

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

“THE PIDG TRUST”

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020**

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

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THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2020

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

The Private Infrastructure Development Group (PIDG) is a multi-donor arrangement established and directed by the Participating Donors (details below). PIDG aims to facilitate the provision of infrastructure needed to eliminate poverty in developing countries by encouraging private investment. PIDG has established the Private Infrastructure Development Group Trust (PIDG Trust) as a vehicle for its activities.

TRUSTEES

SG Kleinwort Hambros Trust Company (UK) Limited – UK Resident Company (Principal Trustee)
8 St James’s Square
London
SW1Y 4JU

Minimax Limited – Mauritian Resident Company
Les Cascades Building
33 Edith Cavell Street
Port-Louis, Mauritius

IQ EQ Trustees (Mauritius) Limited – Mauritian Resident Company (formerly Multiconsult Trustees Limited)
Les Cascades Building
33 Edith Cavell Street
Port-Louis, Mauritius

PARTICIPATING DONORS (“DONORS”)

- The Government of the United Kingdom of Great Britain and Northern Ireland acting through the Secretary of State for Foreign, Commonwealth and Development Affairs (“FCDO”)
- Swiss State Federal Department of Economic Affairs, Education and Research of the Government of the Confederation of Switzerland (“SECO”)
- The Netherlands Ministry of Foreign Affairs (“DGIS”)
- Federal Republic of Germany, represented by KfW (“KfW”)
- The Government of Sweden represented by the Swedish International Development Cooperation Agency (“Sida”)
- The World Bank Group, represented by International Finance Corporation (“IFC”)
- The Australian Government Department of Foreign Affairs and Trade (“DFAT”)
- Norwegian Ministry of Foreign Affairs (“MFA”)

ADDITIONAL MEMBERS

- The Government of the United Kingdom of Great Britain and Northern Ireland acting through the Secretary of State for the Department of Energy and Climate Change (“DECC”)

ENFORCER

FCDO

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

LEGAL AND ADMINISTRATIVE INFORMATION (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

AUDITORS

Mazars LLP
6 Sutton Plaza
Sutton Court Road
Sutton
SM1 4FS

BANKERS

SG Kleinwort Hambros Bank Limited
8 St James's Square
London
SW1Y 4JU

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees present the annual report and audited financial statements for the year ended 31 December 2020.

These financial statements have been prepared under the Special Purpose Accounting Framework set out in Schedule 5 of the Third Amended and Restated Declaration of Trust dated 25th February 2020.

BACKGROUND SUMMARY

The Private Infrastructure Development Group (“PIDG”) is a multi-donor arrangement established and directed by the Participating Donors. PIDG was established by the Participating Donors with a mission to combat poverty in the poorest and most fragile countries through pioneering infrastructure, thereby helping economies grow and changing people’s lives. PIDG’s vision is to enhance the provision of affordable and sustainable infrastructure services in low-income countries and fragile states to combat poverty and help economies grow. Financing for these projects should be increasingly sourced through local capital and credit markets. PIDG provides the leadership, development capability, funding and finance solutions across the project life cycle to support this infrastructure provision, resulting in a high development impact by strengthening the local capacity, capability and the financing potential of local credit and capital markets. PIDG has established the PIDG Trust as a vehicle for its activities. In general, this provides a vehicle for the Participating Donors (and other funders from time to time) to pool, co-ordinate and administer funds in relation to all PIDG activities.

OBJECTS AND STRUCTURE

The PIDG Trust was established by a Declaration of Trust dated 1 December 2001 as amended by an Amended and Restated Declaration of Trust dated 14 March 2003 and as further amended by a Second Amended and Restated Declaration of Trust dated 4 September 2018 and Third Amended and Restated Declaration of Trust signed on 25 February 2020 (the “Declaration of Trust”). The PIDG Trust has three Trustees – two based in Mauritius and one in the United Kingdom. The Trustees act jointly for and on behalf of the PIDG Trust. The PIDG Trust was established for the purposes of:

- i. facilitating the provision of the infrastructure needed to eliminate poverty in developing countries by encouraging private investment;
- ii. making investments in accordance with the investment plan adopted by the Trustees;
- iii. exercising any rights of control and influence arising from its investments;
- iv. investing, applying or otherwise using its funds for the relief of poverty in developing countries in such manner as the Trustees with the consent of The Private Infrastructure Development Group Ltd (“PIDG Ltd”) or the Participating Donors (as applicable) but otherwise in their discretion think fit; and
- v. administering and paying PIDG general administration costs and project development costs.

OPERATIONAL PROCEDURES

The Trustees carry out the following tasks, amongst others, in relation to the PIDG activities:

- i. reviewing and executing grant and loan agreements;
- ii. reviewing and executing contracts for services with consultants;
- iii. co-ordinating and authorising payments under the grant loan and consultancy agreements executed and in the case of the Principal Trustee recording income and expenditure in the records of the PIDG Trust and creating and monitoring rolling expenditure forecasts for all programmes;
- iv. acting as shareholder (as PIDG itself cannot); attending shareholder meetings and executing any documents relating to the PIDG Trust’s capitalisation of investment vehicles; and
- v. receiving and administering funding from the Participating Donors.

In addition, and in conjunction with PIDG Ltd, the PIDG Trust is responsible for the updating and monitoring of the budgets for general administration costs, project development costs and the Technical Assistance Facility (“TAF”).

PIDG Ltd was incorporated by the Trustees on 20 March 2018 as a private company limited by shares under the laws of England and Wales. Under a Reorganisation Agreement dated 29 June 2018 between *inter alia* the Trustees and PIDG Ltd, PIDG Ltd received delegated authority from the Participating Donors and the PIDG Trust for certain aspects of governance and decision in relation to the PIDG.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustees are obliged to operate by unanimity, whether signing a grant agreement with a Participating Donor for the provision of funds or acting as a shareholder of PIDG Ltd or one of the investment vehicles.

