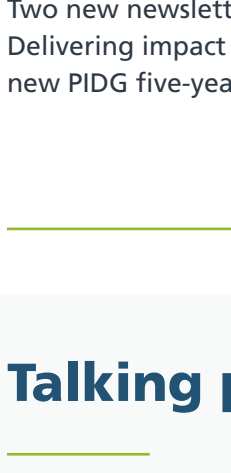


PIDG pathfinder



I am delighted to introduce the new PIDG quarterly newsletter. The last few months have been productive for us with a number of projects reporting milestone achievements across our sectors in Africa and Asia. One highlight is EAI's arrangement of the long-term debt finance for a €305 million new port development in the Gabon Special Economic Zone. You can read more in our 'Project round-up'.

GuarantCo and TAF are collaborating with Jazz, Pakistan's largest digital telecoms company, to co-finance an online sign language service to empower people with hearing impairments.

Two new newsletter columns, 'Talking point' and 'Delivering impact' will highlight aspects of the new PIDG five-year strategy.

Ben Ogonji, Nairobi-based HSES Manager, has written a powerful feature on a fatal accident and subsequent lessons learned for a PIDG-financed project in Nigeria, and Alice Chapple, PIDG Director of Development Impact, has written about and how we can respond to the challenges of climate change.

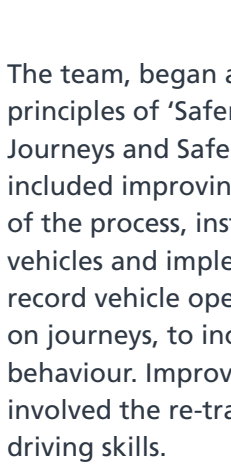
Finally, I have been fortunate to contribute to a number of interesting speaking forums, including the Japan Africa Business panel at TICAD7 where we discussed how Japanese businesses can collaborate with local companies in Africa as a route to growth; and the annual Swiss-Africa Business day in Zug, where the theme was Overcoming the Infrastructure Gap in Africa.

If you have any comments or suggestions for this newsletter, please let us know.

Philippe Valahu, CEO

Talking point

Health, Safety, Environmental and Social (HSES) - The Azura-Edo case



Ben Ogonji, PIDG HSES Manager, Africa

Ben Ogonji visited the Azura-Edo project team in Nigeria in the aftermath of a tragic road accident and recounts how they have put the PIDG HSES life-saving rules into action.

