



Private Infrastructure
Development Group

PIDG Impact Management Directory 2026

PIDG's standardised approach for consistent, high-quality impact management across its portfolio and projects' lifecycle.

Table of Contents

<i>Table of Contents</i>	1
<i>Introduction</i>	2
1. PIDG’s strategic impact objectives	3
2. How PIDG manages strategic impact on a portfolio basis: strategic impact objective(s) consistent with the investment strategy	5
3. How PIDG establishes its contribution to the achievement of impact.	7
4. How PIDG assesses the expected impact of investments	13
4.1 PIDG’s screening, review, sign-off and monitoring process	15
4.2 How PIDG assesses the SDG relevance of investments	20
4.3 How PIDG assesses impact on people	21
4.4 How PIDG assesses impact on the planet	25
4.5 How PIDG assesses impact on the wider economy	28
4.6 How PIDG assesses and reports on mobilisation	30
4.7 How PIDG assesses transformational market impacts	33
4.8 PIDG’s adoption of a gender and inclusion lens into investments	35
5. How PIDG assesses, addresses, monitors, and manages potential adverse impacts of investments	37
6. How PIDG monitors impact progress of each investment	39
7. How PIDG monitors impact at exit	41
Annex 1. PIDG FCAS List	43
Annex 2. PIDG LDC List	43

Introduction

The **PIDG Impact Management Directory 2026** outlines the methodologies that guide how PIDG identifies, manages, measures and reports the impact of its investments. It serves as the central reference point for impact management at PIDG, setting out the full architecture of PIDG’s impact approach — from early-stage screening through to longer-term evaluation and learning.

PIDG has been a signatory to the Operating Principles for Impact Management (“Impact Principles”) since their launch in 2019. To meet Principle 9, PIDG publishes annual disclosure statements, which can be found [here](#). This Directory should be read as an annex to those disclosures. Each section maps to one or more Impact Principles, illustrating how PIDG embeds impact into decision-making, governance and accountability.

This version of the directory covers:

- **Strategic Intent (Principles 1 and 2):** How PIDG defines and updates its mandate, impact objectives and investment thesis, ensuring impact is managed at portfolio level.
- **Origination and Structuring (Principles 3–5):** Policies and tools for assessing expected impact, additionality and risks during origination and due diligence.
- **Portfolio Management (Principle 6):** Systems, indicators and assurance processes—such as the SDI Webform, annual updates and Impact Assurance—that track expected versus actual results, alongside project self-evaluations, post-completion reviews, portfolio learning and external reporting.
- **Impact at Exit (Principles 7 and 8):** How PIDG considers sustained impact and embeds learning to ensure continuous improvement.

Each section demonstrates how PIDG’s internal procedures fulfil the Impact Principles’ intent, ensuring that transparency, evidence-based practice and alignment with global standards. This provides confidence to PIDG’s stakeholders that impact drives portfolio construction and is systematically managed for maximising results and learning.

The **PIDG Impact Management Directory 2026** serves as both an operational guide for internal teams and a public annex to PIDG’s annual disclosures under the Impact Principles. It demonstrates PIDG’s ongoing commitment to high standards of impact integrity, accountability and performance.

1. PIDG's strategic impact objectives

Overview

PIDG believes that new and improved access to infrastructure can drive action on the climate and nature, while accelerating sustainable development. This is the urgent purpose of everything we do.

- Our [strategy for 2023-30](#) makes action on climate and nature, together with sustainable development, through new and improved access to infrastructure more than just part of our work. It is now the central purpose of all we do.
- Our strategy is aligned with our [Investment Policy](#) that outlines which transactions and sectors we explicitly consider.
- Both of these are aligned with PIDG's theory of change.

The PIDG theory of change assumes the following pathways and steps:

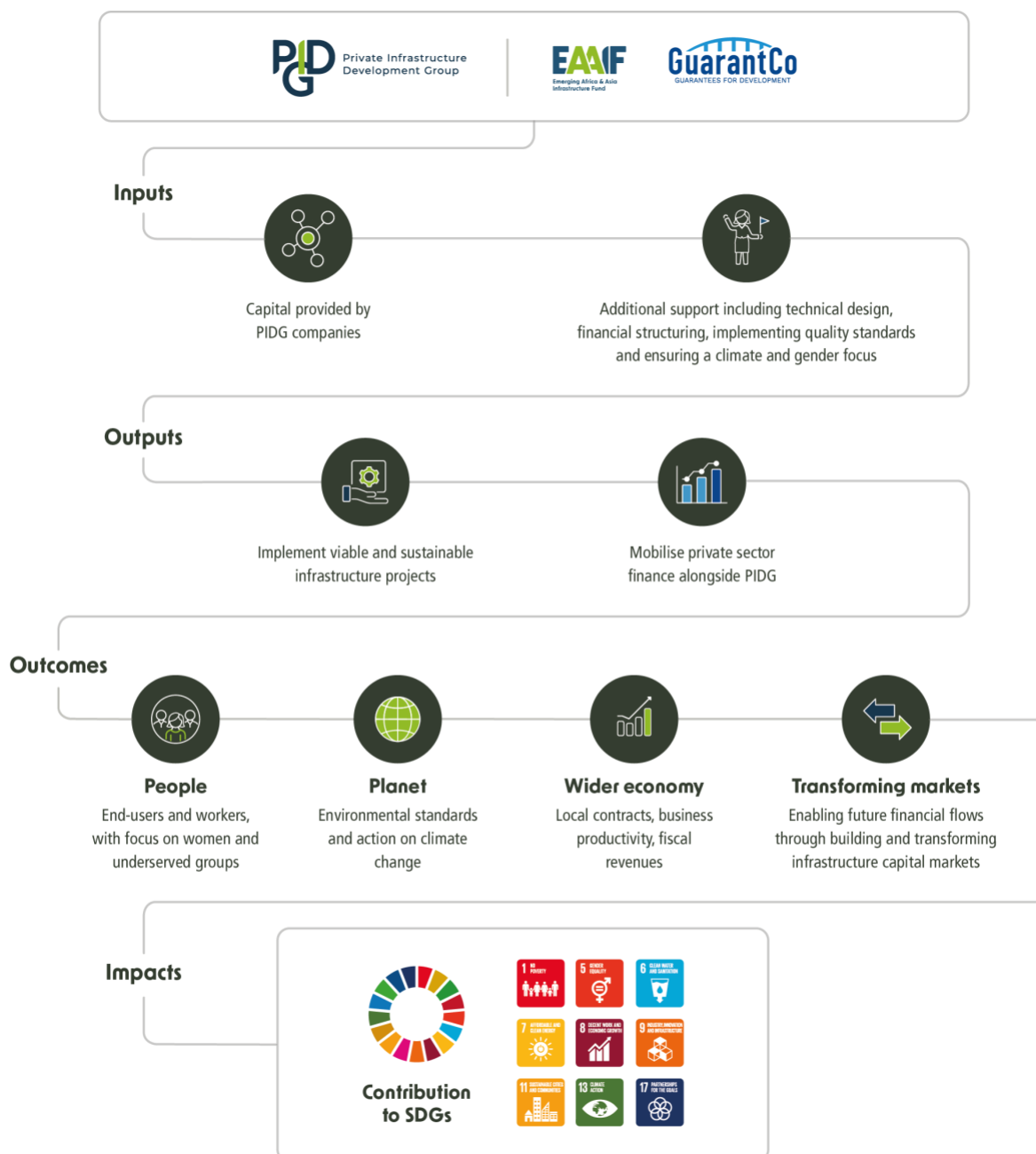
- PIDG provides finance and technical support to infrastructure projects in low-income countries, alongside private sector funds.
- These infrastructure projects are commercially viable (either immediately or over time) providing a sustainable model for delivering essential services as well as a demonstration effect for the future, crowding in more private sector investment and funding for infrastructure.
- Projects generate positive outcomes for society by providing new or improved access for individuals and households to essential services such as energy, water, communications, transport and housing.
- In order to achieve impact, these infrastructure services must be affordable to households. They may achieve a scale of impact either through their size or through their replication. Positive outcomes for women and girls are particularly important.
- Improved infrastructure helps businesses to grow and create more and better jobs. In order to achieve impact in this way, these services must be affordable to businesses. There may also be employment opportunities generated in the supply chain of the PIDG-supported infrastructure.
- The infrastructure company will pay taxes, as will the business lines in the supply chain and those benefiting from the infrastructure.
- PIDG seeks to support infrastructure projects which contribute to the mitigation of climate change, and to prioritise low-carbon solutions. Given the geographies that PIDG operates in are some of the most vulnerable to climate change globally, PIDG seeks to ensure that the projects it invests in are resilient to the impacts of climate change (e.g., through project design) and able to withstand extreme weather events that are more likely as the climate changes.
- PIDG's investments may also have an influence on the wider capital market, enabling more funds to flow to infrastructure in the future. At a minimum, they create an important track record in frontier markets, but PIDG business lines go further, building local capacities and developing solutions to transform markets enabling future flow of finance to infrastructure.
- PIDG's investments may demonstrate the viability of a structure (for example, a public private partnership), an innovative technology or a geography, so that other investors are attracted into that market and engage without the need for PIDG's involvement.
- Through a combination of the above, PIDG investments contribute substantially towards the SDGs and underpinning economic growth, creating decent jobs, transforming economies – contributing to SDG 1 and SDG 8. Moreover, investments in specific sectors deliver against SDG 6 (clean water and sanitation), SDG 7 (affordable and clean energy), SDG 9 (industry, innovation and infrastructure), SDG 11 (sustainable cities and communities through affordable housing investments). Further examples include, inter alia, contribution to action against climate change (SDG 13) and gender equality (SDG 5), which are now integrated in all stages of the PIDG investment cycle.

The size of the infrastructure financing gap and the scale and pace of investment needed to achieve the SDGs by 2030 is significant. At PIDG, we are learning from our 25-year experience in infrastructure development and financing in Africa and Asia – our task now is to quickly scale our impact. Our strategy for 2023-30 makes

action on climate and nature, together with sustainable development, through new and improved access to infrastructure more than just part of our work. It is the central purpose of all we do. Our collective task is to build an economy that can meet people's basic needs and aspirations while protecting and restoring the natural capital of our planet.

Our core proposition is to:

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



2. How PIDG manages strategic impact on a portfolio basis: strategic impact objective(s) consistent with the investment strategy

Overview

The Board and management of PIDG formally acknowledge that overall progress with strategy implementation requires a unified portfolio approach and clear strategic KPIs. Impact performance overall is overseen by a dedicated [Impact Committee](#), comprised of a subset of PIDG Board non-executive directors and an independent member, who provide effective direction and scrutiny on impact governance and performance.

Impact performance is included in quarterly portfolio reviews that are discussed at PIDG Board Investment and Credit Committee. PIDG Audit Committee scrutinises the assurance and controls of PIDG Impact management systems with particular focus on PIDG Impact disclosures and reporting, namely PIDG’s annual Sustainability and Impact Report. PIDG ensures that incentives are aligned with impact across the organisation through a set of KPIs at the Group level which apply across all its business lines and feed into staff and management objectives.