In accordance with the Declaration of Trust, before acting, particularly in relation to decisions relating to the investment vehicles, the Trustees require the prior written approval of PIDG Ltd. and/or, for certain actions, the Participating Donors.

REPORTING RESPONSIBILITIES

The Declaration of Trust requires that the Trustees provide PIDG Ltd with the following information:

- i. as soon as available, but in any event within forty-five (45) days after the end of each quarter unaudited financial statements for each quarter in respect of the Funds (as defined in the Declaration of Trust);
- ii. an annual management assertion, together with an attestation from the Trustees' external auditors, of the satisfactory performance of the procedures and controls used by the Trustees in administering the Funds;
- iii. annual audited accounts of the PIDG Trust prepared in accordance with the Declaration of Trust; and
- iv. any legal opinions and advice received by the Trustees.

Additional reports may be required in relation to a particular investment vehicle. Any such requirements are set out in the relevant funding documentation.

The Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

INVESTMENT POLICY

The PIDG Trust can only apply funds to an investment which is consistent with the environmental, economic and social development policies of the PIDG Trust as set out in Schedule 2 of the Declaration of Trust. PIDG Ltd is responsible for confirming that an investment is consistent with the Ethical Policies as agreed with PIDG Members.

REVIEW OF ACTIVITIES

The PIDG Trust was involved in funding the following companies (investment vehicles) and programmes in the year ended 31 December 2020:

- The Emerging Africa Infrastructure Fund Limited ("EAIF")
- GuarantCo Limited ("GuarantCo")
- InfraCo Asia Development Pte. Ltd. ("InfraCo Asia Devt")
- InfraCo Asia Investments Pte. Ltd ("InfraCo Asia Inv")
- InfraCo Africa Limited ("InfraCo Africa")
- Technical Assistance Facility ("TAF")
- ICF Debt Pool LLP ("ICF-DP")
- Green Africa Power LLP ("GAP") – Partnership dissolved 28 January 2020
- InfraCo Africa Investment Limited ("InfraCo Africa Inv")
- The Private Infrastructure Development Group Ltd ("PIDG Limited")

RESULTS

The results for the year and movement in accumulated funds are set out on page 11 within the Statement of Accumulated Funds.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

TRUSTEES' REPORT (continued)

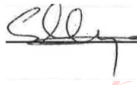
FOR THE YEAR ENDED 31 DECEMBER 2020


AUDIT INFORMATION

So far as the Trustees are aware, there is no relevant audit information of which the Trust's auditors are unaware.

The Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

Approved by the Trustees and signed on their behalf:


Digitally signed by
George RYAN
Date:
2022.02.02
10:49:00 Z


Digitally signed
by Bradley
WALDEN
Date: 2022.02.02
11:15:29 Z

SG Kleinwort Hambros Trust Company (UK) Limited
8 St James's Square
London
SW1Y 4JU

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST
FOR THE YEAR ENDED 31 DECEMBER 2020**

Opinion

We have audited the financial statements of The Private Infrastructure Development Group Trust (the 'trust') for the year ended 31 December 2020 which comprise of the Balance sheet, Capital account, Statement of accumulated funds and the Cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the Amended and Restated Declaration of Trust dated 4 September 2018 ("the Declaration of Trust").

In our opinion, the accompanying financial statements of the Trust for the year ended 31 December 2020 are prepared, in all material respects, in accordance with the financial reporting provisions of the Amended and Restated Declaration of Trust dated 4 September 2018 ("the Declaration of Trust").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1(a) to the financial statements, which describes the basis of accounting under a special purpose accounting framework. The financial statements are prepared to assist the Trustees in complying with the financial reporting provisions of the Declaration of Trust referred to above. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

We have nothing to report in this regard.

Responsibilities of Trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the trust and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the trust is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the trust which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to cut off for income grants and significant one-off or unusual transactions.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of the audit report

This report is made solely to the trust's members as a body in accordance with the Declaration of Trust. Our audit work has been undertaken so that we might state to the trust's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trust and the trust's members as a body for our audit work, for this report, or for the opinions we have formed.



Gerhard Bonthuys (Senior Statutory Auditor) for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Mazars LLP

6 Sutton Plaza

Sutton Court Road

Sutton

SM1 4FS

Date Feb 7, 2022

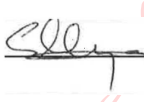
THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST


BALANCE SHEET

AS AT 31 DECEMBER 2020

	Note	2020		2019	
		US\$	US\$	US\$	US\$
Non-current assets					
Investments	2		910,986,347		803,827,518
Current assets					
Debtors	3	7,700,002		13,977,416	
Cash and cash equivalents	4	57,955,701		52,740,766	
			65,655,703		66,718,182
TOTAL ASSETS			976,642,050		870,545,700
CAPITAL, FUNDS AND LIABILITIES					
Capital account			923,609,414		822,750,203
Accumulated funds	6		51,899,308		46,948,649
Capital and funds			975,508,722		869,698,852
Current liabilities					
Other payables	7	1,133,328		846,848	
			1,133,328		846,848
TOTAL CAPITAL, FUNDS AND LIABILITIES			976,642,050		870,545,700

The balance sheet was approved by the Trustees and signed on their behalf:

 Digitally signed
by George RYAN
Date: 2022.02.02
10:50:13 Z

 Digitally signed by
Bradley WALDEN
Date: 2022.02.02
11:18:17 Z

SG Kleinwort Hambros Trust Company (UK) Limited

The notes on pages 14 to 25 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

