

**THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST**

**“THE PIDG TRUST”**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2011**

**haysmacintyre  
Chartered Accountants  
Registered Auditors  
London**

## THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

---

<b>CONTENTS</b>	<b>Page</b>
Legal and administrative information	1 - 2
Trustees' report	3 - 5
Auditors' report	6
Balance sheet	7
Capital account	8
Statement of accumulated funds	9
Cash Flow statement	10
Notes forming part of the financial statements	11 - 18

# **THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST**

## **LEGAL AND ADMINISTRATIVE INFORMATION**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

---

### **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 Hambros Trust Company Limited – UK Resident Company  
Norfolk House  
31 St James's Square  
London  
SW1Y 4JR

Minimax Limited – Mauritian Resident Company  
Rogers House  
5 President John Kennedy Street  
Port-Louis, Mauritius

Multiconsult Trustees Limited – Mauritian Resident Company (formerly MC Trust Limited)  
Rogers House  
5 President John Kennedy Street  
Port-Louis, Mauritius

#### **PARTICIPATING DONORS (“DONORS”)**

The Austrian Development Agency (“ADA”)

The Government of the United Kingdom of Great Britain and Northern Ireland acting through the Secretary of State for International Development at the Department for International Development (“DFID”)

Swiss State Secretariat for Economic Affairs of the Government of the Confederation of Switzerland (“SECO”)

The Netherlands Ministry for Foreign Affairs (“DGIS”)

Federal Republic of Germany, represented by KfW (“KfW”)

The Government of Sweden represented by the Swedish International Development Co-operation Agency (“Sida”)

The World Bank Group, represented by International Finance Corporation (“IFC”)

The Minister for Foreign Affairs of Ireland (“Irish Aid”)

#### **ENFORCER**

DFID

#### **PROTECTOR**

No protector has been appointed and therefore MDY Legal, at the Crown Agents for Overseas Government & Administrations Limited, is acting as current protector.

#### **PROGRAMME MANAGEMENT UNIT (“PMU”)**

MDY Legal (formerly CA Legal)

**THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST**

**LEGAL AND ADMINISTRATIVE INFORMATION (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

---

**AUDITORS**

haysmacintyre  
Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

**BANKERS**

SG Hambros Bank Limited  
Norfolk House  
31 St James's Square  
London  
SW1Y 4JR

**LEGAL ADVISORS**

MDY Legal  
St Nicholas House  
St Nicholas Road  
Sutton  
Surrey  
SM1 1EL

# THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2011

---

The Trustees present the annual report and audited financial statements for the year ended 31 December 2011.

These financial statements have been prepared under the provisions of the Declaration of Trust defined below and in accordance with applicable International Financial Reporting Standards.

#### BACKGROUND SUMMARY

PIDG is a multi-donor arrangement established and directed by the Participating Donors. PIDG aims to facilitate the provision of infrastructure needed to eliminate poverty in developing countries by encouraging private investment. PIDG has established the PIDG Trust as a vehicle for its activities. In general, this provides a vehicle for the Donors 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 (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 Protector but otherwise in their discretion think fit;
- 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 & 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 Donors.

In addition and in conjunction with the PMU, 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").

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 one of the investment vehicles.

Before acting, the Trustees require the approval of the PMU and the relevant Participating Donors. In particular, for certain acts in relation to investment vehicles, the Trustees cannot act without the prior written permission of the Protector of the PIDG Trust.

In particular, the Trustees act at the instruction of the PMU and in accordance with the Declaration of Trust.

# THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

## TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

---

### REPORTING RESPONSIBILITIES

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

- i. within 45 days after the end of each quarter unaudited financial statements for each quarter in respect of the funds it has held or holds;
- ii. within 45 days of the end of each quarter, progress reports on the status of the activities of all entities which the Trustees support and in the case of EAIF, any special reports relating to the investments of EAIF in such form and detail as PIDG may require but in any event confirming that all EAIF investments during that quarter were made in compliance with the EAIF investment policy;
- iii. reports on the activities of the PIDG Trust;
- iv. 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 it holds;
- v. annual audited accounts of the PIDG Trust and of each investment vehicle prepared in accordance with international accounting standards; and
- vi. any legal opinions & advice received by the Trustees.