The Impact team has a de facto veto power on investments and deals that do not meet expectations on climate, gender or market transformation. The ambition is to always balance risk-adjusted returns with sustainable development impact, ensuring financial sustainability for the underlying impact. Performance incentives reflect this balance, at the individual and company level. A Sustainable Development Impact Assessment is an explicit requirement in the PIDG Investment Policy, and a dual climate and gender lens is applied in the Sustainable Development Impact Assessment of each investment.

Below are specified PIDG’s impact performance indicators that are part of PIDG’s KPIs agreed with the Board and Owner governments, in alignment with our overall theory of change and strategy.

KPI / Metric	Description
(KPI) PSI/PIDG commitment ratio in projects reaching financial close (cumulative 2019-26)	PSI = Private sector investment. Across PIDG’s transactions, the ratio of private sector capital relative to PIDG’s commitment is tracked and monitored. This captures broader engagement on mobilising private sector capital.
(Metric) PSI/PIDG commitment ratio in projects reaching financial close (cumulative 2024-26)	As above, looking at a more specific period for portfolio construction purposes.
(KPI) Percentage of number of projects committed in either Least Developed Countries (LDC) and low-income countries that are not LDCs (DAC I/II) or Fragile and Conflict Affected States (FCAS), based on LDC/FCAS list used by PIDG as at January 2023. (cumulative 2019-26)	This is a measure of PIDG’s strategic commitment to continue to work at the frontier, innovating where it matters the most by supporting Least Developed Countries, and Fragile and Conflict Affected States where it is harder to mobilise the private sector.
(Metric) % by USD volume of commitments (cumulative 2019-26)	As opposed to the number of projects, this looks at the volume of capital being deployed in DAC I and II countries i.e. Least Developed Countries (LDC) and low-income countries that are not LDCs /FCAS countries as project commitment volumes are not uniform.
(KPI) %in LDC/low-income countries that are not LDCs (DAC I/II) (by number) (cumulative 2019-26)	This KPI looks explicitly at DAC I/II countries as opposed to LDC/low-income countries that are not LDCs/FCAS countries specified above.
(KPI) Sustainable Development Impact Rating – Average Impact Gauge (FC 2019+)	PIDG maintains a “Group Sustainable Development Impact Rating Gauge” which is an average impact score of financially closed projects since 2019. The gauge is updated and reported to the Board and Owners once a quarter to reflect new investments. The score of each project is ‘live’ and is updated every year based on its performance – with the portfolio average position also subsequently updated.

	Targets for these strategic portfolio KPIs are informed by, and incentivised through, company-specific, 3-year business plans that reflect the unique contributions of each PIDG company.
(Metric) Percentage of new commitments classified as climate finance (adaptation, mitigation, both)	PIDG classifies applicable transactions of climate finance aligned with our integrated climate and nature approach. For additional details, refer to PIDG's integrated climate and nature approach or section 4.4 below.
(KPI) Percentage of projects reaching financial close enabling women to rebalance control of resources and economic opportunities, as evidenced by gender equality assessments	Going beyond compliance with international norms and standards, PIDG gender equality ambition focuses on improving gender equitable access to, and control over, the benefits created by infrastructure. For additional details, please see our Gender Lens Investing policy or section 4.8 below.
(KPI) Carbon intensity (tonnes of CO ₂ equivalent per USD m invested) within cap	PIDG reviews the relative operational carbon emissions of new projects entering the portfolio. For additional details, refer to PIDG's integrated climate and nature approach or section 4.4 below.

3. How PIDG establishes its contribution to the achievement of impact.

Overview

PIDG's investment policy sets out a number of criteria for an investment to qualify for PIDG interest.

The first is sustainable development impact: "All PIDG investments must, either directly or indirectly, facilitate the development of infrastructure services, capital markets and facilities that contribute to inclusive growth and/or poverty reduction and improvement of livelihood through access to infrastructure."

The second criterion is additionality: "PIDG's input must be in addition to those currently delivered by the market or other actors and must complement rather than substitute." This ensures that PIDG's sustainable development impact is not only visible but also would not be provided by other private sector financiers, for example because it is too risky. "Where PIDG's potential additionality to an opportunity is weak, PIDG will not undertake any engagement." PIDG business lines operate over the life cycle of an infrastructure project and across the capital structure to de-risk infrastructure projects and thereby catalyse private sector involvement. The financial and non-financial additionality of PIDG investment and the expected contribution of PIDG to the desired impact are systematically assessed and documented at investment appraisal and reviewed regularly.

PIDG's additionality approach

Mobilising private sector finance is an explicit aim of PIDG and – considering PIDG access to official development assistance and development finance, the concept of additionality is central to PIDG mandate. The MDB's Harmonized Framework for additionality in private sector operations report (2018)¹ remains the main reference point to define additionality in development finance. It defines additionality as an intervention to support private sector operations which contributes beyond what is available in the market and should not crowd out the private sector. More specifically, the framework refers to "key financial and non-financial inputs brought by MDBs to a client and project to make the project or investment happen, make it happen much faster than it would otherwise, or improve its design and/or development impact".

Additionality is distinct from sustainable development impact: sustainable development impact represents the development outcomes of the investment, while additionality looks at the contribution of the investor. With the professionalisation of impact management practices and a broader range of investors adopting the deliberate aim to achieve net positive development outcomes, the notion of investor's "contribution" has evolved as one key dimensions of impact, with significant overlaps with the concept of additionality.

Additionality however remains a specific concept for investors that – like PIDG – have access to official development assistance with the aim to mobilise rather than displace private sector investment in markets that do not fulfil desired development outcomes without such intervention.

At PIDG, additionality is therefore one of the key tests in the initial PIDG deal screening, as mandated by PIDG investment policy and implemented in PIDG impact screening.

¹ https://www.ifc.org/wps/wcm/connect/7d286672-0c03-47f7-ad41-fce55d3ef359/201809_MDBs-Harmonized-Framework-for-Additionality-in-Private-Sector-Operations.pdf?MOD=AJPERES&CVID=mppa975

This paper aims to clarify our assumptions about the additionality of PIDG investment instruments and how we expect to test and evidence additionality at deal screening stage and beyond.

2. PIDG additionality framework:

2.1 Financial vs non-financial additionality:

The literature distinguishes between financial and non-financial additionality. Our approach is to consider both, with the key elements of non-financial additionality being:

- Building local capacity
- Enhancing impact with a deliberate focus on (i) climate and nature (ii) gender and inclusion

The main test of PIDG additionality however is on financial additionality, and if there are doubts about financial additionality we should not invest. In PIDG impact management framework, most of the non-financial additionality are usually captured by a solid definition of net positive impacts, either direct (on people and planet) or indirect (market transformation). This paper therefore focuses largely on financial additionality.

2.2 Filling a funding gap

Due to limited private sector appetite for a sector/country there is an absence of commercial financiers willing or able to offer capital. Such absence, inability, or unwillingness on the part of private financiers often reflects real or perceived, cyclical, or persistent investment risk. PIDG instruments can help resolve this through offering more appropriate terms to infrastructure financing. The tools that we deploy should make a contribution that is beyond what is available from the private sector, or that is otherwise absent from the market, and should not crowd out the private sector.

We will therefore assess PIDG financial additionality against the following three conditions in the specific markets, defined as part of the sustainable impact deal screening:

- private sector capital is not available at all (nascent / underdeveloped market)
- private sector capital is not available in sufficient quantity, due to overall private capital availability in the market
- private sector capital is not available on terms appropriate to what is being financed (as compared to what happens in other geographies)

All PIDG transactions need to meet the minimum threshold that PIDF investment can be considered additional, in relation to the three conditions above.

2.3 Application of the additionality framework to specific PIDG instruments.

The following table makes explicit the assumptions about additionality of various PIDG instruments, and the considerations used to test and evidence additionality.

PIDG Instrument	Contextual considerations and assumptions	Tests and evidence
All instruments	For all PIDG investments we ask: a. will the project happen without PIDG investment? b. is it likely to take significantly longer without PIDG investment?	This can be evidenced by the presence or absence of investor's competition for the opportunity being considered (ref. a), the time it will likely take the sponsor to find alternative

	agilitc. is it likely to happen with significantly lower standards (non financial additionality)	capital to PIDG (ref. b), who the alternative capital providers are (ref. c)
Early stage project development	We assume high additionality: in the markets in which PIDG operates this type of capital is considered absent or extremely scarce.	Additionality is broadly assumed, especially in least developed countries and most FCAS.
Project equity	We assume high additionality unless there are alternative capital providers (for example in competitive rather than negotiated procurement) as equity is generally scarce in the markets in which we invest.	Additionality is probed further for the eventuality that we are displacing private capital, for investments in sectors that have significant private sector activity evidenced by relevant market assessments or are considered not underdeveloped by PIDG market transformation assessment (scoring 10/20 or below in PIDG scorecard).
Corporate equity / quasi-equity	We assume good additionality for business lines that are still EBITDA negative or at series B or C of capital raise. We assume sufficient additionality for significant scale up in sectors that are still nascent or expansion of innovative business models.	We consider previous capital providers to the company and alternative financing options available.
Guarantees	We assume good additionality considering the willingness of sponsors and investors to cover the cost of the guarantee and as we are mobilising private capital in this way.	We consider the specific guarantee used (credit enhancement, liquidity extension, portfolio, framework) and its purpose in address specific constraints to match available capital with the desired investment.
Project debt	Project debt is still largely unavailable on the terms and in the quantity needed to infrastructure development in the markets in which PIDG invest, although it is comparatively more available than other instruments. Additionality is probed against the availability of other possible private / commercial financiers for the investment opportunity	We consider the availability of commercial debt to the project sponsor. We consider the appropriateness of the terms offered, in particular tenure and matching specific conditions (for example whether an investment is too large or too small for available commercial debt providers. Concessionally of pricing should not be portrayed as additionality and pricing should not artificially undercut available financiers, especially local investors. Additionality is probed further for the eventuality that we are displacing private

		capital, for investments in sectors that have significant private sector activity and are considered not underdeveloped by PIDG market transformation assessment (scoring 5 or 10 in PIDG scorecard).
Corporate debt	<p>Additionality is probed against the availability of other possible private / commercial financiers for the investment opportunity.</p> <p>We consider the scale of finance required and if the company operates in sectors that are still nascent or if they are expanding innovative business models.</p>	<p>We consider the availability of commercial debt to the project sponsor. We consider the appropriateness of the terms offered, in particular tenure and matching specific conditions (for example whether an investment is too large or too small for available commercial debt providers.</p> <p>Concessionality of pricing should not be portrayed as additionality and pricing should not artificially undercut available financiers, especially local investors.</p> <p>Additionality is probed further for the eventuality that we are displacing private capital, for investments in sectors that have significant private sector activity and are considered not underdeveloped by PIDG market transformation assessment (scoring 5 or 10 in PIDG scorecard).</p>
Capital market instruments	<p>Guarantees for bonds:</p> <ul style="list-style-type: none"> - We consider our investment additional if the guarantee allows matching capital demand and offer which previously did not meet due to constraints addressed by the guarantee. <p>Anchoring bonds:</p> <ul style="list-style-type: none"> - We probe additionality of our investment considering the status of the capital market in the geography and sector concerned (success of previous issuances by the issuer or their competitors) 	<p>Additionality is probed further for the eventuality that we are displacing private capital, for investments in sectors that have significant private sector activity and are considered not underdeveloped by PIDG market transformation assessment (scoring 5 or 10 in PIDG scorecard).</p> <p>When anchoring bonds, we offer to reduce our investment quantum down to an agreed floor in case of significant private sector interest.</p>
Technical Assistance (TA) and	PIDG TA and concessional capital is different in nature from other PIDG instruments as it does not seek a commercial return.	The main additionality tests for TA and concessional capital are around two pillars:

concessional capital	As it is the most scarce form of capital available to PIDG and due to its nature, specific tests are in place on the outcomes of its deployment and how it improves access to infrastructure services, affordability, development outcomes and feasibility of investments.	<ol style="list-style-type: none"> 1. Is the level of concessionality granted needed and can / should the cost proposed for TA / concessional capital be met through other investment instruments? 2. Are there other TA or concessional capital providers that could cover part of all the relevant costs, freeing up PIDG capital for other opportunities.
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Template:

Capital provided by PIDG

The following is a template to be filled out by member of the impact team associated with the underlying transaction that is being review; sourcing inputs from the wider deal team.