CAPITAL ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 US\$	2019 US\$
Balance brought forward		822,750,203	857,248,105
Grant contributions received		116,950,071	16,876,713
Loans issued 2019 *		-	20,000,000
Loans issued 2020		14,000,000	-
		<u>953,700,274</u>	<u>894,124,818</u>
KfW loan write down	3 & 5(e)	(600,000)	(1,700,000)
		<u>953,100,274</u>	<u>892,424,818</u>
Impairment of value of investments	2	(29,295,340)	(69,595,909)
GAP – Liquidation proceeds received		-	32,429,631
GAP – Distributions		-	(32,429,631)
KfW loan write down charge		600,000	1,700,000
Transfer (to) accumulated funds		(600,000)	(1,700,000)
Exchange (loss) on year end revaluation		(195,520)	(78,706)
Balance carried forward		<u><u>923,609,414</u></u>	<u><u>822,750,203</u></u>

* During the year it was identified that \$20,000,000 of Loans made to The Private Infrastructure Development Group Trust in 2019 had been incorrectly classified as Grant contributions received in the 2019. The Capital Account has been restated to correct this classification.

The notes on pages 14 to 25 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

STATEMENT OF ACCUMULATED FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Year ended 31 December 2020 US\$	Year ended 31 December 2020 US\$	Year ended 31 December 2019 US\$	Year ended 31 December 2019 US\$
INCOME					
Contributions receivable to cover costs and fees			22,541,321		23,149,170
Bank deposit interest			284,588		655,672
			<u>22,825,909</u>		<u>23,804,842</u>
EXPENDITURE					
Funding					
TAF Grants		11,083,635		18,082,265	
TAF project grants returned		(331,475)		(1,081,657)	
		<u>10,752,160</u>		<u>17,000,608</u>	
Administration					
SG Kleinwort Hambros Trust Company (UK) Limited					
Annual Management fee		202,290		196,035	
Multiconsult Trustees Management fee		52,500		56,287	
Consultancy fees		307,082		662,979	
SLA grants – running costs		6,487,442		6,643,540	
Auditor’s remuneration: -					
Audit fee		61,457		36,728	
Audit fee – under accrued in prior years		12,291		8,661	
Other expenses		4,282		5,112	
Bad debt provision	3	600,000		1,700,000	
(Gain)/loss on foreign currency exchange		(4,254)		94,565	
		<u>7,723,090</u>		<u>9,403,907</u>	
Total expenditure			<u>(18,475,250)</u>		<u>(26,404,515)</u>
Surplus/(deficit) for the year			4,350,659		(2,599,673)
Transfer from capital account	3		600,000		1,700,000
Surplus/(deficit) for the year transferred to accumulated funds			4,950,659		(899,673)
Accumulated funds brought forward			46,948,649		47,848,322
Accumulated funds carried forward			<u>51,899,308</u>		<u>46,948,649</u>

The notes on pages 14 to 25 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020 US\$	Year ended 31 December 2019 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus/(deficit) for the year	4,350,659	(2,599,673)
Adjustments for:		
Interest income	(284,588)	(655,672)
Decrease/(increase) in debtors	6,277,414	(3,546,107)
Increase in current liabilities	286,480	170,208
Exchange (loss) on year end revaluation	(195,520)	(78,706)
	<u>10,434,445</u>	<u>(6,709,950)</u>
<i>Net cash inflow/(outflow) from operating activities</i>	10,434,445	(6,709,950)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of shares in EAIF	(1,000,000)	-
Acquisition of shares in GuarantCo	(5,000,000)	-
Acquisition of shares in InfraCo Africa	(26,953,178)	(11,000,000)
Acquisition of shares in InfraCo Asia Development	(9,855,091)	(21,561,170)
Acquisition of shares in InfraCo Asia Investments	(44,733,978)	-
Acquisition of shares in InfraCo Africa Investment	(48,911,922)	(144,013)
Interest received	284,588	655,672
	<u>(136,169,581)</u>	<u>(32,049,511)</u>
<i>Net cash outflow from investing activities</i>	(136,169,581)	(32,049,511)
FINANCING ACTIVITIES		
Proceeds from contributions to capital account	116,950,071	16,876,713
Loans issued 2019	-	20,000,000
Loans issued 2020	14,000,000	-
GAP - Liquidation proceeds received	-	32,429,631
GAP – Distributions	-	(32,429,631)
	<u>130,950,071</u>	<u>36,876,713</u>
<i>Net cash inflow from financing activities</i>	130,950,071	36,876,713
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,214,935	(1,882,748)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	52,740,766	54,623,514
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	57,955,701	52,740,766

The notes on pages 14 to 25 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES

a) Preparation of financial statements

These financial statements have been prepared under the Special Purpose Accounting Framework set out in Schedule 5 of the Third Amended and Restated Declaration of Trust dated 25th February 2020.

The Special Purpose Accounting Framework for the preparation of the financial statements of the PIDG Trust is to follow International Accounting Standards, except as otherwise noted below:

Preparation of consolidated accounts

IFRS10 states that consolidated financial statements should include all subsidiaries of the parent undertaking – The Trustees will prepare non-consolidated financial statements under the historical cost convention and in accordance with the Declaration of Trust.

Impairment of investments

IAS36 states that any impairment is recognised as an expense in the income account for assets carried at cost – Investments in Investment Vehicles will be stated at cost less provision of impairment in value of Investments. Investments will be written down to the value of the net assets of the Investment Vehicles held at each balance sheet date. Impairment provisions will be charged to the capital account.

Treatment of funding instruments

IAS32 states that a contractual obligation to deliver cash to another entity should be treated as a liability - All Contributions received from a Donor under a Funding Instrument for investment in Investment Vehicles, including Contributions for which the PIDG Trust has issued a participatory note, capital contributions and loans, will be valued on the basis of the Donor's pro-rata share of the net assets (at book value) of the Investment Vehicle to which the Contribution relates and will be included within the capital account.