The PMU co-ordinates the provision of ii) and iii) from PIDG investment vehicles. The PMU circulates all of the above reports to PIDG members. Additional reports may be required in relation to a particular investment vehicle. Any such requirements are set out in the relevant funding documentation.

### INVESTMENT POLICY

The PIDG Trust can only apply funds to an investment which is consistent with the "Ethical Policies" of the PIDG Trust as set out in Schedule 2 of the Declaration of Trust.

The PMU is responsible for confirming that an investment is consistent with the Ethical Policies.

### REVIEW OF ACTIVITIES

The PIDG Trust was involved in funding the following companies and programmes in the year ended 31 December 2011:

- The Emerging Africa Infrastructure Fund Limited ('EAIF')
- GuarantCo Limited ('GuarantCo Mauritius')
- InfraCo Asia Development Pte. Ltd. ('InfraCo Asia')
- InfraCo Limited ('InfraCo Africa')
- Technical Assistance Facility ('TAF')
- ICF Debt Pool LLP ('ICF-DP')

### RESULTS

The results for the period and movement in accumulated funds are set out on page 9 within the Statement of Accumulated Funds.

### 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.

**THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST**

**TRUSTEES' REPORT (continued)**


**FOR THE YEAR ENDED 31 DECEMBER 2011**

---

**AUDITORS**

Messrs haysmacintyre have expressed their willingness to continue in office as auditors.

Approved by the Trustees and signed on their behalf:

Handwritten signatures in blue ink. The first signature is 'Shirley El Barnes' and the second is 'Rachel Kee'.

**SG Hambros Trust Company Limited**

8 November 2012

**Norfolk House  
31 St James's Square  
London SW1Y 4JR**

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF  
THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST**

---

We have audited the non-consolidated financial statements of the Private Infrastructure Development Group ("PIDG") Trust for the year ended 31 December 2011 which comprise the Balance Sheet, the Capital Account, the Statement of Accumulated Funds, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Trustees as a body. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditors' 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 PIDG Trust and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Trustees and auditors**

As described in the Trustees' Report the Trustees are responsible for the preparation of the non-consolidated financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the non-consolidated financial statements in accordance with relevant legal and regulatory requirements and International Auditing Standards (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

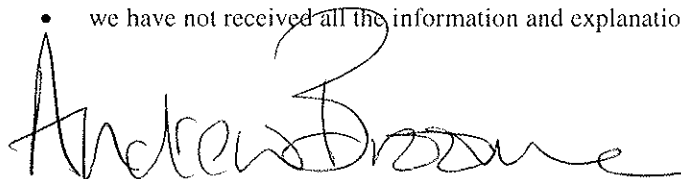
**Opinion on financial statements**

In our opinion the non-consolidated financial statements give a true and fair view of the state of the PIDG Trust's affairs as at 31 December 2011 and of its results of operations and cash flows for the year then ended, have been properly prepared in accordance with applicable International Financial Reporting Standards and the information given in the Trustees' Report for the year which the financial statements are prepared is consistent with the financial statements.

**Matters on which we report by exception**

We have nothing to report in respect of the following matters where we report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



**Andrew Broome (Senior statutory auditor)**  
for and on behalf of haysmacintyre, Statutory Auditor

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

8 November 2012



THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

BALANCE SHEET

AS AT 31ST DECEMBER 2011

	Note	2011 US\$	2011 US\$	2010 US\$	2010 US\$
<b>Non-current assets</b>					
Investments	2		223,453,303		207,212,790
<b>Current assets</b>					
Debtors	3	14,639,764		18,461,065	
Cash and cash equivalents	4	60,733,982		25,570,304	
			75,373,746		44,031,369
<b>TOTAL ASSETS</b>			<b>\$298,827,049</b>		<b>\$251,244,159</b>
<b>CAPITAL, FUNDS AND LIABILITIES</b>					
<b>Capital account</b>					
			162,118,250		123,712,709
<b>Accumulated funds</b>	6		32,496,265		28,697,995
<b>Capital and funds</b>			194,614,515		152,410,704
<b>Non-current liabilities</b>					
Loans	5	103,710,000		98,500,000	
<b>Current liabilities</b>					
Other payables		502,534		333,455	
			104,212,534		98,833,455
<b>TOTAL CAPITAL, FUNDS AND LIABILITIES</b>			<b>\$298,827,049</b>		<b>\$251,244,159</b>

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


  
**SG Hambros Trust Company Limited**

8 November 2012

The notes on pages 11 to 18 form part of these financial statements.

**THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST**

**CAPITAL ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

---

	<b>Note</b>	<b>2011 US\$</b>	<b>2010 US\$</b>
<b>Balance brought forward</b>		123,712,709	114,763,546
Capital contributions received		64,803,169	23,464,203
Transfer from accumulated funds		645,500	-
		<hr/>	<hr/>
		189,161,378	138,227,749
Impairment of value of investments	2	(27,008,917)	(14,491,173)
Exchange gain on year end revaluation		(34,211)	(23,867)
		<hr/>	<hr/>
<b>Balance carried forward</b>		<u>\$162,118,250</u>	<u>\$123,712,709</u>

The notes on pages 11 to 18 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

STATEMENT OF ACCUMULATED FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2011

	Year ended 31 December		Year ended 31 December	
	2011	2011	2010	2010
	US\$	US\$	US\$	US\$
<b>Income</b>				
Contributions receivable to cover costs and fees		8,265,743		10,816,455
Gross bank deposit interest	39,841		20,215	
Income tax repayment	33,041		426,074	
		72,882		446,289
<b>Net income receivable</b>		8,338,625		11,262,744
<b>Expenditure</b>				
SG Hambros Trust Company Limited				
Annual Management fee	202,993		159,925	
Multiconsult Trustees Management fee	11,287		11,350	
Minimax Management fee	11,287		11,350	
PIDG Programme Management Unit (PMU)	1,531,270		1,061,475	
TAF Grants	250,000		396,242	
Consultancy fees	1,924,361		478,012	
Auditor's remuneration:-				
Audit fee	27,815		23,064	
Audit fee under provided in 2010	-		(8,184)	
Other	6,290		7,043	
Other expenses	68,295		71,995	
Gain on foreign currency exchange	(138,743)		(6,925)	
Grant underspend refunded	-		203,432	
<b>Total expenditure</b>		(3,894,855)		(2,408,779)
<b>Surplus for the year</b>		4,443,770		8,853,965
Transfer to capital account		(645,500)		-
<b>Retained surplus for the year transferred to accumulated funds</b>		3,798,270		8,853,965
<b>Accumulated funds brought forward</b>		28,697,995		19,844,030
<b>Accumulated funds carried forward</b>		\$32,496,265		\$28,697,995

The notes on pages 11 to 18 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Year ended 31 December 2011 US\$	Year ended 31 December 2010 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus for the year	4,443,770	8,853,965
Adjustments for:		
Interest income	(39,841)	(20,215)
Decrease/(increase) in debtors	3,821,301	(15,782,621)
Increase in other payables	169,079	9,215
Exchange gain on funds advanced	(34,211)	(23,867)
<i>Net cash inflow/(outflow) from operating activities</i>	<u>8,360,098</u>	<u>(6,963,523)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of shares in EAIF	(13,880,000)	(5,070,500)
Acquisition of shares in GuarantCo (Mauritius)	(9,600,000)	(18,020,385)
Acquisition of shares in InfraCo Africa	(12,172,331)	(4,411,432)
Acquisition of shares in InfraCo Asia	(7,597,099)	(6,779,540)
Investment in ICF Debt Pool	-	(4)
Interest received	39,841	20,215
<i>Net cash outflow from investing activities</i>	<u>(43,209,589)</u>	<u>(34,261,646)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	5,210,000	5,000,027
Proceeds from contributions to capital account	64,803,169	23,464,203
<i>Net cash inflow from financing activities</i>	<u>70,013,169</u>	<u>28,464,230</u>
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	35,163,678	(12,760,939)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>25,570,304</u>	<u>38,331,243</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u><u>\$60,733,982</u></u>	<u><u>\$25,570,304</u></u>

The notes on pages 11 to 18 form part of these financial statements.

# THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

---

### 1. ACCOUNTING POLICIES

#### (a) Basis of preparation

The non-consolidated financial statements have been prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards.

IAS 27 states that consolidated financial statements should include all subsidiaries of the parent undertaking.

However, consolidated accounts are not prepared. The PIDG Trust invests in special purpose companies in order to further its international development objectives. These subsidiary companies carry on activities distinct from the PIDG Trust and the Trustees consider that the consolidation of these special purpose companies would be misleading.

#### (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) Foreign currency exchange differences

Translations in currencies other than the reporting currency are translated at the exchange rates ruling at the date of such transactions. Monetary assets and liabilities denominated in currencies other than the reporting currency are 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 exchange rate gains or losses derive from amounts advanced in respect of an issue of share capital, in which case they are taken to the capital account.

#### (d) Investments in Undertakings

Investments in undertakings are stated at cost less provision for impairment in value of investments. It is the Trustees' policy to write the cost of investments down to the value of the net assets of the special purpose companies held at each balance sheet date. Impairment provisions are charged to the capital account on the basis that capital has been invested for the purpose of acquiring share capital of special purpose companies.

#### (e) Cash and cash equivalents

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

#### (f) 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.

#### (g) 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.

#### (h) Income and expenditure included in the Core Trust Administration Fund

Income and expenditure is accounted for on an accruals basis. The Core Trust Administration Fund for General Administration Costs exists in order to fund the administration and operating expenses of the PIDG. Under an agreement dated 1 December 2001, DFID had undertaken to make available contributions to cover any shortfall which would otherwise arise from the excess of expenses over interest receivable up to June 2004. Under the Constitution of the PIDG, after June 2004, General Administration Costs will be born by all the donors in equal amounts. Where amounts are receivable with certainty at the year end, these are credited to "Contributions receivable to cover costs and fees".

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

2. INVESTMENTS

	EAIF US\$	GuarantCo Mauritius US\$	InfraCo Africa US\$	InfraCo Asia US\$	ICF Debt Pool US\$	Total US\$
(a) Shares in PIDG special purpose companies at cost						
As at 1 January 2011	138,552,600	65,930,627	46,024,616	6,779,540	4	257,287,387
Additions at cost	13,880,000	9,600,000	12,172,331	7,597,099	-	43,249,430
As at 31 December 2011	<u>152,432,600</u>	<u>75,530,627</u>	<u>58,196,947</u>	<u>14,376,639</u>	<u>4</u>	<u>300,536,817</u>
<b>Impairment in value</b>						
As at 1 January 2011	-	-	45,428,976	4,645,621	-	50,074,597
Impairment in year	-	9,893,809	12,767,971	4,347,137	-	27,008,917
As at 31 December 2011	-	<u>9,893,809</u>	<u>58,196,947</u>	<u>8,992,758</u>	-	<u>77,083,514</u>
<b>Net book value</b>						
As at 31 December 2011	<u>\$152,432,600</u>	<u>\$65,636,818</u>	<u>\$ -</u>	<u>\$5,383,881</u>	<u>\$4</u>	<u>\$223,453,303</u>
As at 31 December 2010	<u>\$138,552,600</u>	<u>\$65,930,627</u>	<u>\$595,640</u>	<u>\$2,133,919</u>	<u>\$4</u>	<u>\$207,212,790</u>

The above investments represent

EAIF - the entire share capital of 15,243,260 Ordinary US\$10 shares

GuarantCo Mauritius 75,530,627 Ordinary US\$1 shares, being 68.96% of the share capital

InfraCo Africa - the entire share capital of 34,880,511 Ordinary £1 shares

InfraCo Asia - the entire share capital of 9,132,181 Ordinary £1 shares

ICF Debt Pool - A Limited Liability Partnership was incorporated with an investment from the members of €3

(b) The Emerging Africa Infrastructure Fund Limited

**Constitution**

The company was incorporated with limited liability 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 2011, EAIF reported net assets of US\$172,672,307 (2010: US\$ 155,429,977) and a profit for the year to 31 December 2011 of US\$4,789,666 (2010: US\$2,609,466). Therefore the investment in EAIF as at 31 December 2011 is included in the accounts at US\$152,432,600, representing the lower of cost and share of net asset value.