Please choose from the below

A. PSI capital is not available at all

- Please provide the rationale driving no private sector appetite for this sector and country. This could be linked to the nascency of business model, sector or driven by the perceived country risk. The product type may also be relevant if there is debt appetite but limited equity appetite or vice versa.

Example: Equity capital is not available at all for C&I from domestic sources. There is a limited track record of C&I projects in the three markets, so sponsors have not been able to raise development capital from the private sector (local investors and local banks).

Example: Private sector equity capital is not available in Zimbabwe, especially for early-stage nascent business models such as e-mobility. PIDG's investment will de-risk the company, allowing it to scale at a quicker pace, prove commercial viability, thus attracting later stage investors and leverage debt.

OR

B. PSI capital is not offered in sufficient quantity

- Please the rationale driving limited private sector appetite for this sector, country or product type. This could be linked to the nascency of business model, sector or driven by the perceived country risk.

Example: Capital is not available in sufficient quantity due to the perceived risk of lending in Country X and local lenders do not have the balance sheet to support similar ICT projects.

Example: Capital is not available in sufficient quantity from commercial providers of capital. The project requires a total investment of USUSD1bn which is a sizeable transaction for both Country X and Africa. It is expected that 50% will originate from commercial sources of capital and the rest of the funding gap will need to be met by DFIs.

Example: PIDG will act as anchor investor to support a company that operates in the frontier countries where

investors have lower risk appetite. The recording of PIDG's decision to participate in the prospectus will be seen as a strong indicator on the general sentiment towards the company and markets in which it operates.

OR / AND

A. PSI capital is not offered on the terms required

Please comment on the current terms being offered in the market today and why this is not sufficient to meet the project's requirement. Please also comment on any innovative financing structures that PIDG can provide that (i) add value by lowering the cost of capital or by better addressing risks and (ii) are not available in the market at a reasonable cost.

Example 1: Commercial capital is not available in sufficient quantity on the terms required to roll out the data centres due to higher perceived risk in some of the targeted countries (e.g., Country Z) and long tenors required (>10 years).

Example 2: Capital is not available in sufficient quantity and on the appropriate terms to enable the project to happen as a tenor > 10 years is required. This is due to the perceived high risk of the power sector in Country Z.

Value provided by PIDG

Please only complete if relevant

A. Advancing women's economic empowerment:

Please comment on if PIDG's Impact and TA teams will work with the client to implement a gender equality assessment, action plans and/ or gender empowerment training. This will not include gender-based violence and harassment (GBVH) management initiatives, as these are considered business as usual for all projects.

B. Delivering climate change improvements:

Please comment on if PIDG will work with the client to deliver climate change improvements. This includes but is not limited to feasibility studies to reduce the emissions footprint, capital grants for batteries, assisting clients with the development of their climate change strategy and providing physical and transition risk training.

4. How PIDG assesses the expected impact of investments

Overview

PIDG has an established systematic approach to assessing the impact potential of prospective investments. This is part of PIDG's end to end system to drive and demonstrate impact across the entire investment cycle. Section 4.1 covers PIDG's Screening, Review, Signoff and Monitoring Process, while sections 4.2-4.8 cover various elements of PIDG's impact scorecard.

PIDG uses an impact scorecard to:

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

The scorecards are a vehicle for impact and investment teams to strengthen and deepen the analysis of Impact ex ante on every deal. The impact scorecard is built on the Impact Management Project's norms, reflecting PIDG's goals across the five dimensions of impact and investor contribution strategies. They cover direct impacts on people and planet as well as indirect, systemic impacts on local markets and the economy.

The scorecards have thresholds and are live, so deals are improved on impact from the moment they are introduced into the pipeline, with sign-off required periodically to proceed to investment. The two main tools for a systematic and documented process to measure and manage impacts on people and planet from PIDG investments related to sustainable development impact are the Impact Clearance in Principle note and the Impact Endorsement note (see PIDG's Impact review, sign-off and monitoring process document for greater detail).

Impact risks are considered and documented in the Impact scorecards and feed into the wider risk management framework. In addition to deep alignment with the Impact Management Project, since 2023 we brought our impact disclosure and nature and climate disclosures into one report – the Sustainability and Impact report – in voluntary partial alignment with IFRS S1 and S2 (formerly the Task Force on Climate-related Financial Disclosure (TCFD)) and the Taskforce on Nature-related Financial Disclosures (TNFD). We are an early adopter of the TNFD, having committed to making disclosures in line with its recommendations by the financial year 2025. Expected carbon intensity and financed GHG emissions are calculated for each new investment and monitored annually for high-emitting projects.

Overview of the impact scorecard

Impact areas and sub areas		Impact questions, assumptions and priorities
1. Direct impacts on people and	1.1 Impact on end-users	<ul style="list-style-type: none"> • Who: Demographics of end-users and whether underserved? (priority to low-income, women) • Depth: What is changing for them and are there improvements in climate resilience? • Scale: How many people are expected to benefit?
	1.2 Impact on workers (short term and long term jobs)	<ul style="list-style-type: none"> • Who: Demographics of workers? (priority to women, local) • Depth: What is changing for them? (quality of job, income compared to national/living standards) • Scale: How many and duration of jobs created?

planet	1.3 Impact on planet	<ul style="list-style-type: none"> • What is the carbon intensity of the PIDG investment? • What is the scale of impact on planet based on absolute emissions of the whole project? • What is project's impact on biodiversity and natural resources?
2. Impact on wider economy	2.1 Impact on businesses	<ul style="list-style-type: none"> • Project contracts/payments to local businesses • Value of contracts to local businesses • Impact on businesses beyond project contracts • What is the depth of cost savings/increased revenues? • What is the scale of impacts for businesses?
	2.2 Fiscal impact on governments	<ul style="list-style-type: none"> • Value of additional fiscal revenues generated by the projects and business lines financed • Value of additional FX savings generated by the projects and business lines financed
3. Mobilising investment	3.1 Quantity of investment mobilised	<ul style="list-style-type: none"> • Ratio of PSI mobilised to PIDG commitment (Credit Solutions Business lines and InfraCo Investments) or • Ratio of TICs to PIDG Commitment (InfraCo Development)
	3.2 Quality of investment mobilised	<ul style="list-style-type: none"> • Whether local currency and new/domestic investors are being mobilised
4. Transforming markets	Potential for replication and 'market-making' features	<ul style="list-style-type: none"> • What is the market challenge? • What is the expected market outcome? • What is the expected level of market movement in the outcome area?
Strategic alignment	Additional scores for contributions to frontier geographies, gender and inclusion, climate innovation, circular economy, large emissions reductions, nature protection and restoration	
Impact risks	Risks that the expected impact will not materialise even if the investment goes ahead	
SDG contribution	Establish contribution of each project to specific SDGs and its relevance in the country context	
Climate Risks	Transition and physical climate risks assessments	
HSES (Health, Safety environmental and Social) risks and considerations	Key HSES risks and considerations	

4.1 PIDG's screening, review, sign-off and monitoring process

Our Impact Management System aims to (i) drive strategic capital allocation to maximise positive impacts on people and planet, promoting and demonstrating sustainable development, positive climate and nature outcomes and gender equity and inclusion, and simultaneously, (ii) identify, assess and effectively manage adverse health and safety, environmental, social, human rights and security risks associated with our investments.

This section summarises:

- i. How the Global Impact function screens and signs off prospective investments.
- ii. How we manage the risks of adverse impacts and monitor expected positive impacts over the investment lifecycle, and learn in the process.
- iii. The interaction between the investment, business development, and asset management teams and the Global Impact Function along the investment cycle for the various PIDG product lines.

The Global Impact function provides analysis, guidance, and advice to the PIDG Group during investment decision making and provides the formal review and sign off on HSES management and sustainable development impact claims for all PIDG investments.

As a global function we aim to be effective, credible and responsive:

- Effective - refers to achieving our strategic objectives to drive and demonstrate Sustainable Development Impact and identify and manage the risks of adverse HSES impacts; and at an operational level, to guide capital allocation and portfolio management based on a consistent and comparable assessment of Sustainable Development Impact risks and opportunity, which integrate with financial and broader risk considerations.
- Credible - means that we want our system to be robust and to stand up to stakeholder scrutiny.
- Responsive - indicates that we strive to keep the process simple, nimble, workable, proportionate and not too resource intense.

Guiding principles

- a) We will clearly identify the route to sustainable development impact of potential investments before committing resources to investments or the development of investments;
- b) We will clearly identify HSES risks and adverse impacts of potential investments and seek to ensure that they can be appropriately managed to align with our HSES policies and to a level that is as low as reasonably practicable commensurate with the risk, before committing resources to investments or the development of investments;
- c) We will ensure that each positive impact claimed can be demonstrated through meaningful and trackable indicators;
- d) The process is iterative; we will start at an early stage when the investment opportunities are identified and we will refine our assessment at each step of the investment cycle;
- e) While PIDG claims expected results ex ante (at financial close), we will then monitor and self-evaluate the positive impact of our investments to see that it is realised, commissioning external studies, surveys and evaluations for selected investments.
- f) We will monitor the management of HSES risks and adverse impacts over the lifecycle of the investment and seek to be proactive in the identification of corrective actions for poor HSES performance and new risks.
- g) We will strive to gather, articulate and share, learning at each step, including refining our assumptions of expected positive impact based on our post assessment and evaluation, to better inform improved ex ante analysis of future investments.

- h) While the process is highly iterative and we provide ongoing advice and guidance, we have formal Impact sign-off gates at crucial stages. The Impact sign off gates precede the investment teams' request for approval from the relevant committees to commit resources to develop investments (project development or due diligence) or to invest.
- i) PIDG Chief Sustainable Impact Officer can exercise a de facto veto on PIDG investments and grants if the minimum impact criteria are not met or if PIDG Global Head of HSES objects because HSES risk management requirements cannot be met. This is a last resort measure and will be applied at the earliest possible stage to avoid waste of resources.

Investment cycle

The investment cycle for a transaction can be typified over nine concrete stages. Variations exist according to the type of product and the different investment/credit committees that are at PIDG.

1. Opportunity Identification

At the earliest stage, opportunities are informally assessed before any formal appraisal. This allows early consultation to determine alignment with PIDG strategy and KPIs, including Paris Alignment. Impact specialists give feedback, guidance, and sign off on the impact-related elements in the Investment Committee memorandum.

