

PROPOSAL FOR FINAL CONSIDERATION
Project Fact Sheet

C123 - REGIONAL, ASIA – ADB VENTURES	
Partner Agency	Asian Development Bank
Executing Agency	Asian Development Bank
Sector	Business development services (climate solutions); CRS Code: 25030
Region	South and South East Asia
Budget - Total - NDF - Partner Agency - Other Funders	USD 60 million Total NDF Commitment: EUR 10 million (~USD 9.9 million capital contribution + ~USD 1.1 million grant¹) USD 5 million (target) USD 44 million
Project Period	2020 – 2037
Mode of Finance	Joint co-finance, capital contribution + grant
Previous Support to Region	Credits: EUR 197.4 million; SDR 71.7 million Grants: EUR 77.1 million; EUR 68.4 million + 8.7 million NCF I-VII
Rio Markers	Mitigation: 2 = principal objective Adaptation: 1 = significant objective
Gender Marker	1 = significant objective
Climate Screening	Climate screening satisfied for mitigation
Sustainable Development Goals	1. No poverty; 5. Gender equality; 7. Affordable and clean energy 8. Decent work and economic growth; 9. Industry, Innovation and Infrastructure; 12. Responsible production and consumption; 13. Climate action; and 17. Partnerships for the goals
Environmental and Social Policy	Compliance: Yes; Risk Category: Moderate; Qualifications: None; Monitoring: No
Processing Schedule	Pipeline - August 2019 Final - November 2019 Signature - Q1/2020 Effective - Q2/2020

¹ 1 EUR = 1,10 USD

PROJECT SUMMARY

NDF capital contribution² EUR 9 million and grant EUR 1 million

Project Period: 2020 – 2037

Partner Agency: Asian Development Bank

Implementing Agency: Asian Development Bank

Objective

There is a mismatch between the supply and demand of innovative and promising climate technologies in key developing markets. Technology companies tend to focus on more developed markets, while the future growth of energy consumption and greenhouse gas emissions will be heavily concentrated in developing countries. Also, the adaptation finance gap is significant in developing countries. South and South East Asia, in particular, face this challenge due to small and fragmented markets, nascent innovation ecosystems, and lack of venture capital. As a result, entering these markets and scaling up solutions in the region entail high costs and risks and many companies with promising climate solutions will choose other markets instead.

ADB Ventures (ADBV) is a new facility, managed by the Asian Development Bank, addressing this mismatch by de-risking and accelerating market entry and diffusion of new climate technologies in South and South East Asia with a three-pronged concept.

Firstly, **ADBV Impact Labs** identify and aggregate demand for climate solutions in the region, identify potential solutions for this demand, and facilitate a demand-driven process to select the most suitable innovations with impact at scale. Secondly, **ADBV SEED** provides reimbursable grant co-financing for pilot projects resulting from the Impact Labs. Thirdly, **ADBV Investment Fund I** will invest patient venture capital in selected companies, mostly sourced through the Impact Labs and SEED pilots.

With anchor funding from NDF, ADBV will be structured as a Financing Partnership Facility under the ADB Private Sector Operations Department, which will allow the facility to house several multi-investor trust funds in the future. The initial phase of the ADBV will consist of two multi-donor trust funds: (1) **ADBV Technical Assistance Program** for grant funding through ADBV Impact Labs and ADBV SEED, and (2) **ADBV Investment Fund I** for contributions to be invested as venture capital.

ADB Ventures will be a climate- and gender-focused facility promoting solutions in sustainable infrastructure and inclusive markets. A minimum of 80% of the funds will be invested in climate solutions including mitigation, adaptation and resilience. A

² Capital contribution in this proposal means the same as capital contribution in private equity funds: The capital contribution to the Fund by NDF and other financiers, together with any profit, will be returned to the contributors of the Fund by the end of the Fund lifetime. The rate of return is not fixed, but depends on the actual performance of the Fund. There is thus a high uncertainty with regard to the actual returns, and it is therefore an equity-like investment.

minimum of 75% will be invested in solutions with gender impact, including, for example, access to basic services such as clean energy and clean water, as well as solutions supporting economic inclusion of women. The fund operations will follow the IFC Operating Principles on Impact Management³.

