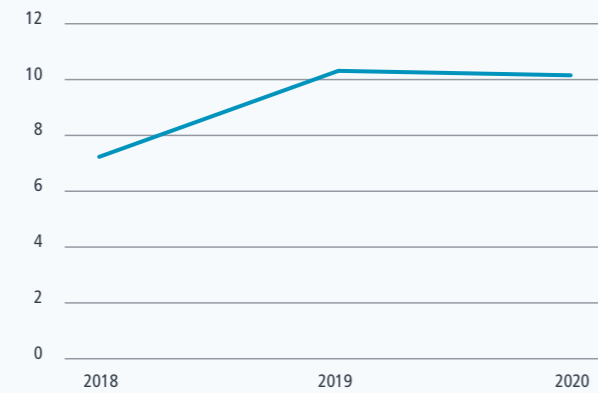
In addition to cost efficiency metrics, such as the total Group operating cost ratio shown here, we also track other metrics on efficiency, effectiveness, and equity.

Group operating cost ratio



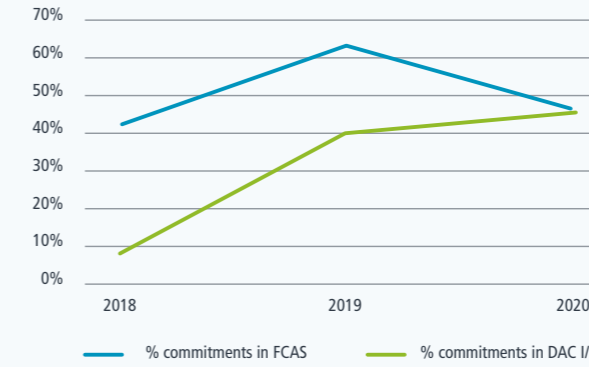
The % of Group operating costs over gross assets has improved over the past 3 years, which can be considered a positive indication of achieving improved economy in PIDG operations.

New commitments/non project costs (US\$)



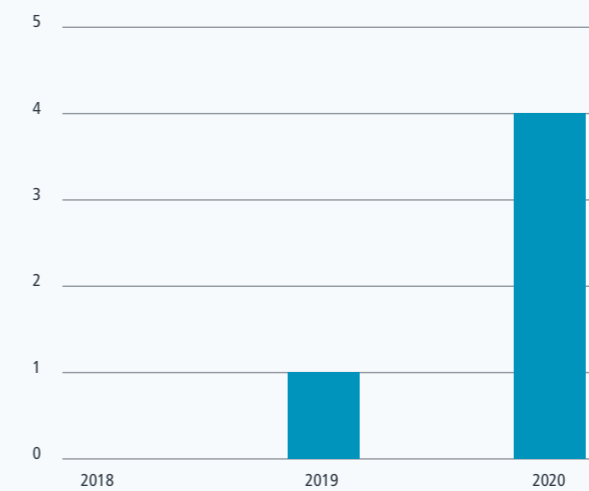
We have increased the value of our commitments in the last 3 years. The ratio between US\$ committed and US\$ non project costs has improved from 7x to 10x. This can be considered a measure of efficiency and we would expect it to stay constant or improve over time.

Working at the frontier



We continue to demonstrate effectiveness in working at the frontier as demonstrated by the % of new commitments in FCAS averaging at 51% and DAC I/II rising from 8% to 46% of annual commitments during the period, and over 50% in both FCAS and DAC I/II by cumulative commitments and number of projects.

Number of projects deliberately empowering women/girls



The number of projects classified as empowering women (according to PIDG criteria drawn from the 2X Challenge criteria) is increasing year on year, which can be considered a measure of improved equity in our investments. We will refine this measure of equity further as we look at the gender disaggregated outcomes of our investments at portfolio level during 2021.