Foreign exchange differences

IAS21 states that exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements shall be recognised in the income account in the period in which they arise - Transactions in currencies other than the reporting currency will be translated at the exchange rates ruling at the date of such transactions. Monetary assets and liabilities denominated in currencies other than the reporting currency will be retranslated at exchange rates ruling at the balance sheet date. All differences are dealt with in the fund from which they arose and therefore are included in the statement of accumulated funds, except where they derive from amounts advanced in respect of investments in undertakings, in which case they are taken to the capital account.

b) Reporting currency

The financial statements are presented in United States Dollars. The majority of the funds received and transactions carried out by the Trustees are in US Dollars and therefore reporting in US Dollars better reflects the economic substance of the underlying events and circumstances of the PIDG Trust.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit with the PIDG Trust's bankers.

d) Capital account

The capital account represents funds received from donors on a non-refundable basis together with the impairment in value of special purpose companies established by the PIDG Trust in the furtherance of its objects.

e) Accumulated funds

The accumulated fund comprises general unrestricted and restricted funds. Restricted funds are those which have been set aside by the Trustees for a particular purpose in accordance with donors' conditions.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

f) Income and expenditure included in the Core Trust Administration Fund

General Administration Costs will be borne by the Participating Donors on the basis of an agreed calculation. Where amounts are receivable with certainty at the year end, these are credited to “Contributions receivable to cover costs and fees”.

g) Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Trust will continue in operational existence 12 months from the date of signing. In addition, the Trustees have considered the PIDG members’ commitments to funding the agreed 2021 budget and their commitment to funding the agreed 2022 budget as prepared by PIDG Limited. They have also considered the availability of funding for future years through funding ‘letters of arrangement’ with the PIDG members and administrative cash balances available to the Trust. The Trustees therefore consider it appropriate to continue to prepare the financial statements on a going concern basis.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. INVESTMENTS	Emerging Africa Infrastructure Fund	GuarantCo Limited	InfraCo Africa Limited	InfraCo Asia Development Pte Limited	InfraCo Asia Investments Pte Limited	ICF Debt Pool LLP	Green Africa Power LLP	InfraCo Africa Investment Limited	PIDG Limited	TOTAL
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
As at 1 January 2020	393,869,700	277,983,427	232,499,332	170,580,632	27,319,426	4	43,838,397	144,015	1	1,146,234,934
Additions at cost	1,000,000	5,000,000	26,953,178	9,855,091	44,733,978	-	-	48,911,923	-	136,454,170
Liquidation	-	-	-	-	-	-	(43,838,397)	-	-	(43,838,397)
As at 31 December 2020	394,869,700	282,983,427	259,452,510	180,435,723	72,053,404	4	-	49,055,938	1	1,238,850,707
Impairment in value										
As at 1 January 2020	-	35,065,163	176,221,011	87,138,830	-	-	43,838,397	144,015	-	342,407,416
Impairment in year	-	-	16,587,671	13,083,378	-	4	-	1,453,068	-	31,124,121
Reversal of previous impairment	-	(1,828,780)	-	-	-	-	-	-	-	(1,828,780)
Movement on liquidation	-	-	-	-	-	-	(43,838,397)	-	-	(43,838,397)
As at 31 December 2020	-	33,236,383	192,808,682	100,222,208	-	4	-	1,597,083	-	327,864,360
Net book value										
As at 31 December 2020	394,869,700	249,747,044	66,643,828	80,213,515	72,053,404	-	-	47,458,855	1	910,986,347
As at 31 December 2019	393,869,700	242,918,264	56,278,321	83,441,802	27,319,426	4	-	-	1	803,827,518

The above investments represent:

- EAFIF - the entire share capital of 39,486,969 Ordinary US\$10 shares
- GuarantCo Limited 283,073,175 Ordinary US\$1 shares, being 89.27% of the share capital
- InfraCo Africa Limited - the entire share capital of 176,923,050 Ordinary GBP1 shares
- InfraCo Asia Development Limited - the entire share capital of 126,727,778 Ordinary GBP1 shares
- InfraCo Asia Investment Limited - the entire share capital of 72,053,404 Ordinary US\$1 shares
- ICF Debt Pool – a member’s capital contribution of €3
- Green Africa Power LLP – the Partnership was dissolved 28 January 2020.
- InfraCo Africa Investment Limited - the entire share capital of 38,052,130 Ordinary GBP1 share
- PIDG Limited – the entire share capital of 1 Ordinary GBP£1 share

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. INVESTMENTS (continued)

(b) The Emerging Africa Infrastructure Fund Limited (EAIF)

Constitution

The company was incorporated in the Republic of Mauritius on 18 December 2001. The principal activity of the company is that of providing long-term financing to private sector infrastructure projects in sub-Saharan Africa.

As at 31 December 2020, EAIF reported net assets of US\$500,487,924 (2019: US\$474,620,057) and a profit for the year to 31 December 2020 of US\$24,867,867 (2019: US\$30,374,286). Therefore, the investment in EAIF as at 31 December 2020 is included in the accounts at US\$394,869,700 (2019: US\$393,869,700), representing the lower of cost and share of net asset value.

(c) GuarantCo Limited (GuarantCo)

Constitution

The company was incorporated in the Republic of Mauritius on 25 August 2005. The principal activity of the company is support of the establishment and operation of a local currency guarantee facility for infrastructure investments in developing countries.

The GuarantCo concept involves the establishment of a company that will offer partial guarantees on issues of paper (note and bonds) by private sector infrastructure companies and municipal entities, in lower income developing countries. GuarantCo's primary aim is to keep institutional funds within these markets, which cannot at the moment be accessed by infrastructure projects.