(c) GuarantCo Limited (UK)

**Constitution**

The company was incorporated in London on 18th September 2003 but transferred its business to GuarantCo Mauritius on 15<sup>th</sup> September 2005. GuarantCo Limited (UK) was dissolved on 28 May 2007.

The principal activity of the company was support of the establishment and operation of a local currency guarantee facility for infrastructure investments in developing countries.

## THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2011

---

#### 2. INVESTMENTS (continued)

##### (d) GuarantCo Mauritius

###### Constitution

The company was incorporated in the Republic of Mauritius on 25 August 2005. GuarantCo Limited (UK) transferred its business to GuarantCo Mauritius on 15 September 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 2011, GuarantCo Mauritius reported net assets of US\$95,181,000 (2010: US\$101,508,393) and a loss for the year to 31 December 2011 of US\$15,927,393 (2010: profit US\$140,684). Therefore the investment in GuarantCo Mauritius as at 31 December 2011 is included in the accounts at US\$65,636,818, representing the lower of cost and share of net asset value.

##### (e) InfraCo Ltd (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 2011, InfraCo Africa reported net liabilities of £371,822 or US\$595,692 (2010: US\$874,704 net assets, as restated) and a loss for the period to 31 December 2011 of £8,621,544 or US\$13,812,500 (2010: US\$9,516,090 loss, as restated). Therefore the investment in InfraCo Africa as at 31 December 2011 is included in the accounts at US\$nil.

##### (f) ICF Debt Pool LLP (ICF DP)

###### Constitution

ICF DP was incorporated as a Limited Liability Partnership in England on 10 September 2010 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 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, acting in its own name but for the account of the Federal Republic of Germany 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.

##### (g) InfraCo Asia Development Pte. Ltd (InfraCo Asia)

###### 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.

**THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

**2. INVESTMENTS (continued)**

**InfraCo Asia Development Pte. Ltd (InfraCo Asia) (continued)**

As at 31 December 2011, InfraCo Asia reported net assets of US\$5,383,881 (2010: US\$2,159,714) and a loss for the period to 31 December 2011 of US\$4,361,251 (2010: US\$2,627,791). Therefore the investment in InfraCo Asia as at 31 December 2011 is included in the accounts at US\$5,383,881, representing the lower of cost and share of net asset value.

A new company was incorporated in Singapore called InfraCo Asia Investments Pte. Ltd on 7 December 2011. There was no activity in the year ended 31 December 2011.

**3. DEBTORS**

	<b>2011</b>	<b>2010</b>
	<b>US\$</b>	<b>US\$</b>
Advances in lieu of share subscriptions	-	5,514,220
HMRC	-	676,457
Loan to InfraCo Africa KIS	4,537,496	2,225,806
Loan to ICF Debt Pool LLP	10,000,000	10,000,000
Expenses recoverable	102,268	44,582
	<u>\$14,639,764</u>	<u>\$18,461,065</u>

**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:

	<b>2011</b>	<b>2010</b>
	<b>US\$</b>	<b>US\$</b>
Balances at bank	60,733,982	25,570,304
Cash and cash equivalents	<u>\$60,733,982</u>	<u>\$25,570,304</u>

**5. CONDITIONAL LOAN AGREEMENTS**

- (a) Sida, (as the Lender) entered into an agreement with the PIDG Trust (as 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 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 Mauritius or such other purpose of the PIDG as may be agreed by the Lender with the PIDG.

- (b) SECO, (as the Lender) entered into an agreement with the PIDG Trust (as 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 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 Marritius 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 Borrower) on 15 December 2008 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.



# THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2011

---

#### 5. CONDITIONAL LOAN AGREEMENTS (continued)

- (c) DGIS (as the Lender) entered into an agreement with the PIDG Trust (as 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) entered into an agreement with the PIDG Trust (as 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.

- (d) KfW, (as the Lender) entered into an agreement with the PIDG Trust (as 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.