RESPONSIBLE TAX: DISCLOSURE

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

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

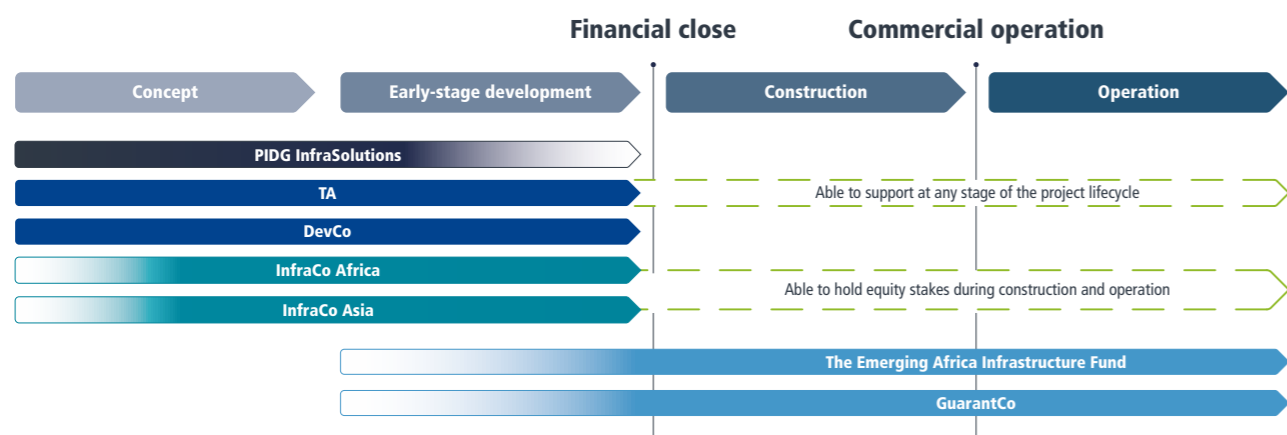
In 2020 PIDG companies reported tax payments of \$2.2m. This comprises only those taxes separately reported within our entities' financial statements, primarily corporation tax but also payroll taxes and withholding taxes. It does not include, for example, sales taxes, so the total tax actually paid will be higher. Owing to its nature, deferred tax has been excluded from this number. Where taxes are reported in non-USD, we have used the year end exchange rate to convert them to USD.

We are working with the underlying project companies where we hold equity stakes so that we can seek to include in our next Annual Review the taxes reported by these projects in addition to the amounts paid by the PIDG companies noted here.

- 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, The Private Infrastructure Development Group Limited. Due to the nature of the very early stage infrastructure investment activity of the InfraCos, these companies have historically been in a loss making position and therefore currently have no corporation tax payable.
- 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.

STRUCTURE

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Upstream origination and structuring services

PIDG InfraSolutions has been established to originate, develop and structure first-of-its-kind local currency financing solution in frontier and emerging markets. It will work collaboratively with clients, local banks/institutional investors as well as the PIDG companies to bring in efficiencies and synergy.

Upstream Technical Assistance

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

Developer-Investor

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

Credit Solutions

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

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

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

These failures include:

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

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

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

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

PIDG's experience and expertise allows it to do things which other organisations are unable to do. This 'additionality' gives PIDG a clear and unique value both to the private sector, by enabling it to engage in infrastructure deals in frontier countries, and to the development community, by successfully engaging the private sector in the creation of pro-poor infrastructure developments. What differentiates PIDG from others operating in the market is the concentration of different types of risk within its portfolio arising from operating at the frontier of what is possible from a private infrastructure financing perspective. No large development organisation is as dedicated to infrastructure in FCAS countries as PIDG.

