

Ex-Ante Evaluation

1. Name of the Project

Country: Asian Countries

Project: Asia Climate Partners LP

(Investment project under the Private Sector Investment Finance)

Signing Date: December 11, 2015

Investee: Asia Climate Partners LP

2. Background and Necessity of the Project

Asian countries have achieved relatively firm economic growth. IMF and UN agencies forecast that further economic growth, population increase and urbanization are highly expected for Asian countries. 40% of energy demand will be consisted by non-OECD countries in Asia, and additional 2,559GW capacity will be required to meet the demand. In 2012, 80% of energy source in non-OECD Asian countries was comprised of fossil fuel. IAEA forecasts that 50% of CO2 emissions in the world will be from Asian countries by 2030. The region suffers from serious natural disasters and deforestation, therefore climate change adaptation and mitigation are the urgent agenda for the region and it is also important to achieve low carbon economic growth in the region for the whole world.

Japanese government promotes “Strengthening partnership with Asian countries for climate change” which is saying “mobilizing private financing via public investment in the climate related area”. Also, in East Asia Low Carbon Growth Partnership Dialogue under the East Asia Summit in October 2014, Japanese government mentions importance of effective and concrete measures to promote regional cooperation by sharing the expertise of each country.

In addition, JICA’s participation in Asia Climate Partners LP (“ACP”) is a first concrete transaction under the “Partnership for Quality Infrastructure” policy of the Government of Japan (May 2015), and falls under the policy’s the second pillar: “Collaboration between Japan and Asia Development Bank (“ADB”)”.

3. Project description

(1) Project Objective

The Project targets commercially-oriented private equity investments across a variety of environmentally supportive, low-carbon transactions throughout developing Asia, and dedicated to investing in renewable energy, clean technology, natural resource efficiency, water, agriculture, forestry and other climate-friendly companies and transactions that are structured to

generate market-driven, risk-adjusted returns and have a positive environmental and social impact. Through the investment, further investment mobilization from the private sectors into climate financing in developing countries in Asia will be expected to achieve.

(2) Project Site/Target Area

ADB Developing Member Countries*

*Exclude the countries where new Japanese ODA Loan operation is not eligible.

(3) Project Component(s)

① Equity Investment Amount: [undisclosed]

② Project Outline: The Project supports through investing to the fund, whose targets the companies with a variety of environmentally supportive, low-carbon transactions throughout developing Asia, and dedicated to investing in renewable energy, clean technology, natural resource efficiency, water, agriculture, forestry and other climate-friendly companies and transactions that are structured to generate market-driven, risk-adjusted returns and have a positive environmental and social impact.

③ General Partner: Asia Climate Partners General Partner Ltd (Joint Venture between ADB, ORIX Corporation and Robeco Group)

④ Estimated Fund size : [undisclosed]

(4) Schedule

End in May 2026 (Investment Period: November 2014 ~ May 2021, Divestment Period: May 2021 ~ May 2026. Twice options for extension,)

(5) Environmental and Social Consideration/Poverty Reduction/Social Development

① Environmental and Social Consideration

a) Category: FI

b) Reason for Categorization: This project is designed to provide financing to financial intermediaries. Sub-Projects cannot be specified prior to JICA's approval for financing, and they may have environmental impacts under the JICA Guidelines for Environmental and Social Considerations (April, 2010) (JICA's Environmental Guidelines).

② Promotion of Poverty Reduction: None

③ Promotion of Social Development (e.g. Gender Perspective, Measure for Infectious Diseases Including HIV/AIDS Participatory Development, Consideration for the Person with Disability etc.): None

(6) Collaboration with Other Donors: There are opportunities of Co-investment to ACP's portfolio companies with international development finance institutions (e.g. ADB) under certain conditions.

(7) Other Important Issues: None

4. Targeted Outcomes

(1) Quantitative Effects

Performance Indicators (Operation and Effect Indicator)

Indicator	Baseline (Actual Value in 2014)	Target (2026) (After project completion)
Number of Investment	0	[undisclosed]
Equity IRR (%)	-	[undisclosed]
Reduction of carbon emission	0	Determined by each investment
Newly constructed renewable energy	0	Determined by each investment

(2) Qualitative Effects

The investment to the fund will contribute for further mobilization from the private sectors into climate financing in renewable energy, clean technology, natural resource efficiency, water, agriculture, forestry and other climate-friendly companies. And among the investments from the fund, the technology of Japanese Companies may possibly be applied, and it is anticipated that those companies can expand their business in Asia.

5. External Factors and Risk Control

(1) Risk during operations and monitoring: The country ceiling is applied to mitigate Country Risk by diversified investments.

(2) Exit Strategy: Exit when the fund period ends.

6. Lessons Learned from Past Projects

The evaluation report of the past fund investment projects point out that enough information gathering and analysis for exit policy is essential. For this project, the exit policy is considered before the approval of investment, therefore smooth exit from each investment project is expected.

7. Plan for Future Evaluation

(1) Indicators to be Used

- 1) Equity IRR (%)
- 2) Reduction of carbon emission
- 3) Newly constructed renewable energy

(2) Timing

Term Closing Year (FY2026)

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