The above loans have no fixed repayment terms and shall bear no interest.

The below is a summary of the total loans outstanding as at 31 December 2011:

Donor	Amount US\$	Purpose
SECO	10,000,000	EAIF
Sida	20,000,000	EAIF
DGIS	10,000,000	EAIF
DGIS	22,500,000	InfraCo Africa
SECO	8,000,000	GuarantCo Mauritius
Sida	15,000,000	GuarantCo Mauritius
SECO	8,210,000	InfraCo Africa
KFW	10,000,000	ICF Debt Pool
Total	<u>US\$103,710,000</u>	

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2011

6. ACCUMULATED FUNDS	2011 Project Development costs GAP US\$	2011 TAF General US\$	2011 TAF Capital Markets US\$	2011 TAF Output based Aid US\$	2011 TAF Development Costs US\$	2011 General Administration fund US\$	2011 Total Accumulated funds US\$	2010 Total US\$
<b>Income</b>								
Contributions receivable to cover costs and fees:-								
DFID	805,477	1,754,869	-	-	-	430,570	2,990,916	3,143,057
DGIS	-	-	-	-	-	299,970	299,970	291,970
SECO	-	2,000,000	-	-	-	366,763	2,366,763	2,292,000
Sida	-	-	-	-	-	300,000	300,000	792,000
ADA	-	-	-	-	-	215,000	215,000	2,713,488
IFC	-	-	-	-	-	366,763	366,763	292,000
Irish Aid	-	-	-	-	-	577,019	577,019	291,940
ICF Debt Pool	-	-	-	-	-	299,970	299,970	-
AECID	-	-	-	-	-	300,000	300,000	-
Norway	549,342	-	-	-	-	-	549,342	-
Asian Development	-	-	-	-	-	-	-	1,000,000
Sundry income	-	15,917	3,330	19,538	12	33,041	33,041	426,074
Interest receivable	-	-	-	-	-	1,044	39,841	20,215
<b>Net income receivable</b>	<b>1,354,819</b>	<b>3,770,786</b>	<b>3,330</b>	<b>19,538</b>	<b>12</b>	<b>3,190,140</b>	<b>8,338,625</b>	<b>11,262,744</b>
<b>Expenditure</b>								
Annual Management fee:-								
SG Hambros Trust Co	-	-	-	-	-	202,993	202,993	159,925
Multiconsult Trustees	-	-	-	-	-	11,287	11,287	11,350
Minimax	-	-	-	-	-	11,287	11,287	11,350
PMU	-	-	-	-	-	1,531,270	1,531,270	1,061,475
TAF Grants	-	250,000	-	-	-	-	250,000	396,242
Consulancy fees	1,074,559	151,629	-	-	-	698,173	1,924,361	478,012
Auditor's remuneration:-								
Audit fee for current year	-	-	-	-	-	27,815	27,815	23,064
Audit fee under provided in 2010	-	-	-	-	-	-	-	(8,184)
Other	-	-	-	-	-	6,290	6,290	7,043
Other expenses	-	814	-	-	-	67,481	68,295	71,995
Grant underspend refunded	-	-	-	-	-	-	-	203,432
Currency movement	-	-	-	-	-	(138,743)	(138,743)	(6,925)
<b>Total expenditure</b>	<b>1,074,559</b>	<b>402,443</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,417,853</b>	<b>3,894,855</b>	<b>2,408,779</b>
<b>Retained surplus/(deficit) for the year</b>	<b>280,260</b>	<b>3,368,343</b>	<b>3,330</b>	<b>19,538</b>	<b>12</b>	<b>772,287</b>	<b>4,443,770</b>	<b>8,853,965</b>
Transfer to capital account	-	(645,500)	-	-	-	-	(645,500)	-
Accumulated funds brought forward	811	9,162,658	1,964,853	15,058,264	1,009,990	1,501,419	28,697,995	19,844,030
<b>Accumulated funds carried forward</b>	<b>\$281,071</b>	<b>\$11,885,501</b>	<b>\$1,968,183</b>	<b>\$15,077,802</b>	<b>\$1,010,002</b>	<b>\$2,273,706</b>	<b>\$32,496,265</b>	<b>\$28,697,995</b>

# THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

---

### 6. ACCUMULATED FUNDS (Continued)

#### (a) Project Development Fund – Green Africa Power

Participating Donors may make contributions to the Project Development Fund to cover the costs incurred in developing proposals for activities and projects to a stage at which Donors may reasonably consider investing in them, including consultants' fees and reimbursable expenses incurred with the prior unanimous agreement of the Participating Donors.