Outcome:

- Unsuitable opportunities are filtered out early.
- Initial exploration of additionality and likely impact pathways occurs.
- Potential significant HSES (Health, Safety, Environment and Social) risks are identified based on similar investments.
- A shortlist of viable projects is created.

2. Project Screening

This stage involves screening and filtering opportunities, with limited delegated authority for development spend and due diligence (DD) budgets (for InfraCo). A formal Impact Review and Clearance in Principle is required before committing meaningful DD resources. Impact leads for HSES risks and positive impact opportunities are assigned to the deal team.

A Clearance In Principle (CIP) clinic is held, followed by issuance of an Impact CIP note, which includes recommendations and conditions for further DD, such as:

- Go/no-go issues
- DD questions
- Monitoring requirements
- Key HSES requirements
- Recommendations to reconsider or stop a project

Documentation includes the Impact screening paper (HSES screening + impact scorecard) and the CIP note, which is an accompany to a Investment Committee Advance Notice Paper (for InfraCos) or a initial credit paper for the credit companies. An Impact Project File is created on SharePoint and updated progressively.

Outcome:

- Projects not meeting minimum impact criteria are removed.
- Key impact pathways are agreed and benchmarked.
- Impact and HSES DD questions are clearly articulated.
- Opportunities to enhance impact are identified.
- A project-level HSES action plan is established.
- ExCo and deal teams gain visibility on key impact considerations and resource DD workstreams appropriately.

3. Ongoing consultation during DD / project development

During the DD phase, the impact workstream follows the requirements set out in the CIP memo, including:

- Conditions for CIP
- HSES DD leading to an HSES action plan
- Any other DD requirements

Outcome:

- DD requirements are met.
- Progress and project evolution are tracked.
- The Impact File is updated.

4. Investment approval

Depending on value:

- InfraCo IC and PIDG Executive provide approval for deals within delegated authority (up to USD 5M), or
- PIDG Credit and Investment Committee reviews all larger investments.

Before presenting to any Investment Committee, the project must receive an Impact Endorsement and meet HSES requirements. Impact Review and Endorsement is repeated proportionately each time the project returns to IC. An Impact Endorsement clinic is held, and an Endorsement Note—signed by the CSIO and Global Head of HSES—is included in the investment papers.

Required documentation includes:

- HSES DD Report
- Updated impact scorecard
- Environmental and Social Action Plan (ESAP)
- Agreed monitoring indicators
- Impact opportunities
- Endorsement note
- Monitoring webform in PIDG Compass (PIDG's Impact Database - see later sections for monitoring)

Outcome:

- DD questions raised in the CIP memo are addressed.
- HSES risks are fully identified and the ESAP is agreed.
- Expected positive impacts are confirmed, quantified, and benchmarked ex-ante.
- Monitoring indicators and tracking methods are agreed for inclusion in legal agreements.

5. Signing of legal agreements

At signing, contractual provisions—including HSES provisions, ESAP actions, and monitoring indicators—are formalised. Impact leads update the webform and corresponding ESAP and Risk Register (which covers the core risks on the project). Updates are entered into Compass within two weeks of signing.

Outcome:

- Project results are captured in the portfolio database.
- HSES risks are known and tracked via the risk register.
- ESAP compliance is monitored.
- Project monitoring begins.
- Communications preparation begins.

6. Financial close

All conditions precedent must be fulfilled before financial close. The HSES risk register is reviewed and updated if needed, and the project receives HSES onboarding within three months of FC.

Outcome:

- Expected results are confirmed and published.
- HSES risks are clearly understood.
- Project understands its HSES obligations and ESAP requirements.

7. Annual monitoring

An annual update of impact data is led by impact leads and the client relationship manager, with quality assurance by the Impact team. Monitoring, assurance, and HSES support visits occur according to the project's risk level and continue throughout construction and operations.

Updates include:

- HSES risk register
- Monitoring and assurance reports
- Site visit reports
- Incident reports
- Impact watchlist
- Impact file updates
- Compass webform updates

Findings feed into the Annual Sustainability and Impact Report.

Outcome:

- Ongoing tracking of project progress, risk management, and impact achievement.
- Improved estimation of expected results and identification of new risks.
- HSES risks and incidents are monitored and corrective actions defined.
- Portfolio-level insights, including watchlist projects, are updated.

8. After commencement of operations (Impact-driven timing)

A self-assessment of project impact is completed by the impact lead and client relationship team, quality-assured by the Impact Team. Timing aligns with when significant impacts are expected to emerge.

This results in a Project Evaluation Report, providing:

- Evidence regarding whether anticipated impacts are materialising.
- Insights to improve future ex-ante assessments.
- Credible documentation and communication of impacts.
- Stronger portfolio management and a basis for further evaluation work.

9. Exit

For active exits or write-offs (rather than simple repayment or guarantee expiry), the Impact Team completes an Exit Screening Report (see Section 7 of the directory). If no Project Evaluation Review has been conducted previously, one is completed for both HSES and SDI.

Outcome:

- Evidence that the project achieved desired impact outcomes.
- Confirmation that HSES governance was effective and ESAP obligations were met.
- Additional learning about the investment's impact and execution.
- Assurance that impact is likely to be sustained after exit.

Treatment of cases where there is unknown use of funds ex-ante

For screening and monitoring purposes, we distinguish between transactions for which we know ex-ante the specific use of funds and transactions for which we do not know ex-ante.

Transactions where we know ex-ante the specific use of funds. These are typically project finance deals and investment facilities with precise pre-determined use of proceeds like project related corporate finance, project development or when we own the special purpose vehicle (SPV).

For these investments we will:

- focus our impact DD (HSES risks and positive impact opportunities) on the specific projects to be financed.
- Undertake HSES DD based on the project risk categorisation (see below).
- Require that there has been, or will be, an appropriate HSES risk assessment or Environmental, Social, and Health Impact Assessment (ESHIA) undertaken for that investment.
- Assess climate and nature risks based on the projects' geolocation. For multi-site or linear investments, we may use location sampling where appropriate.
- HSES performance and impact monitoring indicators will be developed that are based on the specific projects financed.

Transactions where we do not know ex-ante the specific use of funds. These are typically corporate facilities, facilities with financial institutions and joint ventures that will select specific projects on an ongoing basis.

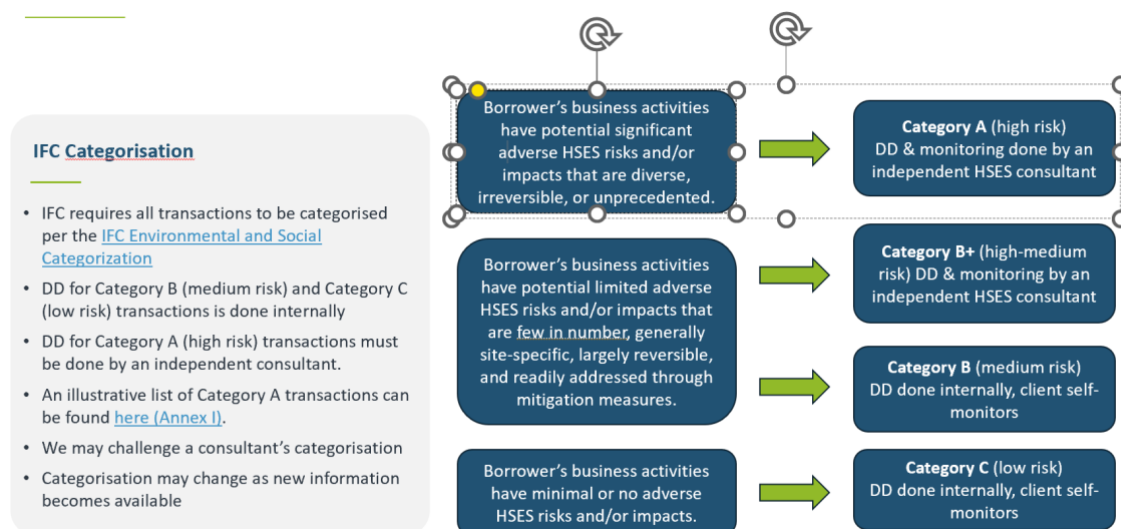
For these investments we will focus our impact DD and monitoring on the following aspects:

- Eligibility criteria clearly articulated (exclusion / inclusion list)
- Mechanisms to monitor and screen future deployment fully clarified (investment and project documents should specify if impact screening is delegated or conducted in a co-decision with PIDG entities and impact team)
- The HSES DD will focus on the clients' ability to manage the HSES risks of their portfolio. The HSES DD will be based on the investee entity's corporate systems. HSES DD will be based on the project risk categorisation (see below).
- DD will consider the key HSES risks and adverse impacts, based on the sector and country settings of the portfolio.
- We will assess climate and nature risks based on available regional and sectoral data and on corporate systems rather than geolocation (as this is not known ex ante).
- Identification of positive impact opportunities will be estimated ex-ante based on corporate plans and evidence based professional judgement.
- HSES performance and positive impact monitoring indicators will be based on the reported use of proceeds.
- Where possible we attempt to leverage investees' own corporate reporting, especially when appropriately disaggregated by geography and sector.

HSES risk categorisation

The HSES DD and monitoring requirements for each investment are guided by the HSES risk categorisation of the project. PIDG aligns to the IFC Environmental and Social Categorisation as set out below.

HSES risk categorisation (determines DD and monitoring responsibility)



4.2 How PIDG assesses the SDG relevance of investments

Introduction

PIDG investments promote socio-economic development within a just transition to net zero emissions, combat poverty and contribute to the Sustainable Development Goals (SDGs). The SDGs directly relate with PIDG's mandate to mobilise private investment for sustainable infrastructure in frontier markets and deliver tangible change for people and planet in these markets.

Methodology

PIDG typically assigns a primary and secondary SDG that a transaction may be contributing towards. Across projects, PIDG can be contributing to one more of SDGs. An assessment of each investment's relevance/importance in contributing to the SDGs can be made according to the status and trend of progress against the relevant target/indicator in a given country. These two dimensions of progress are included in the Current SDG Rankings and Progress Assessments made in the 2025 Sustainable Development Report -- accessible through interactive dashboards at the following link:

<https://dashboards.sdgindex.org/profiles>

Indicate the country status and indicator progress using these dashboards -- Wherever possible, assessments at the indicator level should be used. Where this information is unavailable, reference performance against the overall target/SDG (i.e. "go one level up"). If the SDR doesn't contain relevant indicator, go to the SDG level and leave out indicator trend, but we still want to know which SDG indicator this is contributing to, even if we can't assess in country trend.

Country Status is Red + SDG/Indicator Progress Stagnating or Decreasing = VERY HIGH Relevance

Country Status is Red + SDG/Indicator Progress Improving = HIGH Relevance

Country Status Orange/Yellow = MODERATE Relevance

Country Status is Green = NOT SIGNIFICANTLY Relevant

4.3 How PIDG assesses impact on people

Overview

PIDG assesses impact on people by examining the **direct effects that infrastructure projects have on individuals and communities**, both in terms of access to essential services and the quality of those services and from the employment for local people created through the projects during construction and operation of the infrastructure asset. The focus is on understanding how each project contributes to improving people's lives through the provision of sustainable and inclusive infrastructure. This assessment looks beyond the physical outputs of a project to capture how infrastructure investments translate into meaningful changes for people — including improved living conditions, enhanced opportunities, and better resilience.

