PIDG Technical Assistance Operating Policies and Procedures

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Version 1	Deputy Head of TA	07/2020	PIDG Board
Version 2	Global Head of TA and Deputy Head of TA	05/2022	PIDG Board
Version 3	Global Head of TA and PIDG Legal	06/2026	PIDG Board

Glossary of terms

Term	Definition
Concessional Capital Agreement	An agreement between the PIDG Trust, a TA Recipient (and PIDG Ltd as TA manager, as the case may be) for PIDG Concessional Capital funding.
Concessional Capital Concept Note	An evaluation that may be procured during due diligence to support the assessment of a proposed commitment of PIDG Concessional Capital (excluding capital grants), for review and consideration by the PIDG TA Team, the TA Management Committee and the PIDG Technical Assistance Committee, as applicable.
Declaration of Trust	The declaration of trust originally dated 1 December 2001, for the establishment of The PIDG Trust, as amended by an Amended and Restated Declaration of Trust dated 14 March 2003, a Second Amended and Restated Declaration of Trust dated 4 September 2018, a Third Amended and Restated Declaration of Trust dated 25 February 2020, and a Fourth Amended and Restated Declaration of Trust dated 14 April 2025 and as otherwise further amended, restated or replaced from time to time.
Deputy Head of TA	The individual appointed from time to time by PIDG Ltd to deputise the Global Head of TA.
Fragile State	A country on PIDG's "List of Fragile States and Conflict-Affected States" as maintained from time to time by the PIDG Sustainable Development Impact team.
Framework Agreement	The agreement dated 6 August 2020 between the PIDG Trust and the PIDG Companies setting out the terms and conditions for the provision of any PIDG TA Grants as may be amended, restated or replaced from time to time.
Funding Instrument	An instrument by which a PIDG Member provides funding to the PIDG Trust.
Global Head of TA	The individual appointed by PIDG Ltd to oversee the management and administration of PIDG Technical Assistance Activities.
Investment Policy	Has the meaning given in the PIDG Constitution.
KPIs	Key performance indicators for PIDG Technical Assistance Activities implemented by the PIDG TA Team as agreed on an annual basis as part of the PIDG Technical Assistance Activities business planning process.
PIDG	The Private Infrastructure Development Group.
PIDG Board	The board of directors of PIDG HoldCo from time to time.
PIDG Company	Each of: The Emerging Africa & Asia Infrastructure Fund Limited, GuarantCo Ltd, InfraCo Asia Business Development Pte. Ltd., InfraCo Asia Investment Pte. Ltd., InfraCo Africa Business Development Limited, InfraCo Africa Investment Limited, PIDG Ltd and any other entities established by the PIDG Trust, PIDG HoldCo or another entity on behalf of the PIDG Trust and/or PIDG HoldCo from time to time (except ICF Debt Pool), to carry out its purposes.

Term	Definition
PIDG Concessional Capital	Loans, equity investments, viability gap funding or capital grants that are provided by the PIDG Trust, on more favourable terms than those available in the market or with a different risk profile, using PIDG TA Funder Contributions, to a TA Recipient in accordance with these TA Operating Policies and Procedures.
PIDG Constitution	The constitution of the PIDG Group adopted by the PIDG Members dated 14 April 2025 as amended, restated, replaced or otherwise modified, in whole or in part, from time to time.
PIDG Executive Team	The Chief Executive Officer (CEO), Chief of Staff & Global Head of Communications, Chief Finance Officer (CFO), Chief Risk Officer (CRO), Global Head of Investor Relations, Chief Sustainable Impact Officer, Global General Counsel, Global Head of HSES, Global Head of Operations, Global Head of HR, Chief Investment & Project Development Officer, Global Head of TA and any other person that is a member of the PIDG Executive Team from time to time.
PIDG Group	PIDG HoldCo and all the PIDG Companies and any other unincorporated body, body corporate or partnership which is the subsidiary, subsidiary undertaking, holding company or parent undertaking of PIDG HoldCo and/or any of the PIDG Companies.
PIDG HoldCo	The Private Infrastructure Development Group Holding Company Limited, a private company incorporated under the laws of England with registered number 16281077 whose registered office is at 6 Bevis Marks, London, EC3A 7BA, United Kingdom.
PIDG IC	The committee of the PIDG Board mandated, *inter alia,* with investment and divestment decision-making for the PIDG Group (or any successor or similar committee of the PIDG Board), on the terms set out in its terms of reference as published by PIDG on its website www.pidg.org from time to time.
PIDG Ltd	The Private Infrastructure Development Group Limited, a private company incorporated under the laws of England with registered number 11265124 whose registered office is at 6 Bevis Marks, London EC3A 7BA, United Kingdom.
PIDG Members	The PIDG Owner-Members and PIDG Owners collectively.
PIDG OPPs	The operating policies and procedures of the PIDG Group as approved from time to time in accordance with the PIDG Constitution.
PIDG Owner	Has the meaning set out in the PIDG Constitution.
PIDG Owner-Member	Has the meaning set out in the PIDG Constitution.
PIDG Project	An actual or potential infrastructure or infrastructure-related project and/or investment which is or may be (as applicable) developed or financed or otherwise supported by a PIDG Company or expected to be developed or financed or otherwise supported by a PIDG Company in accordance with the Investment Policy.
PIDG TA Commitments	PIDG TA Grants and PIDG Concessional Capital collectively.