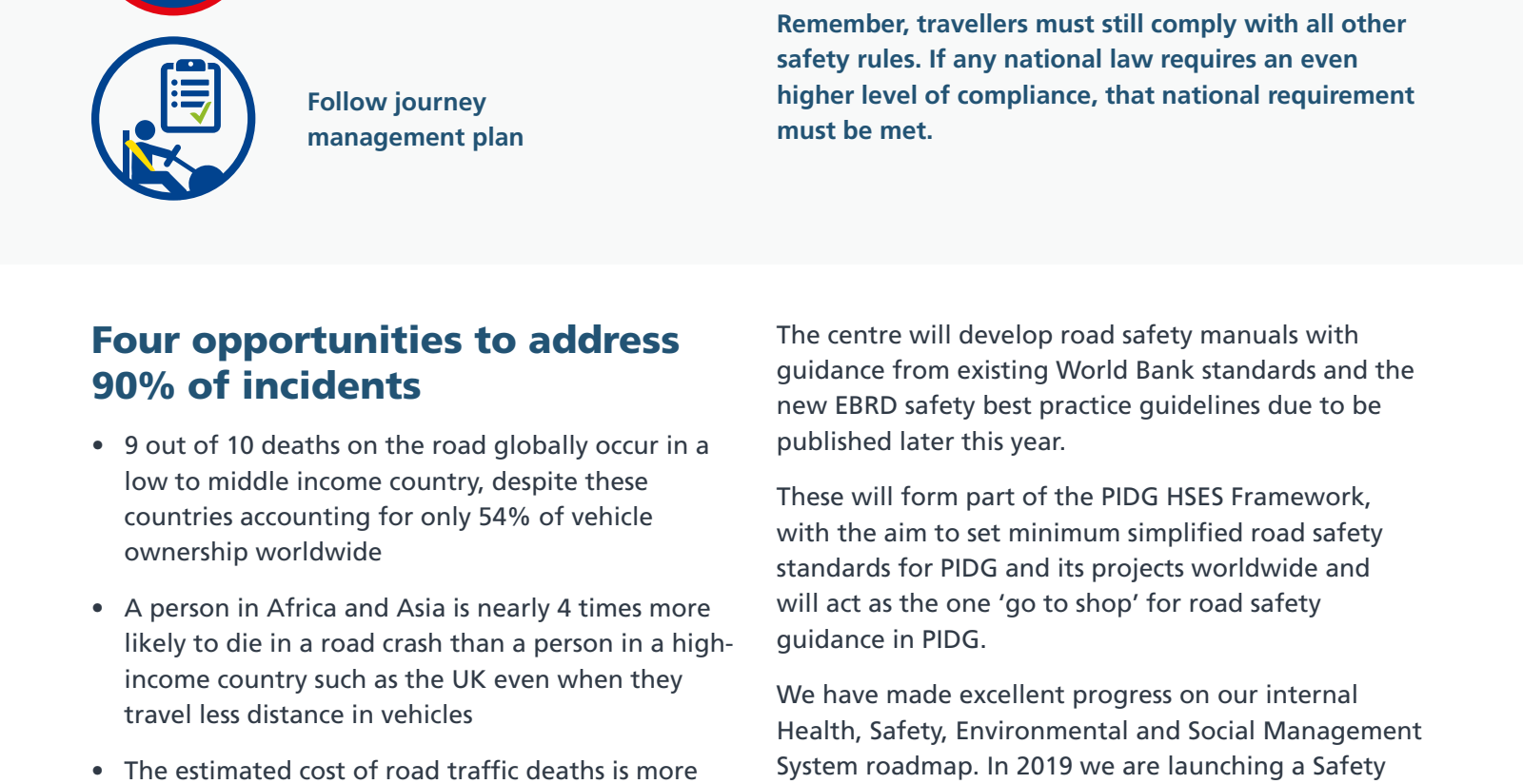
On a Friday evening in February around 6:30pm, Edu Okeke the Managing Director of Azura-Edo Power, a PIDG and EAI's funded project in Nigeria, received the phone call that any project manager dreads. One of his vehicles, while on a return journey from dropping a visitor to the airport in Benin City, was involved in a road crash. The car had been involved in a serious road accident and, the driver, two army personnel and a third party were in hospital. One person was pronounced dead on arrival and another died in hospital a few weeks later as a result of injuries sustained in the crash.

"This was especially tough on us because, as a young operation, we had done quite well so far, in avoiding

accidents on-site. We had lost zero time during the construction phase" he recounted, having taken up the post after previously serving on the project as Deputy and Chief Operations Officer. With 25 years of international experience delivering the highest standards on infrastructure projects, he was deeply affected by this fatal accident.

The Azura-Edo plant became operational in May of 2018. It is the first large-scale, project financed, independent power plant in the country – it runs a 461MW open cycle gas turbine power station in Benin City in Edo State, Nigeria, enough to power over 75,000 homes. The project will eventually expand to 1,500MW. The project was set up in partnership, with financial support from the World Bank Group and other investors including PIDG company, the Emerging Africa Infrastructure Fund (EAI).

No business or project is ever safe from external events or rapidly changing conditions. However, when the investigation team looked into the incident, they discovered flaws in the project's driving operations manual. As a leader, Edu realised that it would not be enough to identify the challenges, they would need to put their learning into action and success would only be measured by results.



Azura Power

The team, began a review of driving safety by applying principles of 'Safer Management, Safer vehicles, Safer Journeys and Safer Drivers'. Management interventions included improving the audit and governance aspects of the process, installing speed limiting devices in all vehicles and implementing a system to monitor and record vehicle operations and driving characteristics on journeys, to include speed, location and driving behaviour. Improving driving performance has involved the re-training of all drivers in defensive driving skills.