Its exposure to higher risk can be in terms of:

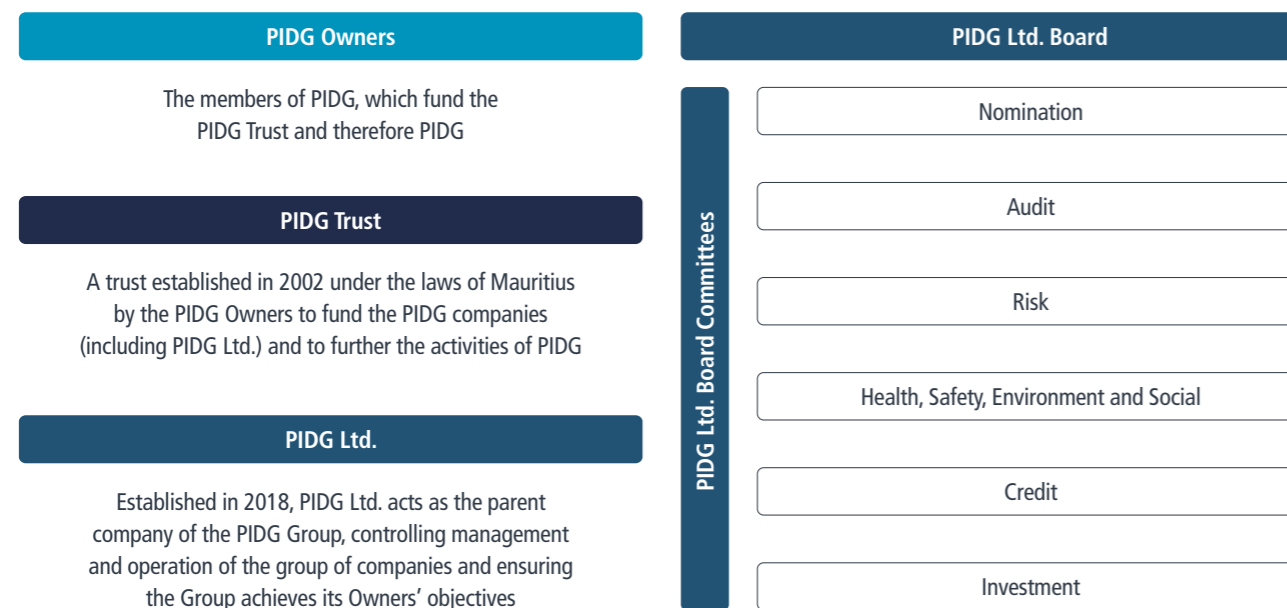
- the countries in which it works.
- the type of projects (e.g. greenfield or new technology), and/or
- the type of finance product (e.g. local currency guarantees).

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GOVERNANCE

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



The Board of PIDG Ltd.

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

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

Exercising its independent judgement, the Board is responsible for overseeing the management of the business and for ensuring that high standards of corporate governance and health and safety, as well as environmental and social standards are maintained throughout the Group. The Board is also responsible for ensuring that the resources of PIDG are used to generate a high development impact.

The Board is chaired by Andrew Bainbridge and meets formally four times a year and at other times as necessary.

Board Committees

The Board has established six committees to assist it in fulfilling its responsibilities. The Board has delegated investment decision powers to the Credit Committee and the Investment Committee. This follows the disbanding and unification of the Africa investment Committee and the Investment and Divestment Asia Committee on 14 January 2020. The terms of reference of the PIDG Ltd. Board committees are available online at www.pidg.org.

The Chair and CEO

The roles of the Chair and CEO are separate and there is a clear division of responsibilities between the two roles. The Chair is responsible for leading the Board, ensuring its effectiveness and steering its agenda and ensuring that there is a healthy culture of challenge and debate.

The Chair also evaluates the performance of the CEO and is responsible for succession planning with the support of the Nomination Committee.

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

Stakeholder Engagement

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

Executive team

The Company's Executive team meets regularly with CEOs of the PIDG companies (together called the "ExCo"). The ExCo also meets to review the PIDG companies' performance against their key performance indicators including development impact, financial performance, risk management, staff and communications developments.

Independent Panel on Development Impact

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

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

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