Term	Definition
PIDG TA Funder	A PIDG Member that has provided funding to the PIDG Trust or to another PIDG Company for PIDG Technical Assistance Activities.
PIDG TA Funder Contributions	Funding made available by a PIDG TA Funder for PIDG Technical Assistance Activities, including the PIDG TA Commitments and the administration costs of PIDG Technical Assistance Activities.
PIDG TA Grant	A grant made by the PIDG Trust to a TA Recipient using PIDG TA Funder Contributions to undertake PIDG Technical Assistance Activities (excluding PIDG Concessional Capital).
PIDG Technical Assistance Activities	Activities designed to meet a range of needs associated with the infrastructure project development cycle and enhancement of impact which are funded by PIDG TA Commitments in accordance with these TA Operating Policies and Procedures.
PIDG Technical Assistance Committee	The technical assistance subcommittee of the PIDG IC mandated with investment and divestment decision making in relation to PIDG TA Commitments on the terms set out in its terms of reference as published by PIDG on its website www.pidg.org from time to time.
PIDG Technical Assistance Team or PIDG TA Team	The employees and contractors (or equivalent) of PIDG with responsibility for administering and managing PIDG Technical Assistance Activities.
PIDG Trust	The Private Infrastructure Development Group Trust, a purpose trust under Mauritius law, established under the Declaration of Trust.
Reserved Transactions	Transactions where a PIDG Company has made an application for a PIDG TA Commitment in respect of transactions that are: (i) complex, contentious, novel, or (ii) involve a partnership with strategic or long-term impact for PIDG; or (iii) outside the sectors permitted under the Investment Policy.
Strategic Partnership	Collaborations or arrangements between PIDG Ltd and/or the PIDG Trust and a third party for the purposes of exploring innovative approaches to sectors, countries, and types of projects and which are in accordance with PIDG's approved strategy and the Investment Policy.
TA Agreement	TA Grant Letter and Concessional Capital Agreement collectively.
TA Grant Letter	A letter agreement between the PIDG Trust, a TA Recipient and/or PIDG Ltd in such form as may be set out in the Framework Agreement for the provision a PIDG TA Grant.
TA Management Committee	Technical assistance management committee established as a senior management committee of PIDG mandated with investment and divestment decision making in relation to PIDG TA Commitments on the terms set out in these TA Operating Policies and Procedures.
TA Operating Policies and Procedures	These technical assistance operating policies and procedures as amended from time to time.

Term	Definition
TA Recipient	Any PIDG Company, to whom a PIDG TA Commitment is made pursuant to a TA Agreement.
TA Recommendation Memo	The recommendation from the relevant member of the PIDG TA Team in relation to each application for a PIDG TA Grant as described in section 2.4.2.
Trustees	The trustees of the PIDG Trust from time to time.

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Introduction and objectives

General overview

These TA Operating Policies and Procedures relate to PIDG Technical Assistance Activities and set out how PIDG (primarily through PIDG Ltd) administers, governs and manages the deployment of PIDG TA Funder Contributions to PIDG TA Commitments.

The mission of PIDG is to get infrastructure finance moving and multiplying – accelerating climate action and sustainable development, where most urgently needed, as a thriving infrastructure ecosystem, delivering climate resilience and sustainable development for all.

PIDG Technical Assistance Activities contribute towards helping to investigate, define, and prepare potential investment opportunities in support of poverty reduction and economic growth through increased private sector investment in infrastructure, by supporting PIDG's sustainable development impact and Health, Safety, Environment and Social (HSES) objectives including but not limited to, gender empowerment and climate resilience and adaptation, and by supporting capacity building. PIDG TA Commitments are also available to enhance and achieve the development objectives of PIDG and to assure affordability of essential infrastructure services.

These TA Operating Policies and Procedures set out how PIDG ensures that PIDG TA Funder Contributions are utilised in the manner intended by PIDG TA Funders and in alignment with PIDG's objectives.

Key objectives

The key objectives for PIDG Technical Assistance Activities are to:

1.2.1 Develop a more enabling regulatory environment and/or support the development of a pipeline of infrastructure projects in PIDG's priority markets through upstream transaction advisory support.

1.2.2 Promote development or improvement of capital market systems.

1.2.3 Support market scoping, enabling and preparatory activities on PIDG Projects, which are considered non-business as usual costs, to enable PIDG Projects to become bankable and/or lead to financial close, and if provided post financial close would enhance the operational capacity of the PIDG Project.

1.2.4 Enhance social and development impact, including (but not limited to) gender, disability, social inclusion, health and safety, environmental sustainability, climate change mitigation, and governance considerations associated with PIDG Projects.

1.2.5 Support the mobilisation of commercial capital to promote access and affordability to impactful infrastructure services.

Operating policies

Overview of activities

PIDG Technical Assistance Activities support the efforts to develop viable opportunities for investment in infrastructure by the private sector.

The types of PIDG TA Commitments available and the procedures for applying for, and approving applications for PIDG TA Commitments are detailed in these TA Operating Policies and Procedures.

The PIDG TA Team shall provide support and advice to the PIDG Executive Team and PIDG Companies on PIDG Technical Assistance Activities.

Eligibility criteria for TA Commitment

2.2.1 The PIDG Trust may make PIDG TA Commitments available, on an application basis, to a PIDG Company undertaking the development and/or funding of a PIDG Project or, in the specific circumstances described below. Approval of PIDG TA Commitments is on a highly selective basis.

2.2.2 PIDG TA Commitments will not be approved for "business as usual" costs. PIDG TA Commitments are to be used to support unusual or unusually expensive costs and as set out in more detail below.