The following outcomes are expected

- Climate-related outcomes
 - Greenhouse gas emissions reduced
 - Energy and water savings
 - Adaptation and resilience benefits
 - Improved productivity in infrastructure, industrial and service sectors
 - Additional climate finance mobilised
- Gender- and inclusion-related outcomes
 - Enhanced access to basic goods and services
 - Job creation
 - Supporting women in ownership, leadership and employee roles
 - Increased access to finance for entrepreneurs and SMEs

Financing

The total project cost estimate is EUR 54.5 million (USD 60 million). NDF will provide up to EUR 9 million as capital contribution for the Investment Fund I, and up to EUR 1 million as a grant for the Technical Assistance Program, while ADB will provide a minimum of EUR 4.5 million (USD 5 million) as a grant for the Technical Assistance Program only. The rest of the funding will be provided by additional development and climate finance institutions and/or donors.

³ https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Impact-investing/Principles/

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Annex 1: ADBV Impact Lab and SEED Overview

Annex 2: ADBV active pipeline

Annex 3: Preliminary design and monitoring framework

ABBREVIATIONS

ADB	Asian Development Bank
ADBV	ADB Ventures, a financing partnership facility comprising ADB Ventures Investment Fund I and the Technical Assistance Facility
CM	ADBV Contributors' Meeting
CIF	Climate Investment Funds
CRAFT	Climate Resilience and Adaptation Finance and Technology Transfer Fund
CTF	Clean Technology Fund
DFAT	Department of Foreign Affairs and Trade of Australia
DMF	ADBV Design and Monitoring Framework
EEP	Energy and Environment Partnership Trust Fund
FAC	FPF Facility Advisory Committee
FIC	ADBV Fund Investment Committee
FPF	ADBV Financing Partnership Facility
FSC	FPF Facility Steering Committee
GHG	Greenhouse gas
ICT	Information and Communications Technology
IFC	International Financing Corporation
M&E	Monitoring and Evaluation
NCF	Nordic Climate Facility
NDF	Nordic Development Fund
OCR	ADB Operating Capital Revenue
OM	ADB Operations Manual
PSOD	ADB Private Sector Operations Department
SDG	Sustainable Development Goal
SEED	ADBV Ventures SEED pilot project co-financing program
SME	Small to medium-sized enterprise
TA	Technical Assistance
TAP	Technical Assistance Program (Fund) of the ADB Ventures
VC	Venture Capital

1. INTRODUCTION AND PROJECT BACKGROUND

This proposal seeks final approval for **EUR 10 million financing for ADB Ventures, including EUR 9 million as capital contribution to the ADB Ventures Investment Fund I and EUR 1 million as a grant to the ADB Ventures Technical Assistance Program**. Capital contribution in this proposal means the same as capital contribution in private equity funds: The capital contribution to the Fund by NDF and other financiers, together with any profit, will be returned to the contributors of the Fund by the end of the Fund lifetime. The rate of return is not fixed, but depends on the actual performance of the Fund. It is therefore an equity-like investment.

The Asian Development Bank (ADB) is developing a facility to support early-stage growth companies with technology-driven business models for climate impact in Asia. The facility, ADB Ventures (ADBV), will scale technology-enabled solutions to meet climate targets and sustainable development goals (SDG). ADBV will focus on South and South East Asia⁴, with an initial focus on the Greater Mekong Sub-region, and have a thematic focus on climate change and gender equality. ADBV will comprise the ADBV Technical Assistance Program (TAP) and the ADBV Investment Fund I (Fund). The TAP and the Fund will be established as two separate trust funds.

TAP will focus on sourcing impact-focused investment opportunities and build capacity in local innovation ecosystems through the ADBV Impact Lab platforms (**Labs**), and provide reimbursable grant co-financing to de-risk and accelerate pilot projects through the **ADBV SEED program (SEED)**. The selection of companies and solutions through the Labs will be demand-driven; ADBV will support and facilitate the identification, screening and selection of solution providers, but the decisions on solutions to be deployed will be made by the customers in the target countries.

The Fund will make **equity-like investments of USD 100,000–4 million** in growth companies, including but not limited to those with successful SEED pilot projects. The Fund will have a long lifetime of 17 years, enabling it to be a patient investor.

The **target size of the ADBV is USD 60 million**, with USD 3 million allocated to the Lab activities, USD 5 million to the SEED, USD 2 million to TAP operations, and USD 50 million to the Fund.