As at 31 December 2020, GuarantCo Limited reported net assets of US\$279,743,896 (2019: US\$272,619,873) and a profit for the year to 31 December 2020 of US\$2,124,023 (2019: US\$ 2,130,571). Therefore the investment in GuarantCo Limited as at 31 December 2020 is included in the accounts at US\$249,747,044 (2019: US\$242,918,264) representing the lower of cost and the PIDG Trust's proportional share of net asset value.

(d) InfraCo Africa Limited (InfraCo Africa)

Constitution

The company was incorporated in England on 4 August 2004. The principal activity of the company is to develop projects in the infrastructure sector of the poorer developing countries and endeavour to sell on the implementation of these projects to private investors.

As at 31 December 2020, InfraCo Africa reported company net assets of £48,797,944 or US\$66,643,828 (2019: £42,626,889 or US\$56,278,321) and a loss for the year to 31 December 2020 of £14,714,522 or US\$20,095,766 (2019: loss £22,454,975 or US\$29,646,271). Therefore the investment in InfraCo Africa as at 31 December 2020 is included in the accounts at £48,797,944 or US\$66,643,838 (2019: £42,626,889 or US\$56,278,321) representing the lower of cost and share of net asset value.

(e) ICF Debt Pool LLP (ICF DP)

Constitution

ICF DP was incorporated as a Limited Liability Partnership in England on 10 September 2011 with an investment from the members (at that time the Trustees of the PIDG Trust) of €3. The ICF DP, a PIDG facility created with the support of IFC and KfW, supports infrastructure investments that have lost reasonably expected access to private financial markets due to the global economic crisis.

KfW, acting in its own name, but for the account of the Federal Republic of Germany and a special member, 9215-6975 Quebec Inc. became members upon the execution of an Amended and Restated Limited Liability Partnership Deed dated 8 December 2009.

KfW entered into a Conditional Loan Agreement with the PIDG Trust dated 5 October 2009, for a maximum total amount of US\$10,000,000 to be used as a contribution to the cost of the establishment, operation and financing of the ICF DP, therefore, the investment in ICF Debt Pool LLP as at 31 December 2020 is included in the accounts at €3 or US\$4, representing the lower of cost and share of net asset value.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. INVESTMENTS (continued)

(f) InfraCo Asia Development Pte. Ltd (InfraCo Asia Devt)

Constitution

The company was incorporated in Singapore on 3 February 2009. The principal activity of the company is to stimulate greater private investment in Asian infrastructure development by acting as a principal project developer.

As at 31 December 2020, InfraCo Asia Devt reported group net assets of US\$80,213,515, after share application monies (2019: US\$83,441,802) and a comprehensive loss for the year to 31 December 2020 of US\$13,527,483 (2019: loss US\$12,872,001). The total of US\$80,213,515 (2019: US\$83,441,802) included in the accounts represents the lower of cost and share of net asset value.

(g) InfraCo Asia Investments Pte. Ltd (InfraCo Asia Inv)

Constitution

The company was incorporated in Singapore on 7 December 2012 and will provide early follow-on equity to complement InfraCo Asia Devt's activities.

As at 31 December 2020, InfraCo Asia Inv reported net assets of US\$75,053,964 (2019: US\$31,037,607) and a comprehensive loss for the year to 31 December 2020 of US\$717,621 (2019: profit US\$121,267). The total of US\$72,249,513 (2019: US\$27,319,426) included in the accounts represents the lower of cost and share of net asset value.

(h) Green Africa Power LLP (GAP LLP)

Constitution

A Limited Liability Partnership incorporated in England on 4 April 2013. The principal activity of the LLP is to invest in renewable energy projects in Africa and to demonstrate the viability of renewable energy in Africa. GAP LLP was dissolved on 28 January 2020.

(i) InfraCo Africa Investment Limited (InfraCo Africa Inv)

Constitution

The company was incorporated in England and Wales on 29 July 2014. The company was an investment holding company. Its principal activity is to seek, undertake due diligence in respect of, appraise and, if thought fit, invest in, manage and ultimately dispose of, interests in infrastructure projects.

As at 31 December 2020, InfraCo Africa Inv reported a net asset of £34,750,323 or US\$47,458,855 (2019: liability £198,152 or US\$261,611) and a loss for the year to 31 December 2020 of £2,991,525 or US\$4,085,555 (2019: loss £191,771 or US\$253,186). The total of US\$47,458,855 (2019: US\$nil) included in the accounts represents the lower of cost and share of net asset value.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

2. INVESTMENTS (continued)

(j) The Private Infrastructure Development Group Limited (PIDG Ltd)

Constitution

The company was incorporated on 20 March 2018 under the laws of England and Wales. The principal activity is to oversee the activities of and, where appropriate, provide centralised resources in relation to the other companies in the Private Infrastructures Development Group (PIDG).

As at 31 December 2020, PIDG Ltd reported net assets of £1,453,259 or US\$1,984,730 (2019: £820,719 or US\$1,083,558) and a profit for the year to 31 December 2020 of £632,540 or US\$863,866 (2019: £62,497 or US\$82,512). Therefore, the investment in PIDG Ltd as at 31 December 2020 is included in the accounts at £1 or US\$1, representing the lower of cost and share of net asset value.