2.2.3 Subject to the application and approval procedures set out in these TA Operating Policies and Procedures, PIDG TA Funder Contributions may be deployed as PIDG TA Commitments for the following PIDG Technical Assistance Activities:

2.2.3.1 PIDG TA Grants

A. General Technical Assistance Grants

These are PIDG TA Grants to PIDG Companies for funding intended to support:

(i). advise and transaction support to governments, public or private agencies, and private sector entities (including financiers and project developers);

(ii). advice and training on the design and implementation of market reforms;

(iii). the design and implementation of pioneering projects and transactions, including but not limited to transaction advisory, feasibility studies; institutional strengthening, training, and capacity building;

(iv). activities to enhance development effectiveness and/or have direct impact, including but not limited to, gender empowerment/transformation and climate resilience and adaptation;

(v). activities to address health, safety and environmental and social concerns;

(vi). support for capital market development; and

(vii). post-transaction support.

B. PIDG Group-wide Initiatives

These PIDG TA Grants to PIDG Ltd are designed to support group-wide programmes and centrally driven initiatives that align with PIDG strategic objectives but which are not specific to a PIDG Company or a PIDG Project. These activities may be managed directly by the PIDG TA Team solely or together with other PIDG teams.

C. Strategic Partnerships

These are PIDG TA Grants to PIDG Ltd in support of a Strategic Partnership. These activities and the related PIDG TA Commitments may be managed directly by the PIDG TA Team solely and/or together with other PIDG teams or third parties.

2.2.3.2 PIDG Concessional Capital

Type	Commitment amount (USD $)	Description	Notes
Capital Grants	0 - 1,500,000	Can be both returnable and non-returnable. A return on principal e.g. premium or interest may also be applicable.	Concept note typically not required.
Viability Gap Funding	Minimum of 1,500,000	Usually not returnable unless assumptions on capital costs and shareholder returns change in which case viability gap funding will be returnable and a return on principal may be applicable.	Concept note required
Concessional Debt/Equity	Any amount	Principal returnable. A return on principal e.g. premium or interest may also be applicable.	Concept note typically not required for amounts up to and including USD 1,5000,000 Concept note required for amounts over USD 1,500,000

A. Capital Grants:

This refers to a grant deployed towards subsidising capex on PIDG Projects. Capital Grants are capped at a maximum of USD 1,500,000. The application and approval processes applicable to PIDG TA Grants will apply.

A Concessional Capital Concept Note is typically not required for this type of PIDG TA Commitment, however the PIDG TA Team and/or the TA Management Committee may, depending on transactional complexity, require a Concessional Capital Concept Note to be prepared.

B. Viability Gap Funding (VGF)

VGF refers to capital subsidies that are designed to reduce the costs of infrastructure projects to make economically viable projects commercially viable in order to mobilise commercial finance.

The minimum amount of VGF that may be applied for is USD 1,500,000. Assessments for commitments of VGF are underpinned by a Concessional Capital Concept Note to be developed in accordance with these TA Operating Policies and Procedures.

C. Concessional Debt/Equity

Concessional Debt/Equity is intended to mobilise investors and/or reduce a project's overall cost of capital to ensure commerciality and affordability. This can be in the form of debt or equity investments that are more risk taking and/or seeking lower financial returns than would normally be expected by commercial investors or lenders.

For concessional debt/equity of a value up to US$ 1,500,000 the application and approval processes applicable to PIDG TA Grants will apply. While a Concept Note would typically not be required for concessional debt/equity of this value, the PIDG TA Team and/or the TA Management Committee may, depending on transactional complexity, require a Concessional Capital Concept Note to be prepared.

Detailed application and approval procedures for VGF and/or concessional debt/equity of a value of US$ 1,500,001 and above, are set out in the Annex.

TA Commitments may be fully or partially returnable depending on the degree of likely project commerciality. Conditions of return will be determined in the application review and approval process.

Geographical coverage and sector focus

PIDG Commitments can only be used to fund activities in those countries and sectors permitted under the Investment Policy.

Approval of PIDG TA Commitments

2.4.1 Applications

2.4.1.1 Applications for all PIDG TA Grants and PIDG Concessional Capital of a value of US$ 1,500,000 and below, shall be made using the PIDG TA grant application form (in such form as may be provided from time to time by the PIDG TA Team).

2.4.1.2 Applications for PIDG Concessional Capital funding of a value above US$ 1,500,000 shall be made by submitting a memo explaining the basic details of the PIDG Project, the project needs, the estimated amount of PIDG Concessional Capital required, and at what stage the project is. The detailed application and approval process in respect of PIDG Concessional Capital funding of USD 1,500,001 and above is set out in the Annex to these TA Operating Policies and Procedures.

2.4.1.3 In both cases, the application shall be completed by the relevant PIDG Company team and submitted to the PIDG TA Team for review. The PIDG TA Team may, subject to the approval processes set out in these TA Operating Policies and Procedures, apply for a PIDG TA Commitment.

2.4.1.4 A PIDG Company may include in its application, a line item to cover administrative charges such as bank charges and costs associated with monitoring relating to the PIDG Technical Assistance Activities. These costs cannot be used to cover staff time associated with the PIDG Technical

Assistance Activities, nor consultancy costs. The application of the administration fee will be at the discretion of the PIDG TA team and be provided on a contribution basis (not cost by cost).

2.4.1.5 Upon receipt of an application for a PIDG TA Commitment, the PIDG TA Team will work with the relevant team within the PIDG Company to finalise the application and secure information necessary for an assessment of the application. The relevant team within the PIDG Company will also submit the application for PIDG TA Commitment to the PIDG Sustainable Development Impact team and HSES team for review.

2.4.1.6 Following this review process, and the preparation of the TA Recommendation Memo in accordance with section 2.4.2, the final grant form application and/or memo will be submitted for approval in accordance with the approval processes set out at 2.4.3 to 2.4.6 below.

2.4.2 TA recommendation

2.4.2.1 The PIDG TA Team shall prepare, in respect of each successful application for a PIDG TA Commitment, a TA Recommendation Memo setting out the reasons for the decision by the relevant PIDG TA Team member to recommend the application for approval by the TA Management Committee and/or the PIDG Technical Assistance Committee as the case may be.