Six months on from the accident, vehicles have been made safer by including Vehicle Safety Standards, administrative procedures have been implemented to address shortcomings, including making changes to army escort procedures to ensure they use a dedicated escort vehicle rather than military weapons being in the host vehicle where they could attract potential attacks, enforcing speed limits in designated areas, and drug and alcohol policies.

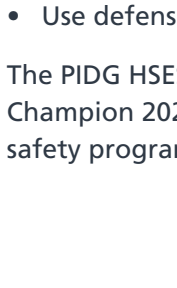
To make journeys safer, journey management procedures have been put in place to improve compliance monitoring and control, to promote safer driving and enforcing seat-belt use, because from all the data evidence including from the fateful accident itself where the passengers wearing seatbelts survived, it is clear that seatbelts save lives.

Safer operations on the roads in Africa is achievable. Unfortunately, the issue does not receive anywhere near the attention it deserves – and greater focus on this across infrastructure projects is an opportunity to save lives and make a positive impact.

As the team at Azura-Edo Power have shown, the next steps can be taken confidently, when the links between our goals and interventions are accompanied by action. Much more can still be learned from Azura's challenges as well as their successes.

The most fundamental ingredients for eliminating incidents and protecting the traveller are the PIDG three Life-Saving Rules dedicated to road safety.

PIDG HSES life-saving rules for road safety



While driving wear seatbelts, do not use your phone and do not exceed speed limits



No alcohol or drugs while working or driving



Follow journey management plan

These Life-Saving Rules reinforce what travellers must know and do to prevent serious injury or fatality.

They are mandatory for anyone - employees and contractors - driving on company business.

Our Life-Saving Rules will save many lives and all staff and contractors are encouraged to continue following them in their personal time.

Remember, travellers must still comply with all other safety rules. If any national law requires an even higher level of compliance, that national requirement must be met.

Four opportunities to address 90% of incidents

- 9 out of 10 deaths on the road globally occur in a low to middle income country, despite these countries accounting for only 54% of vehicle ownership worldwide

- A person in Africa and Asia is nearly 4 times more likely to die in a road crash than a person in a high-income country such as the UK even when they travel less distance in vehicles

- The estimated cost of road traffic deaths is more than the total annual value of development assistance that these countries receive

Managing these simple behavioural elements will significantly increase the probability of people arriving safely at their destination:

- No distracted driving
- Prevent driver fatigue
- Follow journey management planning
- Use defensive driver training

The PIDG HSES centre plans to establish a Road Safety Champion 2020 to implement a PIDG group road safety programme.

The centre will develop road safety manuals with guidance from existing World Bank standards and the new EBRD safety best practice guidelines due to be published later this year.

These will form part of the PIDG HSES Framework, with the aim to set minimum simplified road safety standards for PIDG and its projects worldwide and will act as the one 'go to shop' for road safety guidance in PIDG.

We have made excellent progress on our internal Health, Safety, Environmental and Social Management System roadmap. In 2019 we are launching a Safety Culture and Leadership Strategy to ensure we save lives as we are changing them. This strategy dovetails with the 2019-2023 Strategic Plan. We have introduced the 12 PIDG Life-Saving Rules. Together the Life-Saving Rules and the PIDG HSES framework will help us to build a culture in PIDG where people know and follow the rules that keep us safe.

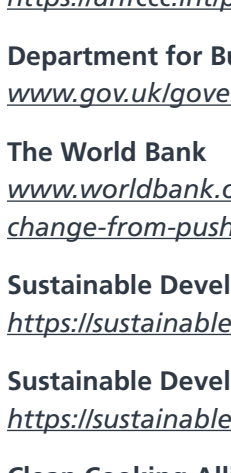
If you have questions or need advice, contact the HSES Expertise Centre: Cameron Bain, PIDG Director of Health, Safety, Environment and Social at Cameroon. Bain@PIDG.org

Delivering impact



Mocuba Solar, Mozambique

A cleaner world



Alice Chapple, PIDG Head of Development Impact

At the Conference of the Parties (COP21) in Paris in December 2015, countries around the world committed to keep greenhouse gas (GHG) emissions below the level which scientists predicted would result in global temperatures increasing by more than 1.5°C.