ADBV is one of the first steps in a broader strategic change of the ADB Private Sector Operations Department (PSOD) to diversify its engagement with private sector companies and investors in more innovative and impactful ways.

NDF has approved a Booster grant of USD 500,000 for the design and piloting phase of the ADBV. Other funders in the design phase include ADB, the Department of Foreign Affairs and Trade of Australia (DFAT) and the Clean Technology Fund (CTF).

⁴ South Asia including Bangladesh, Sri Lanka, Nepal, India and Pakistan; South East Asia including Cambodia, Viet Nam, Myanmar, Lao PDR, Thailand, Indonesia and the Philippines.

2. RELEVANCE AND RATIONALE

2.1. Project Relevance

Greenhouse gas (GHG) emissions are increasing rapidly in South and South East Asia due to increasing industrial output and income levels, as well as strong reliance on fossil fuels in many countries in the region. At the same time, the continent is already suffering from the negative impacts of global warming. Therefore, it is critical to accelerate the deployment of both climate change mitigation and adaptation solutions on the continent.

There are several innovative growth companies with scalable technologies that can have remarkable potential for climate change mitigation and adaptation in the target region. However, these companies face barriers when considering the region as a potential area for expansion. Many of the individual countries are small with high risk and cost of market entry. Furthermore, innovation ecosystems in these markets are less developed than in higher income countries. Finally, the availability of venture and growth capital is limited. As a result, new solutions are not easily commercialised in the region. Growth companies will instead choose more developed target markets with larger potential and easier entry. This dynamic is in stark contradiction with the fact that achieving the global climate targets will require urgent action in Asia.

With the three interlinked activities, and respective funding windows, ADBV will aim at creating market demand and identifying solutions (Labs), co-finance pilot projects to de-risk and accelerate the deployment of climate solutions (SEED), and provide further venture capital (VC) for the most promising companies and solutions to enable growth in the region (Fund). ADBV will benefit from ADB's track record and strong position in the region. In 2016–2017, ADB made equity investments totalling USD 900 million in Asia. It has carried out more than 20 innovation programs and evaluated more than 2500 companies. It has supported more than 150 companies, leading to more than USD 300 million VC and private equity investments. ADBV can leverage ADB resident missions' local networks in the target markets.

ADBV is also a high profile initiative within the ADB and provides for a high priority, high visibility partnership between NDF and ADB leveraging financing innovation on both sides. ADBV is an important step for the PSOD to diversify its engagement with private sector companies and investors. With this new orientation, the PSOD aims at mobilising more private sector finance and thus improve its overall impact on SDGs. NDF can support this strategic target by acting as an early anchor investor in ADBV.

2.2. Relevance to NDF's Mandate and Strategy

ADBV is a climate finance vehicle, **committing at least 80% of the funds to climate change mitigation or adaptation activities**. GHG modelling for the ADBV demonstrates alignment with NDF's climate screening criterion for mitigation. Moreover, ADBV will have a **strong contribution to gender equality with at least 75% of the investments expected to have a strong female market and/or**

management participation. The fund operations will follow the IFC Operating Principles on Impact Management⁵.

By acting as an early anchor investor NDF can have **catalytic potential** by supporting the fundraising phase. ADBV will aim at co-investing with other investors and thus catalysing further investment, including private finance. ADBV is an **innovative mechanism**, including patient venture capital and a demand-driven structure to identify and pilot solutions. ADBV will **support innovation** by investing in innovative climate technology companies and helping them in commercialising technologies. Some customers will be public sector entities, and ADB as fund manager can bring innovative technology companies and public sector customers together to **promote public and private sector cooperation**. ADBV targets **high-risk interventions** by financing small growth-oriented businesses and their pilot projects. ADBV targets developing countries in Asia, which will be driving the global energy consumption and GHG emissions in the coming decades. The proposed financing would therefore address an **emerging climate issue**. NDF has also provided **preparatory funding** in the design phase of the ADBV, and has already had significant impact on the design of the facility including investment strategy, fund structuring, resource requirements, and design of the impact monitoring and evaluation framework.