3. DEBTORS

	2020 US\$	2019 US\$
Accrued income – grants receivable	2	4,767,824
SLA refunds	-	909,592
Loan to ICF Debt Pool LLP	7,700,000	8,300,000
	<u>7,700,002</u>	<u>13,977,416</u>

In respect of the loan to ICF Debt Pool LLP, a total bad debt provision of \$2,300,000 (2019: \$1,700,000) has been recognised under IFRS 9 to bring the loan in line with its deemed recoverable amount. A corresponding transfer from the Statement of Accumulated Funds to the Capital Account has been made to match the bad debt provision with the corresponding back to back KfW loan write down which is held in the Capital Account.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2020 US\$	2019 US\$
Balances at bank	57,955,701	52,740,766
	<u>57,955,701</u>	<u>52,740,766</u>

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

5. LOAN AGREEMENTS AND PARTICIPATORY NOTES

(a) The below is a summary of the total loan agreements included in the capital account as at 31 December 2020:

Donor	Amount US\$	Purpose	Reference
SECO	10,000,000	EaIF	(c)
Sida	20,000,000	EaIF	(b)
DGIS	10,000,000	EaIF	(d)
DGIS	22,500,000	InfraCo Africa	(d)
SECO	8,000,000	GuarantCo	(c)
Sida	15,000,000	GuarantCo	(b)
SECO	8,500,000	InfraCo Africa	(c)
KfW	7,700,000	ICF Debt Pool	(e)
FCDO	110,828,588	EaIF	(f)
DGIS	2,000,000	GuarantCo	(d)
DGIS	2,000,000	EaIF	(d)
DGIS	13,000,000	InfraCo Asia	(d)
DGIS	13,000,000	InfraCo Africa	(d)
DGIS	17,000,000	EaIF	(d)
DGIS	13,188,436	InfraCo Africa	(d)
DGIS	9,000,000	InfraCo Asia	(d)
DGIS	9,000,000	InfraCo Africa	(d)
DGIS	1,000,000	EaIF	(d)
DGIS	1,000,000	GuarantCo	(d)
DGIS	6,500,000	InfraCo Asia	(d)
DGIS	6,500,000	InfraCo Africa	(d)
DGIS	1,000,000	GuarantCo	(d)
Total	<u>306,717,024</u>		

(b) Sida, (as the Lender) entered into an agreement with the PIDG Trust (as the Borrower) on 14 March 2003 to lend a maximum total amount of US\$20,000,000 as a contribution to the financing of and the establishment and operation of EaIF or such other purpose of the PIDG as may be agreed by the Lender with the PIDG.

Sida, (as the Lender) entered into a further agreement with the PIDG Trust (as the Borrower) on 23 November 2006 to lend a maximum total amount of US\$15,000,000 as a contribution to the financing of and the establishment and operation of GuarantCo or such other purpose of the PIDG as may be agreed by the Lender with the PIDG.

(c) SECO, (as the Lender) entered into an agreement with the PIDG Trust (as the Borrower) on 14 March 2003 to lend a maximum total amount of US\$10,000,000 as a contribution to the financing of and the establishment and operation of EaIF or such other purpose of the PIDG as may be agreed by the lender with PIDG.

SECO, (as the Lender) entered into a further agreement with the PIDG Trust (as the Borrower) on 23 November 2006 to lend a maximum total amount of US\$8,000,000 as a contribution to the financing of and the establishment and operation of GuarantCo or such other purpose of the PIDG as may be agreed by the Lender with the PIDG.

SECO, (as the Lender) entered into a further agreement with the PIDG Trust (as the Borrower) on 15 December 2008 (as further amended on 8 December 2020) to lend a maximum total amount of US\$8,500,000 as a contribution to the financing of the operation of InfraCo Africa or such other purpose of the PIDG as may be agreed by the Lender with the PIDG. An amendment has been made during 2014 to reclassify the final tranche of this agreement (US\$290,000) from a misallocation as contributions received in the capital account.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

5. LOAN AGREEMENTS AND PARTICIPATORY NOTES (continued)

- (d) DGIS (as the Lender) entered into an agreement with the PIDG Trust (as the Borrower) on 13 May 2003 to lend a maximum total amount of US\$20,000,000 as a contribution to the financing of and the establishment and operation of EAIF or such other purpose of the PIDG as may be agreed by the Lender with PIDG.

DGIS (as the Lender) agreed by letter dated 10 February 2006 to reallocate US\$10,000,000 from the agreement dated 13 May 2003 which was originally being contributed to the financing of and the establishment and operation of EAIF or such other purpose of the PIDG as may be agreed by the Lender with PIDG. This letter reallocated US\$10,000,000 as a contribution to the financing of and the establishment and operation of InfraCo Africa or such other purpose of the PIDG as may be agreed by the Lender with PIDG.

DGIS (as the Lender) entered into an agreement with the PIDG Trust (as the Borrower) on 28 July 2009 to lend a maximum total amount of US\$12,500,000 as a contribution to the financing of and the establishment and operation of InfraCo Africa or such other purpose of the PIDG as may be agreed by the Lender with PIDG.

DGIS (as the Lender) entered into an agreement with the PIDG Trust (as the Borrower) on 22 November 2018 (as amended on 24 April 2019, 3 December 2020 and on 16 November 2020) to lend a maximum total amount of US\$78,000,000 as a contribution to be used for subscription of shares in the Companies in such amounts as shall be determined by the Lender with PIDG Ltd, of which US\$30,000,000 was received in December 2018.

It was also noted in the 22 November 2018 agreement, and the subsequent amendment to the agreement on the 24 April 2019, that all historic grants as disbursed by DGIS in EAIF (US \$17,000,000) and InfraCo Africa (EUR 10,000,000 (US\$13,188,436) would be redesignated as loans.