2.4.2.2 The TA Recommendation Memo will, at a minimum, set out the type of TA Commitment (by reference to the categories set out at paragraph 2.2.3, an assessment of eligibility, any conditions to disbursement and any other applicable special conditions.

2.4.2.3 The PIDG TA Team shall maintain complete and up-to date files in relation to each PIDG TA Grant application and each approved PIDG TA Grant.

2.4.3 Approval thresholds

2.4.3.1 Applications for PIDG TA Commitments will be approved as follows:

PIDG TA Commitment amount (USD)	Approving party	Notes
0 – 300,000	TA Management Committee	
300,001 – 1,500,000	TA Management Committee and No Objection Team	Following approval by the TA Management Committee, the application and TA Recommendation Memo will be submitted to the No Objection Team for approval in accordance with section 2.4.5 below.
1,500,001 and above	TA Management Committee and PIDG Technical Assistance Committee	

2.4.3.2 All applications pertaining to Reserved Transactions will be approved as follows:

(a) applications of up to USD 1,500,000 will be approved by the TA Management Committee, subject to no objection by the No Objection Team;

(b) applications above USD 1,500,000 will be approved by the TA Management Committee and the PIDG Technical Assistance Committee.

2.4.3.3 All applications for PIDG TA Commitments for Strategic Partnerships shall be approved by the PIDG Technical Assistance Committee.

2.4.3.4 If a TA Commitment would cause the cumulative exposure to a TA Recipient within the same product category to exceed the USD 300,000 or USD 1,500,000 threshold, any such application must be referred by the TA Management Committee to the No Objection Team or PIDG Technical Assistance Committee, as applicable. Exposure across different product categories shall not be aggregated when determining approval thresholds as exposure to General Technical Assistance and Concessional Capital products are accounted for separately.

2.4.3.5 In respect of applications for PIDG TA Commitments above USD 1,500,000 that require full due diligence and/or the preparation of a Concept Note, and which have been received in principle approval by the TA Management Committee, the PIDG Technical Assistance Committee will conduct an initial screening of the application prior to the appointment of an external consultant in accordance with the PIDG Procurement Operating Policy. Any such approval in-principle by the TA Management Committee will include an approval of associated due diligence / consultant costs.

2.4.3.6 Applications to be considered by the TA Management Committee and the PIDG Technical Assistance Committee must be submitted by the PIDG TA Team to the relevant committee no later than five working days before the date of the relevant committee meeting to enable the committee members to review the documentation.

2.4.4 Approval by the TA Management Committee

2.4.4.1 The TA Management Committee is a senior management-level committee, established under the authority of the PIDG CEO, with delegated decision-making powers.

2.4.4.2 The TA Management Committee shall review and approve all applications for PIDG TA Commitments as well as applications pertaining to Reserved Transactions (prior to escalation to the No Objection Team).

2.4.4.3 The TA Management Committee comprises:

a) Global Head of TA (Chair)

b) Deputy Head of TA

c) The PIDG TA Team representative responsible for Africa

d) The PIDG TA Team representative responsible for Asia

e) Legal team representative

f) Sustainable Development Impact team representative

2.4.4.4 Meetings of the TA Management Committee will be held fortnightly, or as required, to review funding applications. The Global Head of TA (or, in their absence the Deputy Head of TA or other authorised substitute acting in that capacity), will chair the meetings of the TA Management Committee.

2.4.4.5 The quorum for meetings will be at least four members, including the Global Head of TA (or, in their absence the Deputy Head of TA or other authorised substitute acting in that capacity), and in addition, at least one voting member from each of the Legal and Impact teams. Alternates may attend with prior approval from the Chair (or substitute) and where attending in place of a member, shall be entitled to vote and be counted for quorum.

2.4.4.6 Decisions of the TA Management Committee will be made by majority vote of members present and voting, with the PIDG TA Team member recommending the relevant transaction excluded from voting. In the case of an equality of votes in favour and against a proposal, the Chair (but not a substitute) shall have a casting vote.

2.4.4.7 The TA Management Committee may issue approvals subject to conditions.

2.4.5 Approval by the No Objection Team

2.4.5.1 An endorsement from the No Objection Team is required for applications for PIDG TA Commitments: (a) above USD 300,000 and up to USD 1,500,000; and (b) relating to Reserved Transactions.

2.4.5.2 The No Objection Team will comprise PIDG's:

a) CEO

b) CFO

c) Chief Risk Officer

d) Chief Sustainable Impact Officer

e) Global General Counsel

2.4.5.3 The No Objection Team will operate on an ad hoc basis. The quorum for meetings will be three members. Decisions shall be taken by majority vote of members present and voting. No objection confirmations may also be provided by email circulation.

2.4.6 Approvals by the PIDG Technical Assistance Committee

2.4.6.1 All applications for PIDG Technical Assistance Commitments above USD 1,500,000 and for Reserved Transactions, will be approved by the TA Management Committee and then submitted to the PIDG Technical Assistance Committee for final approval in accordance with the detailed application and approval processes set out in the Annex.

2.4.6.2 The PIDG Technical Assistance Committee is constituted as a formal subcommittee of the PIDG IC. The committee shall comprise at least three members appointed by the PIDG IC, including at least one member of the PIDG IC.

2.4.6.3 The PIDG Technical Assistance Committee will report to the PIDG IC, which in turn reports to the PIDG Board.

2.4.6.4 Where a PIDG TA Commitment is a component of a wider transaction where other PIDG Companies will also be providing funding alongside the PIDG TA Commitment and the wider transaction is subject to PIDG IC approval, the PIDG Technical Assistance Committee decision on the TA tranche will be made prior to the overall PIDG IC consideration of the transaction, if possible.