3. THE PROPOSED PROJECT

3.1. Objectives

ADBV aims at de-risking and accelerating the market access of innovative, growth-oriented climate technology companies in South and South East Asia, with an explicit objective to promote gender equality. ADBV addresses the dual challenge of high initial market risks (small and fragmented markets and unproven business models) and lack of patient risk capital (long holding periods and lack of follow-on financing). While the SDG focus is on climate and gender, ADBV's thematic focus areas will be sustainable infrastructure and inclusive markets, and the focus sectors will be cleantech, agritech, fintech and healthtech.

In climate change activities, ADBV targets (1) ICT, mobile- and data-enabled solutions to improve the efficiency and reach of the existing infrastructure, (2) technology-enabled services such as sharing and as-a-service business models, (3) value chain integration especially in agriculture, (4) radical cost-reductions opening mass markets for clean solutions, and (5) project development businesses in new sectors such as e-mobility and climate-resilient buildings.

In gender aspects, ADBV will apply ADB's gender pillars, and identify opportunities in (1) access to markets and financial services, (2) women in ownership and leadership positions, and (3) access to basic services including health, clean water and clean

⁵ https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Impact-investing/Principles/

energy. Concrete examples in ADBV’s pipeline include mobile money solutions, data-enabled credit analytics, geospatial analytics for agriculture, and telehealth solutions.

From the theory of change perspective, the outputs and outcomes resulting from ADBV activities can be summarised as shown in Figure 1. The impact monitoring framework for ADBV Investment Fund I will be focused on climate and gender impacts. Other impacts to be monitored will be related to poverty reduction (SDG1), decent work and economic growth (SDG8), industry, innovation and infrastructure (SDG9) and responsible production and consumption (SDG12). ADBV is currently working together with potential financiers to identify their requirements and define and finalise the framework. However, investors to the Fund will broadly subscribe to the indicative impact outcomes below. NDF is actively supporting ADBV in this design work, and NDF’s approval of the framework will be a condition precedent for its financing.

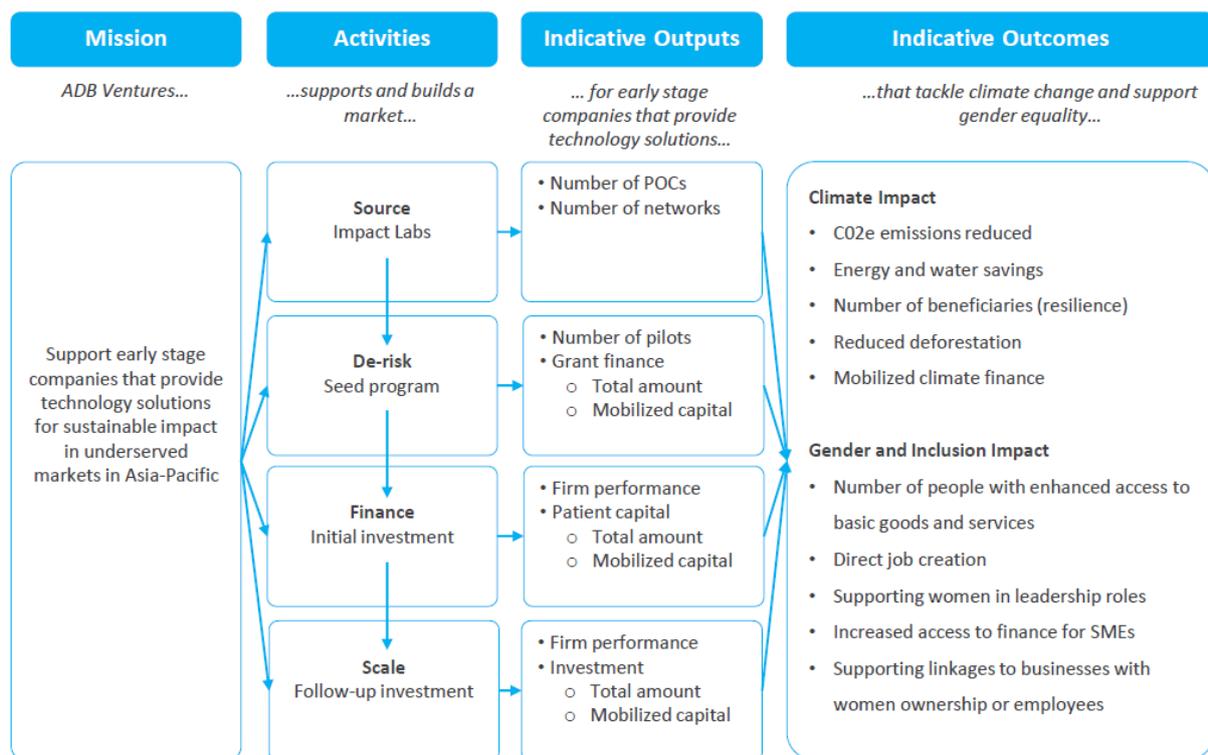


Figure 1. ADBV theory of change framework.