- (e) KfW, (as the Lender) entered into an agreement with the PIDG Trust (as the Borrower) on 5 October 2009 to lend a maximum total amount of US\$10,000,000 as a contribution to the financing of and the establishment and operation of ICF DP or such other purpose of the PIDG as may be agreed by the lender with PIDG. During the year to 31 December 2020, a bad debt provision was recognised in respect of the ICF Debt Pool loan reducing its fair value to \$7,700,000 (2019: \$8,300,000). As the KfW loan is intricately linked to the loan to ICF Debt Pool this balance was devalued to \$7,700,000.
- (f) FCDO, (at the time the UK Secretary of State for the Department for International Development) (as the Lender) entered into an agreement with the PIDG Trust (as the Borrower) on 31 March 2014 to lend a maximum total amount of US\$80,880,000 plus the US\$ equivalent of GBP18,000,000 (US\$29,948,588) as a contribution to the financing and operation of EAIF or such other purpose of the PIDG as may be agreed by the lender with PIDG. The US\$80,880,000 portion of the loan converted existing grant funding, disbursed to the PIDG Trust, to a loan.
- (g) The PIDG Trust issued a participatory note on 1 March 2016 to FCDO in consideration for the payment of a subscription of US\$18,073,900 (US\$ equivalent of GBP 13,000,000) for the financing of and operation of GuarantCo. PIDG Trust issued a further participatory note on 12 February 2020 to FCDO in consideration for the payment of a subscription of US\$49,430,004 (US\$ equivalent of GBP 37,940,000) for the financing of and operation of InfraCo Africa Inv. A further participatory note between PIDG Trust and FCDO was issued on 3 March 2020 in consideration for the payment of a subscription of US\$10,428,697 (US\$ equivalent of GBP 9,120,000) for the financing of and operation of InfraCo Asia Inv. PIDG Trust issued a further participatory note on 14 December 2020 to FCDO in consideration for the payment of a subscription of US\$18,658,456 (US\$ equivalent of GBP 14,000,000) for the financing of and operation of InfraCo Asia Inv.

**THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2020	2020	2020	2020	2020	2020	2020	2019
6. ACCUMULATED FUNDS	TAF (TAF General window 1 & 2) US\$	TAF VGF (TAF window 3) US\$	EU ITF US\$	General Admin fund US\$	Total Accumulated funds US\$	Total US\$			Total US\$
INCOME									
Contributions receivable:									
FCDO	8,216,140	-	-	3,395,759	11,611,899	12,240,515			
DGIS	4,813,373	284,714	-	901,873	5,999,960	4,999,960			
SECO	2,000,000	-	-	903,254	2,903,254	2,822,626			
SIDA	-	-	-	616,428	616,428	643,514			
IFC	-	-	-	595,706	595,706	607,623			
MFA	-	-	-	-	-	866,188			
EIB	-	-	142,722	-	142,722	357,683			
DFAT	-	-	-	671,352	671,352	611,061			
Interest receivable	284,588	-	-	-	284,588	655,672			
Net income receivable	15,314,101	284,714	142,722	7,084,372	22,825,909	23,804,842			
EXPENDITURE									
Funding									
TAF Grants	4,110,160	1,346,000	127,475	-	5,583,635	11,582,265			
TAF Devco Grants	5,500,000	-	-	-	5,500,000	6,500,000			
TAF project grants returned	(331,475)	-	-	-	(331,475)	(1,081,657)			
Administration									
Annual Management fee: -	-	-	-	202,290	202,290	196,035			
SG Kleinwort Hambros	-	-	-	52,500	52,500	56,287			
Multiconsult Trustees	5,930	-	-	301,152	307,082	662,979			
Consultancy fees	-	-	-	61,457	61,457	36,728			
Audit fee	-	-	-	12,291	12,291	8,661			
Audit fee re 2019	1,178,971	-	-	5,308,471	6,487,442	6,643,540			
SLA grants – running cost	2,289	-	-	1,993	4,282	5,112			
Other expenses	-	-	-	600,000	600,000	1,700,000			
Bad debt provision	-	-	-	(4,254)	(4,254)	94,565			
Currency movement	-	-	-	-	-	-			
Total expenditure	10,465,875	1,346,000	127,475	6,535,900	18,475,250	26,404,515			
Surplus/(deficit) in year	4,848,226	(1,061,286)	15,247	548,472	4,350,659	(2,599,673)			
Reallocation of 2019 funds	(6,411,461)	6,411,461	-	-	-	-			
Transfers between funds	2,265	-	-	(2,265)	-	1,700,000			
Transfers to capital account	-	-	-	600,000	600,000	-			
Accumulated funds b/fwd	26,054,846	20,433,516	(15,247)	475,534	46,948,649	47,848,322			
Accumulated funds c/fwd	24,493,876	25,783,691	-	1,621,741	51,899,308	46,948,649			

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

6. ACCUMULATED FUNDS (Continued)

(a) General Administration Costs

- a) Trustees' fees and reimbursable expenses and any fees and expenses properly due to the Enforcer under the Declaration of Trust;
- b) auditors' fees for audit of the PIDG Trust and PIDG Ltd;
- c) ad hoc legal and technical advice to the PIDG Trust and/or PIDG Ltd;
- d) operating and any other costs of the PIDG Trust and/or PIDG Ltd; and
- e) any other general administration costs approved by the Donors from time to time.

(b) PIDG Technical Assistance (TA)

The Participating Donors provide funding to the PIDG Trust for it to make TA grants to the PIDG companies (including PIDG Ltd) and IFC (for DevCo activities) to support capacity building, technical assistance, studies and training to facilitate in-country development. The grants are used by the PIDG companies (including PIDG Ltd) and IFC (for DevCo activities) to provide assistance to both the public and private sectors in support of the planning and implementation of projects and programmes of any of the PIDG companies and IFC (for DevCo activities) under the PIDG umbrella on a "challenge fund" basis.

During 2020:

The PIDG Trust executed forty-nine new TA grants for PIDG initiatives totalling US\$35,564,291.

- US\$10,953,895 was disbursed in total in TA grants in 2020.
- US\$8,216,139 has been contributed to TA by FCDO in 2020.
- US\$2,000,000 has been contributed to TA by SECO in 2020.
- US\$5,098,087 has been contributed to TA by DGIS in 2020.

(c) EU ITF

The European Union - Africa Infrastructure Trust Fund (EU-AITF) is a facility of the European Commission, managed by the European Investment Bank, which provides grant funding to support infrastructure projects in the energy, transport, water and ICT sectors in Africa put forward for consideration by organisations that are members of the EU-AITF Project Financiers Group.