PIDG's approach draws on the **Impact Management Project's (IMP) five dimensions of impact** — particularly focusing on **Who, Depth, and Scale**. This ensures a structured and comparable way to assess how projects benefit different groups of people, especially those underserved or in vulnerable situations. Each project is scored on these dimensions according to PIDG's internal **impact scorecard guidance**, which provides a consistent framework for quantifying and comparing expected and achieved impacts across the portfolio. In monitoring outcomes, PIDG distinguishes between two main categories of beneficiaries:

1. **New access beneficiaries** — people or communities who are expected to gain **first-time access** to infrastructure services as a result of the project; and
2. **Improved access or quality beneficiaries** — people who already have access but will experience an **improvement** in the reliability, safety, or quality of the service provided.

For example, a project that provides **piped water connections** to an area previously without any piped supply would be classified as creating **new access beneficiaries**. In contrast, a project that **rehabilitates and widens an existing road** to enhance safety and reduce travel times would fall under **improved access or quality of service**.

Measuring these impacts can be complex. Data on actual beneficiaries are often limited, particularly in lower-income contexts or in the early stages of project delivery. As a result, PIDG sometimes relies on **proxies and estimation methods** — for example, using demographic data, service coverage ratios, or modelled usage patterns — to approximate the number and profile of people benefiting from a project. These proxies are complemented by ongoing monitoring, evaluations, and, where feasible, stakeholder engagement to ensure that the estimates remain credible and that the human impact of PIDG's investments is accurately reflected over time.

PIDG will only claim for direct impacts on people (or any impact) that **comes as a result of the infrastructure funded by the transaction in which it is involved**. For example, on a house-building project, PIDG can only claim access for the tranche of house-building funded by the transaction in which PIDG is involved, rather than the house-builder's overall business plan. The same is applicable on projects where the company may be using the revenue arising from the infrastructure funded by PIDG to further expand the business; infrastructure being built as part of a wider expansion plan is not included.

Assessing who benefits

In assessing who benefits from its investments, PIDG looks closely at the **availability and accessibility of infrastructure services for individuals and communities**, with particular attention to whether projects reach people who are currently underserved or excluded. Understanding who benefits is central to ensuring that PIDG's work contributes to inclusive and equitable development outcomes, consistent with its mandate to mobilise private investment for infrastructure in frontier markets.

PIDG uses **income levels as a key proxy** for identifying underserved or vulnerable populations, drawing on **World Bank poverty thresholds** such as the poverty gap at **USD 8.30 a day (2021 PPP)**. These benchmarks help to determine whether a project primarily serves low-income groups and, therefore, contributes meaningfully to reducing inequalities in access. Identifying who benefits from a piece of infrastructure has a clear link with the affordability of a service, and such data is requested during project monitoring.

Projects are **scored according to defined thresholds** that reflect the extent to which they reach underserved or vulnerable groups.

- Higher scores are awarded to projects that can evidence that they largely serve **vulnerable or poor populations and/or predominantly women**. Where possible, these assessments are substantiated through **end-user surveys**. As a proxy, projects where **at least 50% of users** live on or below **USD 8.30/day** are considered to reach vulnerable end-users. Populations in **rural areas**, or those **particularly exposed to climate shocks or change**, may also be included in this category.
- Standard scores projects directly serving a **mix of income groups and gender**, such as many **grid-tied energy, transport, or ICT** projects, where the benefits are shared across a more diverse population.
- Lower scores are awarded where **low-income groups or women are underrepresented or not specifically targeted**, indicating limited direct benefit to underserved populations.
- If there are no direct effects on end users anticipated, the project does not receive a score.

This scoring system enables PIDG to **differentiate the inclusiveness of project outcomes** and helps guide investment decisions and portfolio management toward greater social impact. By systematically considering **who benefits**, PIDG ensures that its capital is deployed in ways that promote equitable growth and resilience, especially for those most in need.

Assessing depth of impact

The **depth of impact** assesses **what has changed for individuals as a result of the infrastructure access or improvement they experience**. It considers the extent to which a project transforms people's lives, ranging from **first-time access to essential infrastructure services** — such as electricity, clean water, or sanitation — to **enhancements in the reliability, safety, or quality** of existing services. Understanding the depth of impact helps PIDG distinguish between projects that fundamentally change living conditions and those that deliver more incremental benefits.

For many individuals, gaining access to a service for the first time represents a **life-changing improvement**, enabling opportunities for better health, education, livelihoods, and economic inclusion. Conversely, where a project primarily **substitutes or upgrades an existing service**, the expected impacts are typically more marginal, even if the service becomes more efficient or resilient. PIDG recognises that both types of projects have value — but seeks to assess and weight them appropriately according to the scale and meaningfulness of change.

Projects are **scored against defined thresholds** to reflect the **extent of change** experienced by end-users:

- Higher scores apply to **life-changing or game changer** projects providing **first-time access** to a good or service for individuals who previously lacked it — typically when **50% or more of those reached** are new users. It also applies to **grid-tied energy projects** where the project's **annual generation (GWh/year)** accounts for **more than 10% of national grid output**, signalling a transformative contribution to energy access.
- Below that, projects with **significant life improvement** will score where there is **meaningful enhancements** in service quality, coverage, or reliability — such as **grid-tied projects** contributing **5–10% of national grid output**.
- Finally, lower scores are awarded for projects where there are marginal changes in end users experience as a result of the new infrastructure provision.

This structured scoring allows PIDG to consistently evaluate **the degree of positive change** resulting from each project and to prioritise investments that deliver **deep, lasting benefits** for people and communities. There are elements of depth of impact that rely on taking a systems lens to evaluate impact. For example, if a renewables project that accounts for 4% of the national grid’s production capacity is coming online, while at the same time we’re aware that legacy assets are being decommissioned, that project could warrant a higher score.

Assessing scale of impact

Scale of impact is assessing how many people are benefitting from the infrastructure provision (be it new access or improvements in quality of services). Naturally, PIDG seeks to score projects higher that benefit more people.

Measuring these impacts can be complex. Data on actual beneficiaries are often limited, particularly in lower-income contexts or in the early stages of project delivery. As a result, PIDG sometimes relies on **proxies and estimation methods** — for example, using demographic data, service coverage ratios, or modelled usage patterns — to approximate the number and profile of people benefiting from a project. These proxies are complemented by ongoing monitoring, evaluations, and, where feasible, stakeholder engagement to ensure that the estimates remain credible and that the human impact of PIDG’s investments is accurately reflected over time.

Below are linked methodology papers for different sectors applicable to PIDG’s portfolio. For new sectors where a methodology does not already exist, PIDG will support the derivation of a methodology that produces a credible estimate of how many people benefit from the infrastructure.

Sector	Overview of approach
Energy Generation – Grid Tied	Project output minus transmission and distribution losses, divided by average consumption per capita in the country.
Energy Generation – Mini/Off Grid	Number of connections facilitated to end users multiplied by average household size.
Telecoms Towers (Expansion or upgrade)	Proxy calculation based on the number of telecoms towers being built and/or refurbished, multiplied by the average number of subscribers per tenant multiplied by the co-location factor (if relevant)
Telecoms Tower (network expansion)	Expected number of additional subscribers over the first two years of operation (that can be attributed to the expansion)
Broadband Network Expansion	Additional subscribers where the infrastructure is being built x average household size (if appropriate)
Water, Sewage and Sanitation – Supply	Increase in water supply minus non-revenue water losses divided by the per capita usage
Transportation – Roads, Ferries, Airports	Estimate of passenger flows by of user, followed by a de-duplication model based off high level assumptions (revised as more information becomes available)
Transportation – Vehicles	Estimate of people who gain access via productive use of the vehicle. If for personal use then its purely from the vehicle use. If the vehicle is used for taxi services, an estimate of passenger flowers with a de-duplication model is applied using high level assumptions (revised as more information becomes available)

Gender disaggregation of scale of impact

Where possible, PIDG attempts to disaggregate scale of impact for end users for male and female recipients of a service. For some small scale projects, the specific people gaining access to the new or improved infrastructure can be identified and therefore it may be possible to gather reasonably accurate data on the number of women and girls reached. In other cases, this is estimated using national level estimates on the proportion of male and females in the country.

Indirect funding of infrastructure

When PIDG supports financial institutions or supports infrastructure provision indirectly, estimating changes for end users becomes more challenging. Efforts are taken to estimate how many end users may benefit from a service, though typically conservative assumptions are applied until greater information on how funds are deployed are capturing during monitoring.

Assessing job creation impacts

PIDG assesses the **impact of its investments on meaningful, quality employment creation** as a key dimension of inclusive and sustainable growth. Infrastructure projects generate a range of employment opportunities, from short-term construction roles to long-term operational and maintenance positions, supporting livelihoods across project lifecycles. By measuring employment impacts, PIDG captures how its investments contribute to local economic activity, skill development, and gender inclusion.

Employment is assessed across two main categories.

- **Short-term employment** refers to **temporary jobs created during the construction phase** of a project. These are measured as **annual average full-time equivalent (FTE) positions**, providing a consistent basis for comparison across projects of different durations and sizes.
- **Long-term employment** refers to **sustained jobs generated during the operational and maintenance phases**. These roles tend to deliver **more durable economic benefits**, contributing to local capacity building and service continuity. Long-term employment is also reported in **FTE terms** to reflect consistent, full-time job equivalents rather than headcount.

Projects that create higher direct impacts on employment (in both short- and long-term employment) are awarded higher scores).

In all employment calculations, **expatriate workers are excluded** to ensure that reported figures reflect **local employment generation and economic impact** within the host country. Where possible, PIDG also records the **expected number of female employees**, recognising that gender inclusion and the participation of women in both construction and operational roles are important indicators of equitable economic development. Where it can be evidenced that female employment is above pre-agreed thresholds, this results in higher scores also.

A subcomponent of this is PIDG projects involved in the construction of multiple units of infrastructure, for example the affordable housing or mini-grid sectors. Here, projects can typically be “part-operational” from the point at which the first unit of infrastructure begins its operations. Here jobs can be calculated using a multi-unit infrastructure tool, which looks at the construction period for a team to build one unit, the total construction period, and the total number of units built by a team over the entire period to derive a FTE equivalent estimate.

By monitoring both short-term and long-term employment outcomes, PIDG aims to understand not just how many jobs are created, but the **quality, sustainability, and inclusiveness** of those employment opportunities — reinforcing its broader mission to deliver infrastructure that transforms lives and supports local economies.

4.4 How PIDG assesses impact on the planet

Overview

[PIDG's climate and nature approach](#) builds on its 2030 strategy and articulates how we will deliver on existing commitments while scaling investments in climate finance and preserving and restoring the natural environment. The approach covers our strategic objectives and allocations at a portfolio level, as well as how we assess what transactions count as climate and nature finance. The approach also covers PIDG's climate and nature, risk and opportunity management process — which covers explicitly how PIDG assesses climate and nature impacts through the investment cycle. This explicitly includes physical climate hazard screening, biodiversity impact and ecosystem service intensities, as well as Paris alignment and transition risks of projects.

This section focuses on how transactions are scored through the impact screening process.