Documenting PIDG TA Commitments

2.5.1 The terms and conditions of any PIDG TA Commitment will be documented in a TA Agreement. In respect of PIDG TA Grants, the TA Grant Letter will be in such form as may be prescribed from time to time in the Framework Agreement.

2.5.2 When the TA Agreement has been approved by all the parties, PIDG's Legal and TA Teams will arrange execution of the TA Agreement by the parties.

2.5.3 All TA Recipients shall ensure that the terms and conditions of the PIDG TA Commitments are reflected in appropriate agreements with the ultimate recipient of the PIDG TA Commitments (a "Back-to Back Agreement"). For PIDG TA Grants, the Back to Back Agreement shall, unless otherwise agreed with the PIDG TA Team, be materially in such form as may be prescribed from time to time in the Framework Agreement.

2.5.4 In respect of PIDG TA Commitments to be applied by the TA Recipient towards third-party advisor costs, the TA Recipient shall undertake such procurement and contracting in accordance with the PIDG Procurement Operating Policy. Each TA Recipient will be responsible for managing the procurement and engagement of any such third-party advisors in accordance with PIDG OPPs. The Technical Assistance Team may manage and deploy funds on behalf of a TA Recipient to support the Technical Assistance Activities.

2.5.5 The Global Head of TA and the Deputy Head of TA shall execute, on behalf of PIDG Ltd, any TA Agreements (including any amendments) and any ancillary or incidental agreements or documents required in respect of approved PIDG TA Commitments.

Disbursement of PIDG TA Commitments

2.6.1 Disbursement of PIDG TA Grants

PIDG TA Grants will be disbursed in tranches by the PIDG Trust every six-months in advance of need, subject to the satisfaction of any conditions set out in the TA Grant Letter, including compliance by the TA Recipient with reporting obligations. An alternative disbursement schedule in respect of the grant may be agreed in the TA Grant Letter.

2.6.2 Disbursement of PIDG Concessional Capital

2.6.2.1 The PIDG Concessional Capital disbursement profile will be agreed during the approval process and documented in the Concessional Capital Agreement. PIDG Concessional Capital shall, unless otherwise approved by the TA Management Committee or the PIDG Technical Assistance Committee (as the case may be), be disbursed pro-rata with any disbursements of funding to be provided by the TA Recipient to the PIDG Project.

2.6.2.2 In exceptional cases, where the PIDG Concessional Capital needs to be integrated into the capital structure of a project in order to attract lenders, the TA Management Committee and/or the PIDG Technical Assistance Committee (as the case may be) may approve the disbursement of such PIDG Concessional Capital prior to debt draw-downs subject to such conditions as may be deemed fit, including enhanced due diligence and monitoring of project milestones.

2.6.2.3 Any returns from PIDG Concessional Capital will be recycled through PIDG Trust and used to fund further PIDG Technical Assistance Activities.

2.6.3 General provisions on disbursement

2.6.3.1 PIDG TA Commitments will be primarily disbursed in US dollars. Applications for PIDG TA Commitments may be made in other currencies, provided that a detailed plan for mitigating any currency exchange risk is submitted by the applicant.

2.6.3.2 The first disbursement of a PIDG TA Commitment may include reimbursements for amounts already expended or disbursed by the TA Recipient or PIDG Project in respect of the Technical Assistance Activities.

2.6.3.3 If a TA Recipient has not met any of its obligations under the TA Agreement, no disbursements shall be made until any outstanding obligations have been fulfilled.

2.6.3.4 All payments will be processed in accordance with the procedures and the process set out in the PIDG OPPs, these TA Operating Policies and Procedures, and any guidelines on payments issued by the PIDG Finance team and PIDG delegated authorities from time to time.

Variations to PIDG Technical Assistance Activities and TA Agreements

2.7.1 A TA Recipient shall notify the PIDG TA Team through the quarterly reporting cycles (see section 0 on Reporting) if any variations to the Technical Assistance Activities or extensions are anticipated.

2.7.2 Costs against the budget lines as approved should not differ materially and always remain within the overall budget.

2.7.3 If a PIDG TA Commitment has not been fully disbursed or spent (if disbursed) by the TA Recipient 30 days before the lapse of the PIDG TA Commitment availability period or term of the relevant TA Agreement, and an extension has not been requested in the regular reporting, the TA Recipient will be required to confirm in writing to the PIDG TA Team whether or not the PIDG TA Commitment is still required. If the PIDG TA Commitment is still needed, the TA Recipient shall submit a request for an extension of the availability period of the PIDG TA Commitment and/or the term in accordance with the process below.

2.7.4 If the PIDG TA Grant is no longer required, or a request for an extension is not submitted, or is not approved, the PIDG TA Team will request the return from the TA Recipient of any unspent funds through a return of funds letter based on the last financial statement provided in reporting.

2.7.5 Where variations relating to the activities, budget line items, implementation timelines, availability period, total PIDG TA Commitment and any other aspects are sought in respect of approved PIDG TA Commitments, the TA Recipient shall apply for a variation by submitting a memo (using the template provided by the PIDG TA Team) detailing the variations requested, justification and impact on budget and/or implementation plan.

2.7.6 No-cost extensions and variations that do not result in changes to the overall objectives and/or amount of a TA Commitment will be approved by the Global Head of TA (or in their absence by the Deputy Head of TA or other authorised substitute).

2.7.7 Any variations that result in a material change to the overall objectives and/or the amount of the TA Commitment will be subject to approval by the TA Management Committee and/or the PIDG Technical Assistance Committee in accordance with the processes set out at 2.4.3 to 2.4.6.