Above that temperature rise, models indicate impacts and feedback loops that cannot be managed – sea level rise, storms, floods, droughts and heatwaves.

Since 2015, it has become apparent that the commitments made by individual countries, when aggregated, will not deliver the GHG emissions reductions required. Recent months have seen an increased drive towards 'Paris alignment'. For example, the UK Government has committed to 'net zero carbon by 2050' and although the same target was not approved by the EU when proposed in June, 24 of the other 27 member states supported it.

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

At the same time, people in these countries need access to basic infrastructure – power, roads, railways, ports, telecommunications – in order to have a decent life and earn a decent living. In some cases, new technologies will replace high-carbon practices such as cooking with wood or charcoal and this will have additional benefits for health and biodiversity. But in PIDG's countries of focus, new infrastructure often does not replace carbon-intensive old infrastructure but instead provides people with access to these basic services for the first time.

It is therefore inevitable that provision of new infrastructure – whether energy, transport or communications networks – will increase GHG emissions in these countries from the current very low base.

This means that PIDG, in consultation with other investors in the poorest and most fragile countries, must follow a road map towards 'Paris alignment'

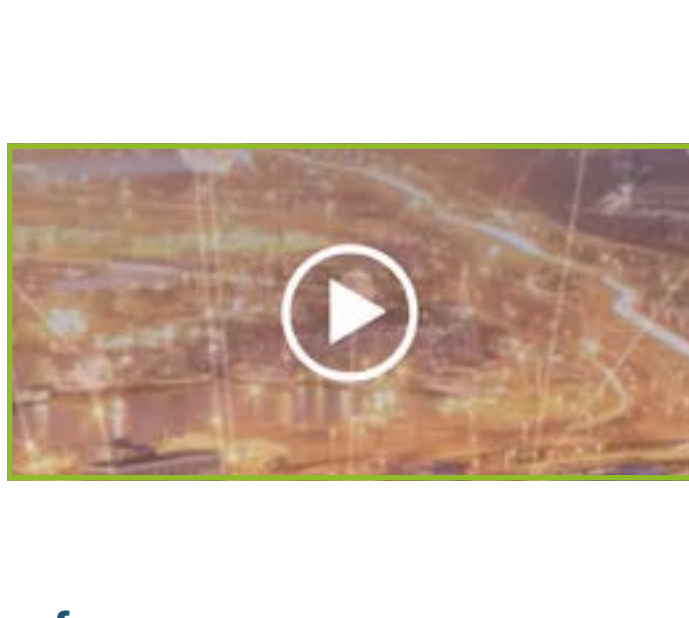
and net zero carbon emissions over time. Crucially, this involves engagement with host countries, their policy-makers and private investors, to understand their vision for development of infrastructure in the least carbon-intensive way.

The road map recognises that it is easier to define 'Paris alignment' in some sectors than in others. For example, in the energy sector, the broad definitions are relatively straightforward. Renewables projects: solar, wind, geothermal, small-scale hydro – are Paris-aligned while coal and heavy fuel oil projects are not. In this sector, PIDG's clear preference is for renewables where feasible, and PIDG does not invest in coal plants. Gas-fired power plants, although fossil fuel generation, are eligible for PIDG investment under certain conditions where alternatives for baseload power are not available. As technology develops, the alternative options will change and PIDG will keep this under continual review.

In other sectors, it is currently less clear what Paris alignment looks like in the countries where PIDG invests. When investing in essential infrastructure such as roads, ports, affordable housing and communications, PIDG will prioritise projects that are carbon-efficient and will explore innovations to further enhance that. Over the coming months, we will be working with others to define the appropriate level of ambition on Paris alignment in these sectors in PIDG's countries of operation.

At the same time, PIDG is measuring the carbon footprint of its portfolio and is assessing the resilience of its investments in the light of climate risk.