The geographical focus of the ADBV will be in South and South East Asia, with initial emphasis on the Greater Mekong Sub-region.⁶ Other developing Asian countries may be considered opportunistically. The indicative allocation targets are as follows:

- South East Asia: 55%
- South Asia: 30%
- Other ADB developing member countries: 15%

⁶ Geographical focus does not refer to the domiciles of the portfolio companies but their target markets, i.e. where the customers are located, and where the solutions are applied and the respective impacts observed.

3.2. Project Activities

ADBV will have three main activities: Impact Labs (Labs), SEED program (SEED), and the ADBV Investment Fund I (Fund). The principal objective is to support growth companies through all three activities, thus creating a continuum of finance and other support from initial market entry to a well-established position in the target markets.

The Labs are thematic, market-specific and demand-driven processes to identify and aggregate potential demand for scalable climate solutions in the region. For example, real estate owners may be interested in energy efficiency solutions, energy utilities in smart grid solutions to manage variable renewable energy generation, hotel chains in building-integrated clean energy generation, or agriculture entrepreneurs in weather forecasting and value chain integration. ADBV will facilitate the interaction between the demand and supply and help the potential customers to evaluate alternative solutions. The final decisions, however, will be made by customers in the target market, not ADBV. In the design and piloting phase in 2019, ADBV has carried out two Labs: Fintech Lab and Sustainable Tourism Lab, already building an active pipeline before the launch of the facility. Identification and match-making includes both north-south and south-south cooperation.

Lab activities will be implemented in partnerships with local business networks both in the target countries and in the countries from which solutions are sourced, with a target of developing 10-15 strategic partnerships to run the Lab program. These partners may include, for example, industry associations, public and private innovation and incubator organisations and programs, and public and private VC investors. ADBV will also collect and analyse lessons learned and will feed this information back to policy and regulatory processes and respective industries in the target countries.

The SEED program provides reimbursable grant co-financing, and thus de-risks and accelerates the deployment of solutions identified through the Labs or ADB's other pilot programs (such as Mekong Business Initiative). The customers of pilot projects will have to participate in the funding of the pilot. ADBV works with other pilot project funding facilities to identify co-financing opportunities. The SEED grants will range from USD 20,000 to USD 200,000 per pilot. SEED grant agreements will always include an option for the Fund to invest in the respective company.

The Impact Lab and SEED overview is included in Annex 1.

The Fund will make VC investments in selected companies after a successful pilot project. The forms of financing will include equity instruments, shareholder loans, convertible notes, and in some cases pure debt instruments. The target return before management fee will be >5%. Individual investments per company will be up to USD 4 million, plus up to another USD 4 million in follow-on financing rounds in the most promising companies to support their growth until they become attractive targets for larger private equity investors. On Fund level, about 50% of the Fund's capital will be invested in seed or series A investment rounds of the target companies during the three years' investment period, while the other 50% is reserved for follow-on

investments during the holding period of the Fund. Follow-on investment capacity will be crucial due to shallow private equity markets in the region.

The Fund will have a lifetime of 17 years, which is considerably longer than the typical 10-year lifetime of venture capital and private equity funds. This longer lifetime enables the Fund to be patient as it often takes more time for these businesses to grow and mature than the commercial funds can wait. Of the 17-year lifetime, the Fund aims at making the initial investments during the first three years, whereafter it will make follow-on investments selectively over several years. If there are early exits from portfolio companies, the funds can be reinvested (if approved by the CM), but towards the end of the Fund lifetime proceeds from exits will be distributed back to the investors. The last four years of the Fund will be a fund liquidation period, during which the focus will be on exiting the remaining, if any, portfolio companies.