2.7.8 All variations in respect of TA Commitments approved by the Head of TA or the Deputy Head of TA shall be reported by the PIDG TA Team to the TA Management Committee and/or the PIDG Technical Assistance Committee, as applicable.

Reporting on PIDG TA Commitments

2.8.1 All TA Recipients must provide regular reports to the PIDG TA Team on all ongoing PIDG Technical Assistance Activities on a quarterly basis.

2.8.2 TA Recipients shall submit all reporting using the reporting templates provided from time to time by the PIDG TA Team in the following cycles:

a) long form six-monthly reporting for Q2 and Q4; and

b) light touch reporting for Q1 and Q3.

2.8.3 A TA Agreement may prescribe additional reporting requirements relevant to the TA Commitment and PIDG Project.

2.8.4 For any PIDG TA Commitment where the PIDG Technical Assistance Activities have been completed but where continued monitoring is required and/or where such funding was returnable, reporting requirements and timelines may be adapted to suit such continued monitoring requirements.

2.8.5 In its review of reporting from a TA Recipient, the PIDG TA Team may request such additional information as may be required or necessary for purposes of its review of the PIDG TA Commitment and the Technical Assistance Activities.

2.8.6 On the completion of any PIDG Technical Assistance Activities, a PIDG TA Recipient shall submit a closing report using the template provided by the PIDG TA Team. The closing report will include a general review of the PIDG Technical Assistance Activities, an evaluation of the funding's impact (including relevant impact data against indicators), as well as any lessons learnt. This should be accompanied by a final financial statement and any final invoices and deliverables.

2.8.7 On a case-by-case basis, the PIDG TA Team may request that a lessons learned paper is drafted on completion of the Technical Assistance Activities.

Return of unspent PIDG TA Commitments

On the termination, cancellation or expiry of a TA Agreement:

a) the TA Recipient shall return to the PIDG Trust any unspent and/or uncommitted part of the PIDG TA Commitment previously disbursed to the TA Recipient and any such funds shall, when received by the PIDG Trust, be designated as "uncommitted"; and

b) where no amount of the PIDG TA Commitment has been disbursed by the PIDG Trust, the PIDG TA Commitment shall be redesignated as "uncommitted".

Any funds uncommitted in accordance with this section shall be available for redeployment for Technical Assistance Activities.

PIDG TA Funders' Contributions

2.10.1 PIDG TA Funder Contributions (whether committed or uncommitted for Technical Assistance Activities) shall be administered in accordance with the PIDG Constitution, the Declaration of Trust, the relevant Funding Instruments, PIDG OPPs and these TA Operating Policies and Procedures.

2.10.2 PIDG may request a disbursement from a PIDG TA Funder for Technical Assistance Activities in such period and such intervals as may be agreed between the PIDG Trust, PIDG Ltd and the PIDG TA Funder.

2.10.3 Administration costs of the Technical Assistance Activities shall be covered by a deduction of 6% from: (a) each disbursement of a TA Funder's Contribution; and (b) all returns of principal (and return on principal) from TA Commitments to support the administrative process of redeploying such returned capital. Administration costs are reviewed by PIDG Ltd on an annual basis and funds earmarked for administration costs may be reallocated to Technical Assistance Activities if it is considered that the pool of earmarked funding for administration costs is too high and will not be used.

2.10.4 The administration costs of the Technical Assistance Activities include, but are not limited to:

a) PIDG staffing costs (the pro-rata costs of those employees and/or contractors (or equivalent) of PIDG Ltd supporting the Technical Assistance Activities (to the extent not already charged under another team);

b) any other costs associated with the operation and administration of Technical Assistance Activities, including monitoring, performance reviews or other evaluations of Technical Assistance Activities that may be required.

Procurement

It is the general policy of PIDG to promote transparent and competitive processes for the provision of private sector services and participation in projects, supporting good public policy and transparency in all transaction processes.

All TA Recipients are required to comply with the PIDG Procurement Operating Policy in relation to all their activities, including in relation to the procurement of any goods and services to be paid for using PIDG TA Commitments.

PIDG TA reporting

The PIDG TA Team shall prepare or arrange to be prepared and submit such information and documentation in respect of the Technical Assistance Activities as may be required by the PIDG Board and the PIDG Members.

Performance measurement

KPIs for PIDG's performance of Technical Assistance Activities will be agreed by PIDG Ltd on an annual basis as part of the PIDG business planning process and will be assessed on a quarterly and annual basis by the PIDG Executive Team and the PIDG Board.

Amendment

These TA Operating Policies and Procedures may only be amended or modified with the prior approval of the PIDG Executive Team with notification being provided to the PIDG TA Funders.

Annex: Application and approval processes for Concessional Capital (over USD 1,500,000)

1. Introduction and objectives

This annex sets out how PIDG ensures that PIDG TA Funder Contributions for PIDG Concessional Capital are utilised in the manner intended by the PIDG TA Funders and that PIDG Technical Assistance Activities are aligned with the objectives set by the PIDG.

The key objectives for PIDG Concessional Capital are to:

1.1 Offer a blended finance solution on high impact projects and, where possible, catalyse further deployment of private sector finance to these high impact projects.

1.2 Facilitate access to financing in a timely manner, to deliver bankable solutions, by providing the missing element in the overall financing package and reduce the uncertainty involved with accessing development capital that often results in costly delays.

1.3 Successfully create a demonstration effect of commercial replicability, by ensuring that the principle of 'minimal concessionality' informs any consideration for concessional capital use.