Carbon intensity and scoring

PIDG assesses the **carbon intensity of each project** to understand both its direct contribution to greenhouse gas emissions and its relative efficiency in generating impact per unit of investment. The assessment focuses on **two core dimensions**:

1. The **scale of emissions** generated by the project, measured as total tonnes of carbon dioxide equivalent (tCO₂e) emitted annually during typical operations; and
2. The **carbon intensity of PIDG's investment**, expressed as **attributed tCO₂e per USD million** invested.

This dual approach allows PIDG to capture both the **absolute and relative climate impacts** of its portfolio, recognising that while some projects may have high emissions due to their scale or sector, they may still deliver essential social and economic outcomes in regions where infrastructure is scarce. For this, PIDG has a [carbon assessment tool](#) that is used ex-ante to estimate emission potential and potential avoided/displaced emissions.

Each project is **benchmarked against PIDG's historical portfolio** to determine its relative performance. Typically projects with higher than average carbon intensity include cold storage, waste management, certain manufacturing, or transport sectors — receive low scores. Projects in the renewables space, water infrastructure space, EDGE-certified housing, and most agricultural infrastructure investments score higher.

In addition to relative intensity, PIDG evaluates the scale of absolute emissions from the project — measured across the full asset, not only PIDG's financed portion — to capture its broader environmental footprint. Projects emitting > 100,000 tCO₂e per year in typical operation are considered very high emitting and score low, whereas projects with lower absolute carbon footprint score higher.

By combining measures of **carbon scale and intensity**, PIDG can assess how efficiently its investments generate development impact relative to emissions. This enables balanced decision-making that integrates **climate responsibility** into investment choices and encourages the **transition toward lower-carbon infrastructure solutions** across the portfolio.

Assessment of nature impacts and scoring

PIDG assesses the **impact of each project on nature and biodiversity**, recognising that sustainable infrastructure development must protect and, where possible, enhance the natural environment. This assessment focuses on understanding the project's potential **impacts and dependencies on ecosystems, biodiversity, and natural resources**, including water, land, and critical habitats. The objective is to ensure that nature-related risks are identified early, managed responsibly, and integrated into project decision-making and monitoring.

Each project is evaluated against a **scoring framework** that reflects the **extent and manageability of its environmental impacts**. The framework is aligned with international good practice, applying the **mitigation hierarchy** — to **avoid, minimise, restore**, and, where necessary, **offset** residual impacts.

- Lower scores apply where a project is expected to have **significant residual negative impacts on critical habitats or areas of high-water stress**, even after appropriate avoidance, minimisation, and restoration measures have been implemented. In such cases, the project must demonstrate that **compensation or offset measures** are feasible to mitigate remaining impacts and dependencies. This represents the **maximum allowable score** for projects with unavoidable significant impacts on nature.
- A project can score higher if the projects **located within or near critical habitats, areas of high biodiversity importance, high ecosystem integrity, or areas of high-water stress**, where **negative impacts or dependencies can be mitigated** through the careful application of the mitigation hierarchy. These projects are expected to integrate **robust environmental management plans and monitoring systems** to ensure mitigation effectiveness and ongoing compliance.
- Highest scores can be awarded to projects that have **no or negligible impacts or dependencies** on biodiversity or natural resources. Such projects typically take place in **already developed or low-sensitivity environments**, where the risk of ecosystem disturbance is minimal.

This structured approach allows PIDG to **systematically evaluate and compare nature-related impacts** across its portfolio, supporting the identification of high-risk transactions and promoting investments that are **compatible with nature-positive outcomes**. By incorporating these assessments into its investment decision-making, PIDG contributes to the global objective of **halting and reversing nature loss** while delivering sustainable infrastructure for development.

PIDG also awards strategic alignment points for transactions that improve the state of nature (covered below).

Scoring and alignment with PIDG strategy

PIDG's impact scoring framework includes an assessment of each project's **alignment with the Group's strategic priorities on climate and nature**. Projects that are strongly aligned with these priorities receive **higher scores**, reflecting their contribution to **climate mitigation, climate resilience, and nature-positive outcomes**. This approach helps ensure that PIDG's capital is directed toward investments that deliver not only financial and developmental returns but also measurable environmental and social value.

Projects are considered strategically aligned where they:

- Support or enable **climate "solutions"**;
- Deliver **evidenced climate resilience benefits**; or
- **Enhance the state of nature** through activities such as biodiversity conservation, water restoration, or sustainable natural resource management.

Climate solutions

Projects that contribute directly to **reducing or avoiding greenhouse gas emissions** are recognised as climate solutions and awarded higher scores. This includes projects that:

- Promote **technologies not popularly adopted in PIDG markets**, such as **energy storage systems** and **electric vehicles**.
- Support a **circular economy**, improving resource efficiency and reducing waste; or
- Deliver **emissions reductions greater than 100,000 tCO₂e** over their operational lifetime.

To ensure consistency, the estimated **tCO₂e avoided** should be verified using PIDG’s **carbon assessment tool** or confirmed with the a member of the impact team (typically the **PIDG Climate Change Manager**). These projects typically represent leading examples of low-carbon or transition-enabling infrastructure, in line with PIDG’s commitment to supporting global decarbonisation pathways.

Climate resilience

Projects that can demonstrate a clear **“route to resilience”** are awarded strategic alignment points These include:

- **Adaptation-focused investments** that directly build resilience to the impacts of climate change (e.g., flood management, climate-smart agriculture, or resilient water systems); and
- Projects that **enhance the economic or social resilience** of highly vulnerable beneficiaries, thereby strengthening their ability to cope with and recover from climate-related shocks.

Resilience-enhancing projects may span multiple sectors, but the most significant opportunities are typically found in **agricultural infrastructure, distributed energy systems, water management, and urban resilience** initiatives. Through such investments, PIDG supports communities and systems in becoming more adaptable and resistant to the effects of a changing climate.

Nature-positive contributions

PIDG also recognises projects that actively **improve the state of nature** within their **Area of Influence**, as defined by **IFC Performance Standard 1 (2012)**. Eligible projects demonstrate positive contributions to **biodiversity conservation, water resource restoration, or sustainable natural resource management** — going **beyond regulatory requirements** or standard mitigation measures.

Only projects that are indicating effective management or negligible impacts are eligible for a **nature strategic alignment points**. These projects might include initiatives such as habitat restoration, wetland rehabilitation, reforestation, or improved watershed management.

4.5 How PIDG assesses impact on the wider economy

Overview

PIDG assesses the **impact of its investments on the wider economy** to capture the broader, direct benefits that infrastructure projects create for business users who interact with the service our investment is delivering. Each project differs in how it contributes to the **wider economy**, depending on its nature, sector, and operating environment. PIDG focuses on identifying and capturing the **most significant routes to wider economic impact** for each investment, recognising that infrastructure projects generate ripple effects beyond their direct users and employees. These wider effects can stimulate local enterprise, enhance productivity, increase fiscal revenues, and create indirect employment, thereby contributing to inclusive and sustainable economic growth.

The main dimensions through which PIDG evaluates wider economic impact are:

- **Payments to local businesses** through project-related contracts and supply chains;
- **Enhancements in business productivity** enabled by improved or more reliable infrastructure;
- **Fiscal impacts** generated through taxes and fees paid to governments
- **FX Impact** and material impacts on a country's broader balance of payments; and
- **Indirect job creation** in the wider economy resulting from improved market access and business growth.

Payments to local businesses

PIDG estimates the **value of contracts and supply chain expenditures** directed to local businesses during project construction and operation. These figures are captured within the **impact scorecard** (with higher scores awarded to projects with higher contract values going to local organisations) and updated annually through the **Supplier Data** collected as part of the **Annual Update process** and **post-completion monitoring**. Tracking local procurement provides insight into the project's contribution to domestic enterprise development and local economic participation.

Impacts on businesses beyond project contracts

Beyond direct supplier payments, infrastructure investments can generate wider economic benefits by **enhancing the productivity, affordability, and reliability of essential services**. For example, more stable electricity supply, improved transport networks, or greater access to communications can reduce costs and expand market opportunities for local enterprises. PIDG assesses the **expected depth and scale of these productivity impacts** during project screening and identifies relevant indicators for **annual monitoring** by project sponsors. Higher scores are awarded for those projects that can demonstrate quantifiable increased revenues and/or cost savings as a result of the project. Projects that support higher scales of business or enable the creation of new markets are scored higher. These indicators are later reviewed during **post-completion evaluations** to capture the sustained effects on local business activity.

Measurement of indirect economic impacts

The indirect economic impacts resulting from PIDG-supported infrastructure can often be higher than what is captured by project-level reporting. Thus, PIDG has had a long-standing interest in estimating and learning about these indirect impacts for which observed data is not readily available. PIDG was part of the original development panel of DFIs developing the Joint Impact Model (JIM) since 2020. PIDG has used the JIM to help estimate these indirect economic impacts from our projects.

The JIM is a web-based tool which enables the use of input data such as revenue and power production from investment portfolios, to estimate financial flows through the economy and its resulting economic (value added), social (employment) and environmental (greenhouse gas emissions) impact. It is a tool used by investors to model impact beyond the direct reporting from client reports. Like any model, the JIM integrates high-level assumptions about the wider economic impact of investing in various sectors and regions. It is not a predictive tool, but it does provide a consistent methodology for assessing economic, social, and environmental impacts. As an ex-ante assessment tool of impact in construction, it has a lower predictability than when compared to actual financing and results. It thereby supports PIDG in taking a broader lens on a project's wider economic impact when comparing the relative impact of transactions.

The Joint Impact Model at PIDG has primarily been used to estimate indirect economic value creation, and thereby supports the wider economy estimate for businesses (depth and scale) correspondingly.

Fiscal impact

PIDG evaluates the **fiscal contribution** of each project based on **expected upfront fees and taxes** paid to host governments during the first **five years of operation**. Higher scores are awarded to projects that can demonstrate greater fiscal benefits to the state. The rationale is that greater fiscal impact for government ensures that the wider economic benefits associated with the delivery of services by the state can be maintained.

These estimates are included in the **project review** and updated annually through the **Annual Update process**. Fiscal impact data — along with indicators on mobilisation, direct jobs, and access — are published in PIDG's **Sustainability and Impact Report** and made publicly available via the **PIDG data portal** at data.pidg.org.

Foreign exchange impacts

Some of PIDG's investment have a **material impact on the balance of payments** of a country, supporting import substitution or export revenue, providing critical FX to a country. Projects that support this pathway score higher in PIDG's impact scorecard. Additional foreign exchange earnings can help stabilise a nation's currency and enable governments to finance essential imports like fuel, food and medical supplies. This strengthens **macroeconomic resilience** and supports **long term economic growth**, which is why it is weighted positively in the scoring framework.

4.6 How PIDG assesses and reports on mobilisation

Overview

One core element of PIDG's mandate is to support the mobilisation of private sector capital flowing into emerging markets. It does this by deploying grants, equity, long term debt and guarantees in both hard and local currencies through the group entities, with the eventual aim of paving the way for the private sector to invest without the need for concessional or blended finance.

As such, the level of private sector and other financing mobilised alongside PIDG's funds, is a crucial aspect of all stages of PIDG's project assessment, monitoring and reporting.

