



Project Summary Information

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Project Name	AIIB Venture Capital (“VC”) Investment Program for Green and Technology-Enabled Infrastructure (the “VC Program”)
Project Number	P000623
AIIB member	Multicountry
Sector/Subsector	Multi-sector
Alignment with AIIB's thematic priorities	Green infrastructure; Technology-enabled Infrastructure; Private Capital Mobilization
Status of Financing	Approved
Objective	To promote innovation and its adoption for green and technology-enabled infrastructure across AIIB members by providing scarce capital to early-stage companies through small-scale VC funds.
Project Description	<p>The proposed VC Program contemplates investing in small-scale VC funds to drive and support the development of innovative technologies and new business models that are central and scalable for green and technology-enabled infrastructure across AIIB members. Through the Program, AIIB has the dual role as a facilitator and an influencer in accelerating the adoption of innovations in promoting sustainable infrastructure.</p> <p>The Program will follow similar strategies, which have been rolled out amongst MDB peers, of investing in small-scale VC funds with reserved funding for follow-on co-investments. The Program will focus on green and infrastructure-related technologies, as well as new business models catalytic to sustainable infrastructure development, contributing to AIIB's mandate of building i4t.</p> <p>VC investment space is characterized by fast transaction speed, smaller average ticket size, and unique risk-return profile. To facilitate execution, the proposed Program adopts a portfolio-driven approach to mitigate risk through diversification and has established a systematic approach of selectively identifying VC fund managers with rigor as per the pre-defined investment guideline under a streamlined approval process.</p>
Expected Results	<p>Since the Project is Program-based, the result indicators mentioned below are measured at the Program level, aggregating results of each VC Fund. Expected results for each of VC fund would be defined along similar lines.</p> <ul style="list-style-type: none"> o Direct/ Indirect mobilization of capital through Program investments in VC funds. o Percentage of Program commitment aligned with green infrastructure.

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	<ul style="list-style-type: none"> o Percentage of Program commitment aligned with tech-enabled infrastructure. o Technological investments fostering innovation and adoption o Number of portfolio VC funds under the Program. o Number of AIIB members invested through VC Program. o The IRR returns of the Program to be measured at the end of the Program life. o Number of Follow-on co-investments made through the Program. o Number of investee companies attract follow-on investments.
Environmental and Social Category	FI
Environmental and Social Information	<p>AIIB's Environmental and Social Policy (ESP), including the Environmental and Social Standard 1 (ESS 1) and Environmental and Social Exclusion List (ESEL) is applicable to this VC Program. The VC Program seeks to invest in smaller size VC funds that provide capital to startups - investee companies in the early stage of the business lifecycle. The Program is placed in Category FI, as the financing structure involves the provision of funds to the VC funds pursuant to which AIIB delegates the decision-making related to the use of the AIIB's funds for investee companies that meet the conditions of the investment guidelines to be agreed with the VC Funds. For each VC fund, the Environmental and Social Management System (ESMS) which details the selection, appraisal, approval, and monitoring of investee companies, will be enhanced to be aligned to AIIB's ESP. An overview of enhanced ESMS for each VC fund will be prepared and disclosed in a timely and appropriate manner.</p> <p>The Program portfolio will comprise mainly early-stage green and technology-enabled investee companies which may be classified as Category B or C. Each investee company will be screened to identify the risks and following the due diligence, appropriate mitigation measures will be adopted. Activities included in AIIB's ESEL, Category A and any investee companies that may trigger ESS 2 land acquisition and involuntary resettlement and ESS 3 indigenous peoples will not be eligible for financing. Coal mining, coal transportation, and coal-fired power plants, as well as infrastructure services exclusively dedicated to supporting any of these activities, are also excluded.</p> <p>For all Higher Risk Activities¹ proposed for Bank financing, the Bank requires each VC Fund to furnish its detailed environmental and social due diligence for the Bank's prior review and approval. Regarding renewable investments, the VC Fund will review potential supply chain related labor and working conditions, require appropriate mitigating</p>

¹ Higher Risk activity is any of the following types of activities financed by the Bank under an FI Project: (a) a Category A activity; and (b) as determined by the Bank, selected Category B activities that may potentially result in: (i) Involuntary Resettlement; (ii) risk of adverse impacts on Indigenous Peoples and/or vulnerable groups;(iii) significant risks to, or impacts on, the environment, community health and safety, biodiversity and cultural resources; (iv) significant retrenchment representing more than 20 percent of direct employees and recurrent contractors; and/or (v) significant occupational health and safety risks.

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	<p>measures, and seek AIIB's advice if required. As an LP to VC funds, AIIB may exercise excuse rights on any investee company which does not meet our E&S requirements or internal policies.</p> <p>Each VC Fund will be required to disclose the name, industry, and location of investee companies supported with AIIB's proceeds on its corporate website within twelve months from closing an investment. For all Higher Risk investments, each VC fund will be required to disclose annual E&S documentation during the preceding 12 months, unless such disclosure is subject to the host country's regulatory requirements, market sensitivities or consent of the investee company.</p> <p>AIIB will conduct post-reviews of the selection and implementation of investments as part of its regular supervision, comprising engagement with the VC Fund, potential site visits once conditions allow and detailed review of the E&S documentation of selected investments.</p> <p>Each VC Fund will establish an External Communication Mechanism (ECM) as project-level grievance redress mechanism (GRM) to address third-party views, inquiries, or concerns regarding their E&S processes and outcomes, as well as E&S impacts and performances of their investee companies. In addition, the Bank will require each VC Fund, for investee companies financed by AIIB proceeds, to disclose at an appropriate time the required ES information at the investee level, as well as investee-level GRM. The GRMs will be accessible, include provisions for anonymity, and hold no risk of retaliation, to receive and facilitate resolution of the concerns and complaints of people who believe they may be or have been adversely impacted by the Program. Provision will also be made to inform project-affected people and project contracted workers of their availability, including VC funds' ECMs and AIIB's Project-affected People's Mechanism (PPM).</p>
Cost and Financing Plan	The Platform investment is targeted for USD 100 million with an additional USD 30 million as a co-investment sleeve
Borrower/Investee Company/Counterparty/Guaranteed entity	/
Guarantor	/
Implementing Entity/Sponsor	/
Estimated date of loan closing (SBF)/Estimated date of last disbursement	January 2023

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(NSBF)/ Estimated Date of first disbursement (Fund)				
Contact Points:	AIIB		Borrower	Implementation Organization/Sponsor
Name	Jea Young Huh	Kishlaya Misra		
Title	Principal Investment Officer, Private Equity	Senior Investment Officer, Private Equity		
Email Address	jeayoung.huh@aiib.org	kishlaya.misra@aiib.org		
Date of Concept Decision	08/Jun/22			
Date of Appraisal Decision/Estimated Date of Appraisal Decision	16/Nov/22			
Date of Financing Approval/Estimated Date of Financing Approval	23/Dec/22			

Independent Accountability Mechanism	The PPM has been established by the Bank to provide an opportunity for an independent and impartial review of submissions from project-affected people who believe they have been or are likely to be adversely affected by AIIB's failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through investee companies' GRMs, VC funds' ECMs, or the processes of Bank Management. Information about the AIIB's PPM is available at https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html .
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