2. Purpose of PIDG Concessional Capital

PIDG Concessional Capital is intended to either reduce a PIDG Project's overall cost of capital to ensure bankability and affordability, or to de-risk a project to support the mobilisation of additional private investor capital. PIDG Concessional Capital is expected to be provided alongside capital provided by the other PIDG companies, although there may be cases where these products are provided independently. It is made available at financial close or another agreed upon milestone and is intended to be utilised to address first-mover risks, ensure bankability and facilitate access to commercial debt financing. PIDG Concessional Capital may be deployed on a project-level basis, through a platform/fund-level, or corporate investment to achieve greater impact.

3. Eligibility criteria

3.1 The eligibility criteria below are utilised to minimise, as much as possible, the risks associated with providing PIDG Concessional Capital, and to maximise the impact generated. Eligibility criteria are outlined below:

3.1.1 The PIDG Project must have strong, demonstrable, development impact as approved by the PIDG Sustainable Development Impact team.

3.1.2 The PIDG Project should generate information about the viability of a technology, consumer preferences or a service delivery model through demonstration effects or other indirect effects.

3.1.3 The PIDG Project must provide climate change mitigation and/or adaptation benefits and improve climate resilience. The following additional project characteristics are desirable:

a. Clear, strong positive impact on females or female-headed households.

b. Located in a Fragile State.

3.2 Projects that meet any of the following criteria will not be eligible for PIDG Concessional Capital:

3.2.1 The price for a project's output was deliberately set by a below-cost bid. This is to avoid PIDG Concessional Capital being provided to a project that won by bidding below cost and with potential market distortion effects.

3.2.2 If a PIDG Company and/or its partners can achieve commercial sustainability without PIDG Concessional Capital, at a market-realistic price, then PIDG Concessional Capital is not warranted if its only purpose is to achieve unrealistically low prices for any project participants or counterparts.

3.2.3 The government of the country in which the project is based sets prices for the service below cost as a matter of general policy, or a project is awarded to private sponsors or operators who intend to use PIDG Concessional Capital to achieve low-level market-distorting costs because of unrealistic demands by government counterparts. Exceptions to this are if the government:

a. Has mandated uniform tariffs that cover cost of service on average, but not in all areas of the country in order to directly benefit low-income households through the services provided.

b. Sets the user charges below costs for specific low-income households for affordability reasons. For example, if a project is providing services directly to low-income households who cannot pay the full value of the service, PIDG Concessional Capital may be provided to such a project if it is making services more affordable for low-income users.

3.2.4 The cost of a project is unreasonably high in comparison to similar projects in the same country or region, without good reason. Exceptions to this are:

a. If a project is in a Fragile State where the capital and financing costs reflect the assessment of risks by suppliers of credit, equity investment or construction/operation services.

b. If a project is a 'first mover' in the market with potential for transformation, but the market lacks the scale and coordination to lower the costs.

3.2.5 In the case of a public competitive tender, the preferred private bidder has referred to a PIDG Concessional Capital or the promise (or expectation) of PIDG Concessional Capital in its bid (or in competitive negotiations) without the prior written consent of PIDG.

4. Application and approval process

4.1 Application and approval process

Step 1: Approval in principle

Approval in principle

1.Applicant submits a proposal for Concessional Capital to the PIDG TA Team in the form provided by the PIDG TA Team.

2.On review of the proposal and if agreed, relevant PIDG TA Team member prepares a TA Recommendation Memo.

3.TA Team submits the proposal and TA Recommendation Memo to the TA Management Committee for review and approval in principle.

4.TA Management Committee reviews the proposal & TA Recommendation Memo and may:

a. approve proceeding to due diligence and the expenditure of due diligence and/or Concessional Capital Concept Note costs; or
b. request additional information; or
c. reject the proposal.

5. If the TA Management Committee requires additional information, the applicant shall submit such additional information to the PIDG TA Team and the TA Management Committee for approval.

6. If approval in principle is granted by the TA Management Committee, the PIDG TA Team shall submit the proposal and TA Recommendation Memo to the PIDG Technical Assistance Committee.

7. The PIDG Technical Assistance Committee may:
a. approve proceeding to due diligence; or
b. request additional information; or
c. reject the proposal.

8. If the PIDG Technical Assistance Committee requires additional information, the applicant shall submit such additional information to the PIDG TA Team and the PIDG Technical Assistance Committee for approval.

Step 2: Concept Note and due diligence

Concept Note and Due Diligence

1. Following approval in principle, the PIDG TA Team will commence due diligence and/or Concessional Capital Concept Note preparation as the case may be.

2. Where required, consultants are to be procured in accordance with the PIDG Procurement Operating Policy.

3. Applicant to provide documentation and other support as required by the PIDG TA Team and any consultants.

4. PIDG TA team to approve the Concessional Capital Concept Note and/or due diligence report prior to submission to the PIDG Technical Assistance Committee for appproval.

Step 3: Final approval

Final Approval

1. PIDG TA Team to submit the proposed transaction and Concept Note to the PIDG Technical Assistance Committee for review and approval. Applicants may be required to make presentations to the committee on the transaction.

2. The PIDG Technical Assistance Committee may:
a. approve the transaction; or
b. request additional information; or
c. reject the transaction.

3. If the PIDG Technical Assistance Committee requires additional information, the applicant shall submit such additional information to the PIDG TA Team and the PIDG Technical Assistance Committee for approval.

In determining whether to grant a final approval, the PIDG Technical Assistance Committee, will assess the application in terms of (i) eligibility, (ii) appropriateness of the size of the PIDG Concessional Capital requested, (iii) overall bankability of the project paying particular regard to factors such as the soundness of the investment decision, credit risk analysis, investment case and the cost benefit case for deploying the PIDG Concessional Capital sought, and (iv) the relative priority of the application, compared with other applications for a PIDG Concessional Capital.

The applicant and PIDG TA Team may be required to present the application and the Concessional Capital Concept Note at each committee meeting.