3.3. Cost Estimates and Financing Plan

[Omitted due to confidentiality]

3.4. Nordic Interest

The focus of ADBV is on the climate change (SDG13) with an explicit objective of promoting gender equality (SDG5), and it will directly contribute to several other SDGs by strengthening technology transfer. Nordic countries are often seen as a cleantech hub, and ADBV is actively sourcing solutions from these countries. The ADBV pipeline includes several Nordic cleantech companies, at least one in an advanced stage.

The ADBV team is also discussing formal partnerships with a number of public and private start-up incubators, innovation hubs, public technology and export promotion agencies, and VC investors in the Nordic countries.

3.5. NDF's Added Value and Comparative Advantage

NDF has supported the design, piloting and implementation of the ADBV with a EUR 500,000 Booster grant. NDF has been actively involved in the design and has already had an impact on many aspects of the concept. NDF can add value also by supporting ADBV to identify potential solutions from the Nordic countries and facilitate the interaction. NDF has facilitated meetings and other contacts with a large number of companies and potential partners in the Nordic region and can continue this work as the ADBV moves into the operational stage. ADBV has also benefited from the environmental and social monitoring and reporting framework of the EEP Africa, which is used as a benchmark by the ADBV team.

NDF has strong experience in the target countries and sectors. The targeted sectors include climate-relevant activities, and the current pipeline includes opportunities in clean and smart energy, sustainable travel and tourism, sustainable agriculture, and green and inclusive finance. A summary of the current pipeline and piloting activities is attached as Annex 2.

NDF provides similar pilot funding through the Nordic Climate Facility (NCF) and the Energy and Environment Partnership Trust Fund (EEP Africa), the latter through its EEP Innovation window. In addition to EEP Innovation grant window, EEP also includes a follow-on investment window EEP Catalyst, which intends to provide debt for selected projects funded by EEP Innovation.

There are clear similarities between NCF, EEP Africa and ADBV. Firstly, while EEP identifies and funds pilots with grants using a call for proposals procedure, ADBV identifies and funds pilots through the Impact Labs (see above). Secondly, while EEP Catalyst provides loans of EUR 0.5–1.5 million to scale up successful EEP projects, ADBV provides equity and quasi-equity investments of USD 0.1–4 million to replicate and scale up successful pilots. NCF provides grants for innovative pilots in eligible NDF countries, some overlapping with ADBV.

There could be further synergies between NCF and ADBV in financing pilots in the Greater Mekong Sub-region. ADBV could actively screen the NCF project portfolio for potential co-funding of pilots or follow-on investments. Through its existing operations, NCF has also created an extensive network, which ADBV could leverage to build its partner network. ADBV could also identify Nordic companies from NOPEF and NEFCO Global pipelines and portfolios, enhancing cooperation between NDF and NEFCO. NDF has also made a commitment to invest in the Climate Resilience and Adaptation Finance and Technology Transfer Fund (CRAFT), making private equity investments in adaptation sector companies.

NDF as an early anchor investor can encourage other potential investors to co-finance ADBV. NDF's positive decision would be the first formal commitment to the ADBV.

4. IMPLEMENTATION ARRANGEMENTS

4.1. Institutional Aspects and Project Organisation

[Omitted due to confidentiality]

4.2. Procurement and Contract Structure

NDF investment will be in the form of joint co-finance, whereby ADBV's procurement and contracting activities will be carried out by ADB as the fund manager. ADB will engage partners including consultants and firms following ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and staff instructions. Technical assistance resources will be disbursed following ADB's Technical Assistance Disbursement Handbook (2010, as amended from time to time).

The contributors' commitments will be called in one disbursement at the first closing, expected by 31 March 2020. Contract structure will consist of two trust fund agreements, one each for the Fund and the TAP trust funds.

