

Project Summary Information (PSI)

Project No.: 000031

Project Name	IFC Emerging Asia Fund
Country	Emerging Asia
Sector	Multi-Sector
Project No.	000031
Environmental and Social Category	Category FI
Date of PSI prepared or updated	27 September 2017
Date of Concept Review	7 June 2017
Date of Final Review	16 August 2017
Date of Board Approval	27 September 2017

I. Introduction

The International Finance Corporation (IFC) Emerging Asia Fund (the Fund) is being formed to provide investors with the opportunity to invest in IFC's proprietary pipeline of investments in Emerging Asia. The Fund intends to make non-controlling equity, quasi-equity, and equity-related investments in companies, entities or other arrangements to build a diversified portfolio of investments across Emerging Asia. The Bank's commitment to the Fund will be US\$150 million.

The Fund investment is well-aligned with the Bank's mandate to: (i) foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors; and (ii) promote regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral development institutions such as IFC.

II. Objectives and Expected Results

The objective of the Project is to facilitate private equity investments in companies, entities or other arrangements in Emerging Asia, which generate attractive risk-adjusted returns and achieve high developmental impact. Key target markets include established markets (China, India), developing markets (such as Indonesia, Philippines), and frontier markets (such as Bangladesh, Cambodia, Myanmar, Sri Lanka, Vietnam). The Bank will be excused from making an advance to the Fund for any proposed investment in a country that is not a member of the Bank.

Private equity funds can have a significant impact on company growth and job creation in emerging markets. Investing through private equity funds can: (i) have positive impacts on economic activity and promote job creation by providing capital and expertise to selected companies; (ii) promote the development of the private equity asset class in emerging markets; (iii) stimulate emerging areas (e.g. in renewable energy, infrastructure); and (iv) in the case of the Bank, broaden its reach to the region's least developed countries. Each investment is intended to generate both financial returns and positive and measurable development impact.

III. Fund Description

The Fund is an Emerging Asia growth-focused private equity fund with a returns-driven strategy, selectively investing growth capital across multiple sectors with IFC over a five-year period. The Fund seeks to build a diversified portfolio of investments across Emerging Asia through geographic and industry diversification. The target sectors of the Fund are: (i) infrastructure; (ii) financial institutions; and (iii) manufacturing, agribusiness and services.

The Fund's investment strategy is in line with IFC's, which combines an asset strategy with a sector strategy. The asset strategy consists of: (i) providing support to regional champions and well-established local players seeking to expand outside of their home markets and across the region; (ii) continuing support to existing clients through capacity-building programs and end-to-end financial solutions; and (iii) building relationships with new players in technology and other innovative sectors. The sector strategy is designed to maximize macro-economic impact and job creation while minimizing sector-specific risks. In line with this approach, the Fund aims to build an overall investment portfolio that strikes an appropriate balance between the financial and the real sector.

IV. Environmental and Social Category

The Project is categorized FI, because the financing structure involves the provision of funds through a financial intermediary, whereby the Bank delegates the decision-making on the use of the Bank funds, including the selection, appraisal, approval and monitoring of investments. The Fund is a subsidiary of IFC and is required to follow IFC's Policy on Environmental and Social Sustainability and Performance Standards in matters of environmental and social due diligence. The Fund will screen and categorize investments as Category A, B, C or FI, and review, conduct due diligence on, and monitor the environmental and social risks and impacts associated with the investments. IFC's Policy and Performance Standards are consistent with the Bank's Articles of Agreement, and materially consistent with the provisions of the Bank's Environmental and Social Policy and relevant Environmental and Social Standards. Moreover, the monitoring procedures that IFC has in place to ascertain compliance with its Policy and Performance Standards are considered consistent with the Environmental and Social Policy of the Bank. The Fund will comply with the IFC Exclusion List as well as with limitations on financing fossil fuel power generation investments as described in the Bank's Energy Sector Strategy. The Bank will monitor the environmental and social aspects of Fund investments in cooperation with IFC.

V. Estimated Fund Size (in US\$ million)

Fund Commitments:	640	Total AIIB Financing:	150
Investor			Amount
IFC			150
AIIB			150
Other Investors			340
Total			640

VI. Implementation

As the manager of the Fund, IFC Asset Management Company (AMC) mobilizes and manages capital for investment in developing and frontier markets. It was created in 2009 to provide investors with access to IFC's emerging-markets investment pipeline and to expand the supply of long-term capital to these markets, enhancing IFC's development impact and generating profits for investors by leveraging IFC's global platform and investment standards and approaches.

As of June 2017, AMC raised a total of US\$9.8 billion with 13 investment funds covering equity, debt, and fund of funds products. Investors who participate in funds managed by AMC include sovereign wealth funds, pension funds, multilateral and bilateral development finance institutions, national development agencies, and international financial institutions. The Bank's commitment of US\$150 million will mobilize additional capital of US\$50 million from another investor and will take AMC's assets under management to a total of US\$10 billion.

Consistent with the Bank's Procurement Policy as it relates to private sector entities, the Bank will rely on the due diligence conducted by the Fund's investment team during its evaluation of investments to ensure that sound commercial private sector practices related to procurement will be applied by the investees.

Expected implementation period (Start Date and End Date): September 2017 – September 2027

Contact Points

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