The Global Head of TA will be present in the relevant committees and/or PIDG IC meetings to provide any clarification regarding the provision of PIDG Concessional Capital to the PIDG Project.

4.2 Determination of amount of PIDG Concessional Capital

4.2.1 PIDG Projects for which PIDG Concessional Capital size will be determined through a public competitive tender for sponsor/operator selection:

In cases where the size of the PIDG Concessional Capital will be determined as part of the competitive process for selecting a sponsor/operator, the applicant shall submit the application for PIDG Concessional Capital using best available estimates.

If the actual amount of PIDG Concessional Capital eventually requested by the applicant is equal to or less than the estimated amount approved by the PIDG Technical Assistance Committee, PIDG Concessional Capital will be considered approved provided that the PIDG Technical Assistance Committee as applicable is satisfied with the fairness and transparency of the competitive process for selecting the sponsor/operator.

If the actual amount of the PIDG Concessional Capital eventually requested is higher than the estimated amount approved by the PIDG Technical Assistance Committee, the application must be amended and resubmitted to the PIDG Technical Assistance Committee for approval, with a written justification by the applicant and confirmation that the total project costs estimated by the winning bidder have been determined through a competitive process or appropriately reviewed/ benchmarked in a manner that is satisfactory to the PIDG Technical Assistance Committee. The PIDG Technical Assistance Committee may reject or approve (or approve with specified modifications) the application or put a final decision on hold pending the submission and review of more information.

4.2.2 PIDG Projects where there has been no public competitive procurement for PIDG Concessional Capital:

In such cases, the amount of the PIDG Concessional Capital will be determined via a financial and economic cost-benefit analysis carried out by PIDG and reviewed by the PIDG Technical Assistance Committee. The PIDG Technical Assistance Committee will determine whether it is satisfied that the amount of the PIDG Concessional Capital requested by the applicant represents good value for money and that total project costs have been determined through a competitive process or appropriately reviewed/benchmarked in a manner that is satisfactory to the PIDG Technical Assistance Committee.

Based on such determination, the application may be rejected, or approved (or approved with specified modifications), or a final decision may be put on hold pending the submission and review of more information.

5. Conditions to disbursement

The TA Management Committee and the PIDG Technical Assistance Committee, may issue approvals subject to such conditions as may be deemed necessary by either committee.

6. Terms of PIDG Concessional Capital

The terms of PIDG Concessional Capital will be negotiated and designed to effectively reflect the level of risk being borne by PIDG with its Concessional Capital. Where PIDG Concessional Capital is being deployed alongside broader PIDG investment, PIDG TA will work closely and coordinate with the respective TA Recipient throughout these negotiations.

On a best-efforts basis, all costs and expenses reasonably incurred by PIDG TA in connection with the PIDG Concessional Capital shall be for the account of the PIDG Project, which includes, inter alia, costs and expenses in connection with:

1. Preparation of the Concessional Capital Concept Note.
2. Carrying out of due diligence investigations and monitoring on the PIDG Project, including any site visits.
3. Legal advice in relation to the Concessional Capital Agreement or any other financing document.

7. Portfolio management and risk management

Overall portfolio profiling and risk management will be managed in accordance with PIDG policies on risk management.

7.1 Portfolio management

Concessional Capital Agreements shall, as far as possible, incorporate information and monitoring rights aligned with market practice reflective of the nature of PIDG Concessional Capital to be deployed and will take into account the information and monitoring rights available to PIDG TA through the relevant PIDG Company. PIDG TA will to the extent possible, rely on existing resources from PIDG Companies that have invested alongside PIDG TA for ongoing portfolio management, per the PIDG OPPs, including but not limited to information reporting, collateral management, asset valuation and asset recovery.

Risk profiling will form a key output of the Concessional Capital Concept Note to be developed in accordance with paragraph 4 above. The TA Management Committee and/or the PIDG Technical Assistance Committee will review the risk profile for each transaction and consider that as part of their overall transaction review.

7.2 Risk Management

A key risk for PIDG is that PIDG Concessional Capital is disbursed, but final developmental outputs of the PIDG Project are not achieved (because the PIDG Project is not completed or fails to perform, which in turn could be the result of a number of factors such as failure of the contractor or operator, or the government failing to honour relevant obligations, etc.). The PIDG Company applying for PIDG Concessional Capital together with the project company must demonstrate to the satisfaction of the PIDG TA Team that all risks associated with concessional lending have been or will be managed as described below.

7.2.1 Financial Viability:

PIDG Concessional Capital is clearly justified on the grounds that it transforms an economically viable PIDG Project into a commercially viable one by attracting the necessary investment at affordable costs. This justification must be tested via early-stage project appraisals, including cost-benefit analysis and value-for-money assessments.

7.2.2 Development Impact:

Adequate mechanisms should be in place to ensure development impact from the use of PIDG Concessional Capital. Development Impact outputs can be required by the terms of project contracts or where no such contract is likely to exist, development impact benefits can be ensured by the nature of the project itself (locus, sector, expected users). Early-stage assessments need to confirm that these mechanisms and/or characteristics are in place and capable of working as anticipated. The PIDG TA Team will require the PIDG Company applying for PIDG Concessional Capital to show that the PIDG Project meets the PIDG development impact criteria (as confirmed by the PIDG Sustainable Development Impact Team).

7.2.3 Alignment of risk and reward:

In structuring the PIDG Concessional Capital transaction, including the disbursement profile, the PIDG TA Team will endeavour to achieve an appropriate allocation of risk and reward with the other stakeholders and will be negotiated on a deal-by-deal basis.

7.2.4 Value for Money and Minimum Concessionality:

The utilisation of PIDG Concessional Capital should clearly demonstrate value for money, minimum concessionality and non-distortion of markets.