4.3. Risk Analysis

Risk	Description
Fundraising risk, moderate	ADBV is an innovative concept and can be challenging from financiers' point of view. It is also important to identify investors with sufficient strategic alignment. ADB works closely with potential financiers to address their specific requirements, and is in an advanced stage of negotiations with like-minded financiers. However, NDF would be the first financier to make the final decision, and the uncertainty on fundraising would remain.
Social and environmental risks, moderate	ADBV will facilitate innovative solutions in several sectors and invest in solutions provider companies. Some of these companies and solutions may operate in socially and environmentally sensitive contexts. ADBV will exclude projects, companies and other activities with an environmental and social category A. Each ADBV investment will follow the relevant ADB procedures, see more details in section 5.2. PSOD safeguard and social specialists will conduct due diligence, project review and monitoring accordingly.
Execution risk, moderate	ADB has previous experience in the Impact Labs as well as managing multi-donor trust funds, but this is the first VC fund for ADB. ADB has recruited new personnel with significant regional and thematic VC experience to strengthen the team. ADBV will have to manage a large number of small investments, which is challenging and entails high transaction costs.
Financial return risk, high	VC is among the riskiest forms of financing in the capital market, and the required returns by investors are therefore high. ADBV target return is lower than typical target return in VC investments. Small deviations from targets can lead to a strongly negative return of the Fund, and the actual return is highly uncertain.

4.4. Monitoring and Evaluation

ADBV will submit an annual report before the annual general meetings, and will include the administrative, financial, portfolio and impact reporting. Contributors will have an access to the ADBV files, within the limits of confidentiality requirements, and will have the right but no obligation to participate in the FIC meetings as observers.

The basis of the monitoring and evaluation of the results and impacts of the ADBV will be based on a Design and Monitoring Framework (DMF), the preliminary version of which is attached as Annex 3. The final DMF will be fully aligned with the ADBV theory of change framework presented in Figure 1, and the approval of the final version of the DMF will be among the conditions precedent in the NDF co-financing agreements.

5. ECONOMIC AND SOCIAL ASPECTS

5.1. Economic Justification

By accelerating the deployment of modern and innovative solutions in the target region, ADBV will improve the quality, efficiency and productivity of infrastructure, industrial, service, agriculture and health sectors. It will further promote market and financial inclusion including poor people, women, rural entrepreneurs, SMEs, etc., and unlock economic growth potential among these groups. The investments will also lead to economic benefits resulting from improved climate change adaptation and resilience.

On the ADBV level, the concessional form of financing is justified due to the high risk, high transaction costs and long lead times of the activities, typically beyond the requirements of private sector investors. However, the major part of ADBV funding is capital contribution in line with the minimum concessionality principle.

5.2. Environmental and Social Aspects

Each ADB Ventures investment will follow the relevant procedures as set out in the ADB Operations Manual (OM) Section F1 on Safeguard Policy Statement and will be required to comply with the Safeguard Policy Statement (2009). ADBV will exclude projects, companies and other activities with an environmental and social category A. It is expected that most activities will be Category C, with the possibility of a limited number of projects categorised as B, but with small environmental impact at the lower risk level. PSOD safeguard and social specialists will conduct due diligence, review projects and monitor the implementation of activities. Each investment will be designed and appraised following the social protection requirements as described in ADB's Social Protection Strategy (2001) and OM Section C3 Incorporation of Social Dimensions into ADB Operations. PSOD's social safeguards team will conduct due diligence and ensure that all ADB Ventures investments will comply with national labor laws and internationally recognised core labour standards.

The proposed financing has been screened according to NDF's Environmental and Social Policy and Guidelines (2017) and is categorised as Moderate risk.

ADBV's impact monitoring framework will collect information on the actual environmental and social aspects, and this will be included in the reporting.

6. CONCLUSION

ADBV is an innovative climate finance vehicle, de-risking and accelerating the deployment and market entry of new technology solutions for climate change mitigation and adaptation, as well as gender equality, in South and South East Asia. The concept is demand-driven and provides pilot financing and patient venture capital for promising solutions. Through Booster grant funding, NDF has supported and accelerated the design phase of the concept, resulting in strong climate and gender focus in countries relevant to NDF. NDF's commitment as the first investor could encourage other potential co-financiers to join ADBV. Through active involvement in the operational phase, NDF is able to help the ADBV team to connect with Nordic solution providers. By supporting ADBV, NDF would support the broader strategic goals of the PSOD, and strengthen its position as a strategic partner for ADB.

7. RECOMMENDATION

The Board approved capital contribution of up to EUR 9 million and grant financing of up to EUR 1 million to the project C123 REGIONAL, ASIA – ADB VENTURES.

Helsinki, 1 November 2019

Karin Isaksson
Managing Director

Alexi Lumijärvi
Program Manager

Annex 1: ADBV Impact Lab and SEED overview

Annex 2: ADBV active pipeline

Annex 3: Preliminary design and monitoring framework

[All annexes omitted due to confidentiality reasons]