The challenge of climate change requires a suitably ambitious response. PIDG is committed to work with others on the response that will most benefit the poorest and most fragile places.



InfraCo Asia's agri-energy infrastructure project in Sri Lanka, producing biomass pellets from Gliricidia trees. This will provide a new stream of income to smallholder farmers and a fresh source of clean energy for export and domestic use.

Relevant links:

Intergovernmental Panel on Climate Change (IPCC) Special Report: Global Warming of 1.5°C
www.ipcc.ch/sr15/

United Nations Framework Convention on Climate Change (UNFCCC), The Paris Agreement
<https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement>

Department for Business, Energy and Industrial Strategy and Chris Skidmore ZEP
www.gov.uk/government/news/uk-becomes-first-major-economy-to-pass-net-zero-emissions-law

[The World Bank](http://www.worldbank.org/en/news/feature/2015/11/08/rapid-climate-informed-development-needed-to-keep-climate-change-from-pushing-more-than-100-million-people-into-poverty-by-2030)
www.worldbank.org/en/news/feature/2015/11/08/rapid-climate-informed-development-needed-to-keep-climate-change-from-pushing-more-than-100-million-people-into-poverty-by-2030

Sustainable Development Goal 9
<https://sustainabledevelopment.un.org/sdg9>

Sustainable Development Goal 7
<https://sustainabledevelopment.un.org/sdg7>

Clean Cooking Alliance
www.cleancookingalliance.org

Sharing knowledge

My summer in the City



Khai Yee Foo, Intern with the PIDG Communications team

I am a second-year student at LSE studying Economics with Economic History. I grew up in Malaysia but moved to London a few years ago to attend university. I applied for an internship with the Communications team and was privileged to be one of the candidates selected to intern at PIDG for ten weeks this summer.

Coming from an Economics background, I did not know what to expect when I started work at PIDG 10 weeks ago. I had little knowledge about development finance before this, but learning from the team and the rest of PIDG has really shown me a different side of investing. My experience here has

really changed my view of how the private sector can contribute to social and economic development in frontier markets. It has truly been a privilege to get to work with people with so much passion and from such diverse backgrounds.

With the help of the team, I have been managing PIDG's social media accounts and producing brand assets to align with the PIDG brand.

One of the first tasks I was asked to undertake, was to research and work collaboratively across the group to create a corporate presentation, one that would tell the PIDG story to an external audience. Consulting across the team to create the presentation has helped me to develop both my project management and my writing skills, and I have learned much about how to implement brand design so that the presentation reflects PIDG values.

PIDG is truly a great example of how the private sector can and should play a role in development.

On the circuit

7th Annual Africa Business Day

PIDG CEO, Philippe Valahu, gave a keynote speech at the Africa Business Day in Zug, Switzerland. This year's theme was Overcoming the Infrastructure Gap in Africa.

Philippe set the tone for the day by providing an expert overview of the infrastructure gap at the macro level in Africa while focusing on the opportunities and challenges for Swiss companies and SMEs working to address this important issue.



The Seventh Tokyo International Conference on African Development (TICAD7)



Philippe Valahu, PIDG CEO on the Japan Africa Business panel at TICAD7 discusses how Japanese businesses can collaborate with foreign companies in Africa as a route to growth, and the experiences of Japanese companies already working with foreign partners in Africa

Project round-up

Nachtigal hydro power project backed by EAI's wins African Investor Ai Power Deal of the Year Award



Luc Koechlin, Managing Director, EDF Southern Africa (the main Nachtigal sponsor) and Hubert Danso, Ai

African Investor, the international investment and communications group, has awarded its 2019 Ai Power Deal of the Year Award to the Nachtigal hydro power project in Cameroon. The award was announced in Cape Town on 3rd September.

The Emerging Africa Infrastructure Fund has provided a €50 million loan over 18 years to Nachtigal Hydro Power Company. It is building a run-of-the-river hydro power station on the Sanaga River in Cameroon. The plant is a key component in the Cameroon government's National Electricity Development Plan. The hydro station will add 30% to Cameroon's base-load electricity supply. Its clean, renewable energy will benefit the country's households and industry and strengthen its business investment climate.