Reporting on the different components of funding mobilised

Funding mobilised alongside PIDG and funding catalysed as a result of PIDG

PIDG reports on the funding that is mobilised alongside it at the time of its investment: this is the focus of this section. However, it is also important to recognise that PIDG may have an additional impact as a result of its activities which pave the way for – or catalyse – subsequent private sector investment, which is not directly linked to the PIDG investment.

Impact scorecard and mobilisation

The impact scorecard provides a higher scoring for transactions that mobilise private sector capital. This is looked at as the ratio of private sector capital relative to PIDG's commitment and is presented as a ratio. It does not look at the total amount of DFI capital. Where concessional capital is deployed alongside, this is considered in the mobilisation ratio as PIDG is putting in additional commitment. For InfraCo transaction which are funded through the development arm, projects are scored on the ratio of the total investment commitment (including other DFI, Grant, State, and Private sector funding) to the InfraCo commitment. This is to incentivise projects that can mobilise from multiple sources. For clarity, this is only for the scorecard and external reporting on mobilisation only focuses on private sector mobilisation. The individual scoring thresholds can be found in the impact scorecard excel.

The scorecard also distinguishes between quality of mobilisation:

Quality of investment is scored based on three key features:

- LCY (vs. hard currency (HCY)) applies to both commercial and non-commercial sources
- Domestic (vs. foreign sources) applies to commercial sources
- New to infrastructure as an asset class (e.g. institutional investors such as pension funds or insurance companies, commercial lenders that have not previously invested in the infrastructure asset class;

Project score higher when one of the above conditions are met (LCY or domestic investor or new to infrastructure). Where there is a guarantee providing local currency from domestic investors, the highest score is given only when it is evidenced that the investor is new to the asset class.

For transactions in dollarised economies that are actioned in dollars do not count as local currency. Where a guarantee is being provided in a dollarised economy, to score the highest score, the project would need to show that domestic investors new to the asset class are being mobilised.

Accounting for funds mobilised alongside PIDG

In terms of the funding mobilised alongside PIDG, its Owners and other stakeholders are interested to know the source of that funding and the role that PIDG itself has played in mobilising it. PIDG therefore reports on the project mobilisation, broken down into the following classifications:

- Domestic PSI – equity and debt
- Foreign PSI – equity and debt
- Development Finance investment – equity and debt
- State-owned Enterprise investment – equity and debt
- Grant funding – viability gap funding (VGF) and other grants (from PIDG), and grants from non-PIDG sources

Each investment must be taken in context, and particular financing structures are appropriate for each investment and at different stages and scales. As noted above PIDG may be investing alongside other DFIs and MDBs, which is appropriate in a context where for example private sector investors are not willing to offer the tenor of loan that the infrastructure investment needs. Ultimately, PIDG would like to see local capital markets develop sufficiently so that local currency funding is available for infrastructure.

Specific issues around classifying and recognising mobilised financing

The total of all the different sources of financing for a project are called Total Investment Commitments (TICs) or Total Project Investment. In general, the former term is used as a catch-all, even after all the financing has been disbursed.

The general principle is that PIDG only counts finance mobilised for the transaction in which it is involved, and alongside PIDG's investment. Other fundraising (by a sponsor or project company) which happens at the same time, but not for the same project, is typically not counted unless there is a clear and credible tie between that and subsequent funds raised.

PIDG has the following policies around recognition and classification of mobilised finance:

- As with other SDI indicators such as Access, Jobs and Fiscal Impact, PIDG does not recognise these amounts until the project reaches financial close
- Funding from grants, including VGF, is included in the TICs for projects by InfraCo but is not included in the totals for the credit business lines (EAAIF, GuarantCo and ICF-DP)
- Funding from State-Owned Enterprises (SOEs) is not counted within the subtotal of Private Sector Investment
- Sponsor investment counts as private sector investment, but:
 - Reinvestment of ongoing receipts back into a project are not counted in the financing mobilised
 - Tax rebates are not counted
- Subsidies provided by governments are classified as SOE financing if they need to be repaid, or grant financing if they do not require repayment
- PIDG's own financing is classified within DFI, except for guarantees – since PIDG's commitment is to cover another party's financing which is already being counted within the TICs

The OECD PSI mobilisation exercise

PIDG's reporting of mobilisation includes all investment in the PIDG-supported project/transaction. This means that PIDG's reported PSI figures in the project data, internal and external reporting include all private sector investment mobilised alongside PIDG.

However, PIDG also works with the OECD's annual exercise of assessing PSI mobilisation. This exercise seeks to apportion the private sector investment in a project on the basis of the role played by the official institutions in the financing. For example, in a syndicated loan involving private sector investors and DFIs/MDBs, the OECD's methodology differentiates between the DFI/MDB arranger and participants. Similarly, where a DFI guarantees a particular lender, the OECD apportions all of that loan to the guarantor. PIDG has worked closely with the OECD in its reporting exercise, and has been identified by the OECD's team as demonstrating best practice in its reporting.

In its Annual Review, PIDG reports on its mobilisation of private sector investment for both the total PSI and the PSI-mobilisation as recognised by the OECD's methodology.

PIDG also submits reporting on its commitments, disbursements and inflows of repayments of capital to OECD, as part of the OECD's Total Official Support for Sustainable Development (TOSSD) Reporting. This reporting is carried out on an annual basis, and the PSI mobilisation exercise is submitted as part of this reporting template.

4.7 How PIDG assesses transformational market impacts

Overview

PIDG projects not only help create an important track record in frontier markets, but often our investments go further, building local capacities and developing innovative solutions that help create and transform markets. Market transformation is one of the four core outcomes in PIDG's Theory of Change. It captures the catalytic role PIDG plays by demonstrating the viability of innovative structures, technologies, and geographies. Our investments often pave the way for future private finance and infrastructure investment, even without continued PIDG involvement.

Since 2021, PIDG revised its approach to market transformation away from the STAR strategic priorities of Scale, Transformation, Affordability and Replication; and provided a framework that looks at the following (adapted from IFCs AIMMs approach). This is a qualitative assessment that is conducted at screening (clearance in principle and endorsement) which is refined as more is found out about the projects and the anticipated routes to market transformation during DD.

1. Establish challenge, channels, and outcomes:

- Understand and classify the market **challenge**, which is specific to the sector.
- Assign the **Channel(s), or how** the transaction will address the challenge.
- Identify the main **market level outcome**, and how it will be measured.

To establish the challenge, channel and outcomes the following stages are required:

1. Gap analysis:

- Understand the current level of development of the Market, which is specific to each of the Market Outcomes. For instance, a market can be Highly Underdeveloped under the Efficiency Outcome.
- Define the baseline depending how developed the market is at present:
 - Highly Under-Developed
 - Under-Developed
 - Moderately Developed
 - Highly Developed

2. Assign the **Channel(s), or how** the transaction will address the challenge. **This is considered through four key aspects:**

- Demonstration and Replication Effects – For example, stating how a transaction is overcoming a barrier to be pioneering in a sector in a country or region.
- Promoting Competition – How a transaction can promote others to engage in a sector, or make a market more efficient by introducing a new market segment
- Enabling Frameworks - Legal frameworks established as part of the deal which will enable others to benefit.
- Building Skills and Capacity – Training of individuals and organisations in the chain to facilitate further transactions of a particular type to take place with greater ease in the future.

3. Establish intensity:

- Defined as the extent to which the transaction will move the Market Outcome across the different Levels (Highly underdeveloped to highly developed). It should consider the project timeline and exogenous factors such as regulation and market structure. We look at this through a qualitative assessment of whether a project has had a marginal, meaningful, or significant impact on a particular market.
 - **Marginal**- Very limited movement (within the same market development stage)

- **Meaningful**- Some improvement (even if still within the same development market stage, perhaps having some qualities of the next stage)
- **Significant and highly Significant**- Large changes (typically advancing to the next stage), with Highly Significant transactions being beyond the next stage.

The scoring rubric for how ex-ante market transformation assessments are made below, giving higher scoring for projects (areas in green and yellow) that have higher levels of intensity on addressing market challenges in less developed markets.

Score for market transformation outcome (points awarded)	Highly Developed	Moderately developed	Moderately underdeveloped (+5 points)	Highly Underdeveloped (+ 5 points)
Significant and Highly Significant (15)	0			
Meaningful (10)	0			
Marginal (5)	0			

Such scoring is refined during the screening process as more information on the market becomes available. It is expected that when a transaction reaches endorsement there is not only an articulated market transformation case, but dedicated market transformation indicators that can be tracked alongside the transaction to substantiate the ex-ante market case. These indicators are typically to be seen in the market within 3-5 years of financial close (or construction completion of the asset in particular cases). Dedicated ex-post reviews – such as Project Evaluation Reports (PERs) have space to look at the refinement of the market case and highlight impacts that may have not been captured in the initial ex-ante case.

4.8 PIDG's adoption of a gender and inclusion lens into investments

Overview

How PIDG integrates a gender lens into the assessment and monitoring of investments is articulated in our externally published [Gender Lens Investment Policy](#). The document sets the high-level foundations on why and how PIDG promotes gender equality in its investment decisions.

The Policy articulates routes to impact for awarding gender and inclusion strategic alignment scores, subject to the completion of a gender equality assessment (GEA), which evidences a project's potential to closing gender gaps and barriers found at a country and sector level.

This Policy is complemented by [PIDG's GEA guidelines](#), which provide step-by-step guidance on how a project can meet PIDG's routes to gender impact, which are our Gender Equality Criteria, based on those of the [2X challenge](#) and tailored to the infrastructure sector.

The Impact Scorecard rewards projects with a gender lens and takes into account gender considerations when looking at End Users ('Who') and at the share of short-term and long-term jobs expected to be taken up by women.

PIDG also reports on its wider inclusion initiatives as part of its [Gender Equity, Diversity and Inclusion \(GEDI\) action plans](#), which are available as part of PIDG's [Sustainability and Impact Reports](#) and articulate progress against metrics to further enhance PIDG's commitments on gender and disability inclusion.

Sex Disaggregated Access

There are three scenarios for calculating sex-disaggregated access for PIDG projects:

1. **Sponsor Provided Data:** The sponsor will provide an expected M/F split based on either the assumption that the transaction tied to PIDG will either maintain the existing % of female end-users or customers, or that it will increase it through a targeted gender lens (identified and agreed through a GEA).
2. **World Bank % female population** estimates will be used for:
 - a. sectors that we treat as **gender neutral in terms of service points**, i.e. availing energy at the household level (i.e. Power/Energy – Grid-tied and Mini/Off-grid, Water Sewerage and Sanitation). Gendered barriers to access are treated as a **depth of impact dimension**, not of scale – for example, when you switch on the lights at home, the energy is available to everyone, but decisions about who gets to use it, for how long, for what activities, when etc. is closely related to 'how' end-users benefit, not 'who'.
 - b. projects where the sponsor is not able to provide an expected M/F split.
3. **Digital Communications Infrastructure** projects, the following tools have been identified for calculating the M/F split for access under telecoms projects:
 - a. The [Digital Gender Gaps tool](#) is used to calculate the Internet usage gap or mobile phone ownership **for a specific country**, please use the [Digital Gender Gaps](#) tool. If a project is multi-country, this can be calculated using a weighted or simple average (depending on data available) for the indicator across different countries or you can use the tool below under 2.
 - b. The share of women benefitting from the project = Total access * (R/1+R), where 'R' is the ratio of female-to-male users in question.