The Netherlands Ministry of Foreign Affairs (DGIS) nominated PIDG as their Project Financier and PIDG is accordingly eligible for drawing on funding support from EU-AITF. To date PIDG, through the PIDG Facilities working in Africa, has had four proposals for EU-AITF support approved.

During 2020 the PIDG Trust received €142,045 (EUR equivalent of US\$142,722) for PIDG activities. During 2020 a total of €142,045 (EUR equivalent of US\$142,722) was disbursed by the PIDG Trust from the funds received from EU-AITF to EAIF for the East Africa Marine Transport Project.

(d) Reallocation of 2019 funds

It was noted that the Financial Statements for The PIDG Trust year ended 31st December 2019 had shown an incorrect allocation of TAF funds. A contribution of USD \$4,220,391 from DGIS towards TAF VGF had been recorded as TAF Administration/Projects. Additionally, a total contribution of USD \$10,138,070 from FCDO towards TAF VGF had been recorded as TAF Administration/Projects and TAF DevCo. It was further noted that a total expenditure of USD \$7,947,000 had been assigned against TAF Administration/Projects instead of TAF VGF. The movement shown in the above note shows the correction for the 2019 allocation.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

7. OTHER PAYABLES

	2020	2019
	US\$	US\$
Other creditors	1,133,328	846,848
	<u>1,133,328</u>	<u>846,848</u>

8. TAXATION

For taxation purposes, the PIDG Trust is treated as resident in the UK. HMRC has agreed that the PIDG Trust has Crown and Sovereign immunity for the purposes of income tax and is therefore exempt from UK tax on any income and gains arising.

9. RELATED PARTY TRANSACTIONS

During the period under review, the following related party transactions occurred and balances were outstanding as at 31 December 2020;

Transactions with the Trustees of the Trust:

		2020	2019
		US\$	US\$
Fees Charged			
SG Kleinwort Hambros Trust Company (UK) Limited	Annual Management fee	202,290	196,035
Multiconsult Trustees Ltd	Annual Management fee	52,500	56,287
		<u>254,790</u>	<u>252,322</u>
Amounts owed at the year end			
SG Kleinwort Hambros Trust Company (UK) Limited		<u>104,296</u>	<u>99,019</u>

Transactions with the Companies of the Trust:

		2020	2019
		US\$	US\$
SLA Grants			
EAIF		1,045,984	1,313,855
GuarantCo		1,082,052	1,313,855
InfraCo Africa		1,046,601	1,330,077
InfraCo Asia Inv		91,965	938,470
InfraCo Asia Devt		915,878	141,232
PIDG Ltd		<u>2,155,873</u>	<u>2,126,312</u>
Amounts owed to companies at the year end:			
EAIF		12,483	43,228
GuarantCo		12,483	1,750
InfraCo Africa		50,375	-
InfraCo Asia Inv		11,234	69,134
InfraCo Asia Devt		1,248	18,521
PIDG Ltd		<u>324,476</u>	<u>776,955</u>

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

9. RELATED PARTY TRANSACTIONS (continued)

Control

The PIDG Trust is controlled jointly by the three Trustees, who act in consultation with PIDG Ltd and the relevant Participating Donors. FCDO is the Enforcer of the PIDG Trust.

10. CONTINGENT LIABILITIES

As part of the lending facilities that EAIF has put in place with its commercial lenders, the Trust has pledged EAIF's shares as outlined below to ensure that the lenders have access to these shares as security in the event of a default by EAIF. Hence, a share pledge agreement between the trustees of the PIDG Trust and EAIF in favour of The Bank of New York Mellon, London Branch as Security Trustee for the Secured Parties has been in place since 29 October 2014 (the Original Pledge). Pursuant to a supplemental share pledge agreement dated 22 June 2016 (the Supplemental Pledge) and an amendment agreement to the Original Pledge and the Supplemental Pledge, the PIDG Trust has confirmed the security created by the Original Pledge and has granted the same security over all shares held by it in EAIF as at 22 June 2016, being 38,986,969 ordinary shares of US\$ 10 par value each which have been transferred in guarantee to The Bank of New York Mellon, London Branch as Security Trustee on behalf of the Secured Parties as pledgees, to secure the repayment of the Secured Obligations (which for the avoidance of doubt includes those undertaken in favour of any Secured Party under any Additional Facility Agreements) which, as at 22 June 2016, amount to the aggregate principal amount of United States Dollars one billion and two hundred million (US\$1,200,000,000), plus accrued interest, expenses, costs and commission payable under the Debt Documents (as defined in the Common Terms Agreement dated 29 October 2014).

11. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Fair Values

The PIDG Trust's financial assets include non-current investments which are reviewed for impairment each year end. Investments in Investment Vehicles will be stated at cost less provision of impairment in value of Investments. Investments will be written down to the value of the net assets of the Investment Vehicles held at each balance sheet date.

The PIDG Trust's current financial assets and liabilities include accrued contributions receivable, cash and cash equivalents and other payables. All of these financial assets and liabilities are realised or settled within a short time period and therefore the carrying amount of these assets and liabilities approximate to fair values.

The capital account includes loan balances from Participating Donors. These loan balances do not attract interest and have no fixed repayment terms. The accounts repayable under these loans are dependent upon receiving distribution proceeds from the underlying entity in which the onward investment has been made. Therefore the principal amounts less allocated impairment in the capital account at the balance sheet date approximate to fair values.

Associated Risks

The PIDG Trust's activities expose it to various types of risk in the normal course of its operations. The Trustees consider the risks to be minimal since no payments are made, or expenses incurred in advance of contributions, or commitments to cover such payments or expenditure having been received.