The €1.26 billion plant will have an installed capacity of 420MW and supply Cameroon's Southern Interconnected Grid. 100% of the station's output is to be bought by the country's privately operated national utility, ENEO, under a 35-year availability-based take or pay power purchase agreement.

GuarantCo to support DeafTawk, a start-up supported by Jazz, GuarantCo's leading digital telecommunication company

GuarantCo is collaborating with the PIDG Technical Assistance Facility and Jazz, Pakistan's largest digital telecoms company, to co-finance an online sign language service to empower people with hearing impairments in Pakistan. The project builds upon earlier work with Jazz in 2013, to finance a sukuk credit enhanced by GuarantCo, a mobile phone-based literacy programme for 2,500 women and girls. This new project will make significant steps towards inclusion of people with hearing disabilities in Pakistan.

The sign language interpreter is Ms Mamoona Awan (L-R) Mr Abdul Qadeer, Mr Ali Shabbar (CEO of DeafTawk) and Mr Wamiq Hasan, sharing the story of how they started this initiative.

EAI's lends €40 million for new port facilities at Owendo Port to support Gabon Special Economic Zone

EAI's has arranged the long-term debt finance for a €305 million new port development by Gabon Special Economic Zone Ports (GSEZ Ports) at Owendo, Gabon. The largest industrial-scale infrastructure

public private partnership yet seen in the country, it is a powerful example of public and private capital working in partnership to create a development that will benefit Gabon for decades to come.

Chiensi irrigation project starts construction

Arrival of the President Edgar Chagwa Lungu

InfraCo Africa's Chiensi irrigation project started construction on 13th August. The President of the Republic of Zambia, His Excellency, Dr Edgar Chagwa Lungu, attended the ground-breaking ceremony.

He described the challenges that climate change and drought present for Zambia's agricultural sector and concluded that: "This project could not have come at a more appropriate time. With the threat of climate change, irrigation is needed to boost production and to enhance food security. Agriculture is a lifeline for all of us."

Ninh Thuan Solar Project at the Singapore Regional Business Forum

The InfraCo Asia-Sunseap Ninh Thuan Solar Power project, commissioned 15th June, was cited as an example of a sustainable infrastructure project that originated in Singapore, by Senior Minister and Coordinating Minister for National Security Teo Chee Hean in his opening speech at the Singapore Regional Business Forum on 15th August.

Central Solar de Mocuba (CESOM) solar power plant declared open

EAI's project Central Solar de Mocuba (CESOM) solar power plant was declared open on 10th August by Mozambique's President, His Excellency Filipe Jacinto Nyusi. CESOM is EAI's first renewable energy project in Mozambique.

EAI's announces financial close for Kikagati hydro power on the borders of Uganda and Tanzania

On 7th August the 14MW Kikagati hydro power station which is being built on the border between Uganda and Tanzania reached financial close. Kikagati hydro power station is the 10th renewable energy plant EAI's has supported in Uganda.

Kikagati hydro power station being built on the border between Uganda and Tanzania reached financial close

InfraCo Africa to develop Sierra Leone mini-grid project

InfraCo Africa has signed a SHA with PowerGen, committing US\$6.9 million to develop the Sierra Leone Mini-Grid Project. It is InfraCo Africa's largest mini-grid project to date, and their first project in Sierra Leone. The project will provide access to clean energy in people's homes, promote business growth and power improved public service provision across a large area of Sierra Leone.

EAI's lends €28 million to Azito Energie's power plant expansion in Cote D'Ivoire

EAI's is lending €28 million to a €330 million expansion of the Azito Energie gas-fired power station in Cote D'Ivoire. This is the second loan EAI's has made to Azito. In 2012, it loaned the company US\$30 million towards the construction of the first plant. The new financing will be a funding gap that EAI's was not able to fill because of the management's successful operation of the existing plant and its resilient cash flows.