- c. To calculate the mobile internet usage gap or mobile phone ownership **for a region**, the [GSMA Mobile Gender Gap](#) tool is used (Mobile Intern Usage' or 'Mobile Ownership' theme, respectively).
- d. The share of women benefitting from the project = Total access * $(1 - G/2 - G)$, where 'G' is the gender gap in question.

Both equations assumes that the project will not be improving a female-to-male ratio or narrowing a pre-existing gender gap. The equation assumes that the proportion of female users will reflect the current ratio or gap in question. However, this should not be assumed if there is clear evidence of an intentional gender lens identified in the GEA.

5. How PIDG assesses, addresses, monitors, and manages potential adverse impacts of investments

Overview

For each investment the manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

PIDG's approach

PIDG's approach is two-fold:

- (i) drive and demonstrate positive impact on people and planet (as outlined in Principle 4) and
- (ii) identify, manage and mitigate ESG risks - PIDG refers to ESG risks as Health, Safety, Environmental, Social, Security and Safeguarding (HSES) risk and impacts, as for PIDG, Health and Safety is the central value in everything we do.

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

HSES considerations are fully embedded in PIDG's two stage approval process for each new proposed investment described under principle 4. Each new investment is screened for HSES risks and impacts. The screening process identifies any HSES red flags and identifies the areas for due diligence. Targeted due diligence then assesses the potential for the project to align with PIDG HSES policies. Where gaps are identified these are included in an Environmental and Social Action Plan which forms part of the contractual conditions of the investment. When an investment enters the portfolio the HSES risks and performance are then tracked using the PIDG HSES risk and performance register.

HSES monitoring and assurance occurs across the life of the project. High risk projects receive targeted monitoring and assurance and HSES support visits. Projects reporting HSES serious incidents, or which are underperforming, are put on an internal watch list. PIDG's HSES team supports with incident investigations, corrective actions are agreed and lessons learnt are then shared across the portfolio to reduce the likelihood of reoccurrence.

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

PIDG's HSES team continues to engage and support projects over their lifecycle through client calls, site visits and the dissemination of guidance, good practice notes and capacity building events to proactively support projects reduce HSES risks and improve HSES performance. Through the PIDG Institute, the team provides HSES capacity building to its clients across the Africa and Asia regions.

PIDG reports all HSES serious incidents to the Board and Owners on a monthly basis. PIDG also reports on the HSES performance of the portfolio on a quarterly basis to the Impact committee, who in turn return, report HSES performance to the Board.

PIDG collates annual HSES monitoring and HSES performance data across its projects and produces an annual HSES serious incident and lessons learnt report compiling the HSES incidents and a trend analysis across the portfolio.

6. How PIDG monitors impact progress of each investment

Overview

PIDG has established a set of internal processes that enable the consistent monitoring of each investment and its sustainable development impact. These processes operate throughout the project lifecycle and ensure that impact expectations, data quality and reporting remain robust and defensible.

The process begins at the **early-stage approval** phase, during which all prospective transactions must be reviewed and cleared by the Impact team. This early engagement ensures alignment with PIDG's impact objectives and provides an opportunity to challenge and refine the theory of change before the transaction proceeds further (see Principle 4).

Once a project progresses to a defined stage of development, deal teams are required to complete an **SDI Webform (SDI-W)**. This online tool captures key expected impact metrics, including the number of people anticipated to benefit from new or improved infrastructure, the number of direct jobs likely to be created, the volume of private sector investment expected to be mobilised, and any innovative features of the transaction. The SDI-W also includes other environmental, social and economic benefits projected in line with PIDG's Impact Scorecard.

The submitted data then undergoes **Impact Assurance**, during which members of the Impact team scrutinise and challenge the information. This is a peer review exercise ensuring that the data submitted into the webform is correct and accurate, and that any changes in the project since the project was endorsed is flagged. They assess whether the benefits reported in the SDI-W can reasonably be attributed to the project, and whether the data sources used are credible and verifiable. This iterative process between the assurance and deal teams ultimately results in an agreed, **finalised SDI-W** that contains impact estimates considered robust, defensible and aligned with PIDG's requirements. At this stage, earlier impact expectations may be refined, and the project's Impact rating—and, by extension, the portfolio average—may be updated.

Once approved, the quality-assured data is entered into the **PIDG internal database**, which serves as the central repository for all impact monitoring information. A subset of this data is then periodically published on **PIDG's public-facing platform (data.pidg.org)**. Making this information publicly available ensures transparency to investees, funders and other external stakeholders.

Impact monitoring continues throughout the project life. Each year, deal teams update the SDI-W for all relevant portfolio projects to reflect new information and progress. This **annual update cycle** follows the same assurance and approval process, ensuring the ongoing integrity of the data. The results from these updates form the basis of the **Annual Sustainability and Impact Report**, which presents PIDG's cumulative performance. For the report, extensive assurance takes place including a three line audit of impact data, from the PIDG Impact function, as well as PIDG Compliance and Internal Audit Functions.

As projects move from development into operations, deal teams begin to report **actual results** within the SDI-W, replacing earlier predicted values. This handbook is supported by PIDG's **menu of standardised indicators**, which aligns with HIPSO (of which PIDG is a Partner), IRIS+, and the Joint Impact Indicators (JII). By drawing on this harmonised indicator set, PIDG promotes internal consistency and contributes to greater standardisation across the development finance sector. All indicators specified ex-ante in Endorsement Notes are tracked annually until project completion, enabling PIDG to assess expected versus actual impact performance.

As part of PIDG's commitment to learning and as part of its broader MEL plan, PIDG also complements quantitative monitoring with **end-user surveys** for subsections of the portfolio, conducted in partnership with 60 Decibels across multiple portfolio projects, demonstrating a commitment to incorporating stakeholder perspectives and validating the real-world relevance of its impact data.

These systematic monitoring processes allow PIDG to identify **impact underperformance** in several ways. First, each project's annual SDI-W update includes an overall impact progress assessment, indicating whether a project is on track or off track to meet its expected impact objectives. For projects no longer actively monitored, the assessment indicates whether the impact objectives were ultimately achieved. Second, each project's Impact rating is updated annually based on its monitoring performance (see Principle 2), and the portfolio average rating is regularly reported to the Board and Owners. Third, PIDG's quarterly reporting process—which covers financial, impact, HSES and reputational risk—helps identify project-specific challenges and the mitigation actions underway.

Over time, and particularly once a project reaches maturity from an impact perspective, PIDG conducts **project evaluations**. These self-evaluations assess the project's realised impacts, including positive and negative unintended effects, and distil lessons that can inform future investments. The PER is a stand-alone assessment, done internally where we evaluate the actual impact of our investments against expectations, and identify lessons to be learned. Each PER has a dedicated team including a mix of members from Impact and investment teams. They are largely desktop but on occasion include field or other data collection (client survey).

7. How PIDG monitors impact at exit

PIDG is committed to embedding responsible exit practices as an integral part of its impact management framework. Principles 7 and 8 of the Operating Principles emphasise the importance of managing exits in a way that protects and sustains impact outcomes. PIDG's responsible exit approach is aligned with these principles and is designed to guide decision-making on whether, when, and how to exit an investment. It is intended to be applied flexibly, with considerations tailored to the requirements and context of each exit.

PIDG's Responsible Exits Approach seeks to:

1. **Safeguard impact post-exit** by securing both (a) the impact achieved to date and (b) the medium to long-term impact outcomes for people, the planet, the wider economy, and markets.
2. **Ensure continued management of HSES risks** so that risks remain controlled and do not increase as a result of exit.
3. **Strengthen impact management practice** by assessing impact (SDI and HSES) performance at exit, capturing lessons learned, and embedding those insights into future decision-making.

Scope of responsible exit approach

This approach applies to **active exits**, i.e., cases where PIDG proactively and voluntarily decides to exit a project. Accordingly, it covers equity exits undertaken by InfraCo, as well as secondary sales of loans and guarantees by EAAIF and GuarantCo. It is applied during the preparation stage of an exit to inform decision making and comply with the principles. This guidance is not relevant for loans or guarantees that have been redeemed, reached maturity, or for projects that have been cancelled. All PIDG projects are subject to a Project Evaluation Report (PER) and an HSES Post Investment Review (PIR) to capture impact performance, key metrics, lessons learned and value added.

Process

The anticipated process is as follows:

1. PIDG SDI team to be notified as soon as an exit is being considered
2. Responsible Exit Template to be completed jointly by the Portfolio Manager and the impact resource within each company. Where relevant, leverage existing PER/PIR documentation².
3. Template to be signed off by Chief Sustainable Impact Officer and the Global Head of HSES
4. Template to form part of the documentation presented to the Investment Committee
5. IC Forum & Subsequent Decision to Exit

The template has the following core areas:

- Rationale for Exit
- Impact Performance against original expectation, explaining any deviations from expected outputs including any specific contributions made, including through board representation or other governance roles
- If the impact case has not been fully achieved, should PIDG remain invested to achieve the intended impact? *If not, why not?*

² The PER and PIR may be completed at different stages of the process, depending on project timelines, exit circumstances and the MEL schedule.

- HSES Performance at Entry/Exit
- Have the HSES risks associated with the project been managed appropriately for this project?
- If not, what are the remaining areas of high HSES risk?
- Client and PIDG actions that significantly reduced HSES risks and improved HSES performance
- HSES Achievements/Value Add
- Has the project complied with all HSES contractual obligations including compliance with national regulations, all ESAP actions and corrective actions arising from project monitoring or incident investigations
- Will an exit exacerbate any HSES risks?
- Profile of Buyer
- Confidence that the proposed buyer is best positioned to safeguard both existing and future impact across people, planet, wider economy, and market?
- Lessons Learnt across the transactions

Annex 1. PIDG FCAS List

PIDG's Fragile and Conflict-Affected States (FCAS) list has been agreed with PIDG's Owners and is based on the World Bank Group's 2021 list of fragile states and Fund for Peace Fragile States Index 2020 scores above 90. This list is expected to be updated in 2027.

Africa

Burkina Faso	Côte d'Ivoire	Libya	Uganda
Burundi	Eritrea	Mali	Zimbabwe
Cameroon	Ethiopia	Mozambique	
Central African Republic	Gambia	Niger	
Chad	Guinea	Nigeria	
Comoros	Guinea Bissau	Somalia	
Congo (D. R.)	Kenya	South Sudan	
Congo, Rep. of	Liberia	Sudan	

Europe, Asia, Middle East and Australasia

Afghanistan	Lebanon	Pakistan	Tuvalu
Iraq	Marshall Islands	Papua New Guinea	Venezuela
Kiribati	Micronesia, Fed. States	Solomon Islands	West Bank & Gaza
Kosovo	Myanmar	Syria	Yemen, Republic of
Lao PDR	North Korea	Timor-Leste	

Latin America and the Caribbean

Haiti

Annex 2. PIDG LDC List

PIDG's LDC list has been agreed with PIDG's owners is based off the OECD DAC List for reporting 2022 financial flows looking at Least Developed Countries (LDCs) and Low-Income Countries (DAC I and DAC II). See the link available below. This list is expected to be updated in 2027.

[DAC-List-of-ODA-Recipients-for-reporting-2022-23-flows.pdf](#)