DFID and NORAD (the latter not being a Member of PIDG) have provided funding for the development of a potential new PIDG company – Green Africa Power, which, if established, will help the development of specific renewables projects in Sub-Saharan Africa.

#### (b) General Administration Fund

General Administration Costs will include the following:-

- (a) PMU's fees and reimbursable expenses;
- (b) Trustee's fees and reimbursable expenses and any fees and expenses properly due to the Protector and Enforcer under the Declaration of Trust;
- (c) Technical advice to PIDG;
- (d) All reasonable costs relating to hosting PIDG meetings, but excluding travel and accommodation costs of Donors' representatives ("Meeting Costs");
- (e) Any other administration costs approved by PIDG from time to time.

#### (c) Technical Assistance Facility (TAF)

PIDG has established the TAF to support capacity building, technical assistance, studies and training to facilitate in-country development. Assistance will be provided to both the public and private sectors in support of the planning and implementation of projects and programmes of any of the facilities and funds undertaken under the PIDG umbrella on a "challenge fund" basis.

The facility has been split into three funding windows:

- Window 1 General Technical assistance
- Window 2 Capital Markets Development
- Window 3 Output Based Aid

On 13 October 2009 The PIDG Trust entered into a bridging loan agreement with InfraCo Africa for a loan facility of up to US\$4,700,000. The facility is for InfraCo Africa to support its Subsidiary, Kalangala Infrastructure Services Limited in Uganda to enable them to purchase a replacement ferry as there are concerns over the safety of the current vessel. The ferry is a component of the Kalangala Infrastructure Services project that InfraCo Africa is developing. A disbursement of US\$2,225,806 was made in 2010 and a further US\$2,100,000 in 2011.

The PIDG Trust executed one TAF grant for PIDG initiatives during 2011 totalling US\$250,000.

### 7. TAXATION

For taxation purposes, the PIDG Trust is treated as resident in the UK. HMRC agreed that the PIDG Trust has crown and Sovereign immunity in 2010 and is therefore exempt from UK tax on any income and gains arising.

# THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2011

### 8. RELATED PARTY TRANSACTIONS

During the period under review, the following related party transactions occurred and balances were outstanding as at 31 December 2011.

#### Transactions with the Trustees of the Trust:

		2011 US\$	2010 US\$
<b>Fees Charged</b>			
SG Hambros Trust Company Ltd	Annual Management fee	202,993	159,925
Multiconsult Trustees Ltd	Annual Management fee	11,286	11,350
Minimax Ltd	Annual Management fee	11,286	11,350
		<u>          </u>	<u>          </u>
<b>Amounts owed at the year end</b>			
Multiconsult Trustees Ltd		833	881
Minimax Ltd		833	881
		<u>          </u>	<u>          </u>
<b>Transactions with the Protector and PMU/Adhoc Legal MDY Legal (formerly CA Legal)</b>			
Fees Charged		1,531,270	1,061,475
		<u>          </u>	<u>          </u>
<b>Amount receivable at the year end</b>			
PMU		102,268	44,582
		<u>          </u>	<u>          </u>

#### Control

The PIDG Trust is controlled jointly by the three Trustees, who act in consultation with the PMU and the relevant Participating Donors. DFID is the Enforcer of the PIDG Trust and MDY Legal (formerly CA Legal) is currently acting as Protector of the PIDG Trust.

### 9. SUBSEQUENT EVENTS

Except as noted elsewhere, subsequent to 31 December 2011, the PIDG Trust has not undertaken any material transactions which require adjustment or disclosure in these accounts.

### 10. 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.

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 PIDG Trust's financial liabilities include non-current loan balances from donors. These loan balances do not attract interest and have no fixed repayment terms, therefore the principal amounts owing 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.