

Ex-Ante Evaluation (for Private Sector Investment Finance)

**Private Sector Investment Finance Division 1,
Private Sector Partnership and Finance Department, JICA**

1. Name of the Project

- (1) Region: African and Asian region
- (2) Project Name: ESG Promotion and Impact Investment Support Project (the “Project”)
- (3) Investee Name: Global Supply Chain Support Fund SCSp (the “Fund”)
- (4) Signing Date: February 19, 2026

2. Background and Necessity of the Project

- (1) Current Status and Issues of the Agriculture, Food Processing, Logistics, and Manufacturing Sectors in Africa and Asia and the Priority of the Project

1. Sustainable Supply Chain Development

In emerging economies in Africa and Asia that continue to experience economic growth, various challenges have intensified, including rising energy prices due to the Russia–Ukraine conflict, increasing unemployment and labor shortages associated with economic stagnation, and logistical constraints driven by higher transportation costs. As a result, the gap between developed and emerging economies has widened further. To address rising costs, there is growing demand for energy efficiency through the use of renewable energy, as well as improvements in labor and logistics efficiency through digital transformation (DX). In addition, ESG regulations covering entire supply chains have been strengthened in recent years, exemplified by the EU’s Corporate Sustainability Due Diligence Directive (CSDDD) and the EU Deforestation Regulation (EUDR), which mandate human rights and environmental due diligence for transactions with the EU jurisdictions. Emerging economies are also increasingly required to ensure compliance with labor and environmental standards across production, manufacturing, and transportation processes. Strengthening ESG compliance capabilities in supply chains in these regions has thus become an urgent issue.

2. Food Security

The Russia–Ukraine conflict, which broke out in February 2022, and policy rate hikes in the United States since March that year triggered sharp increases in commodity prices. As a result, approximately 282 million people, around 20% of Africa’s population, are undernourished, representing an increase of 57 million since the start of the COVID-19 pandemic. In 2022, approximately 868 million people in Africa faced food insecurity, of whom more than one-third (342 million) were considered to be in acute food crisis situations (FAO, 2023). In Asia, agricultural productivity declined in 2024 due to heat waves, and abnormal weather patterns, coupled with food export restrictions in producing countries, further pushed food

prices upward. Consequently, Asia remains home to 370.7 million undernourished people as of 2022, accounting for nearly half of the world's undernourished population. Ensuring a stable food supply in Africa and Asia therefore remains a critical development challenge.

3. Strengthening Industrial Competitiveness

Africa's GDP growth rate rebounded temporarily to 5.1% in 2021 following the COVID-19 downturn. However, due to the Russia–Ukraine crisis, the economic outlook has deteriorated, and growth decelerated to 4.0% in 2022, 3.7% in 2023, and 3.2% in 2024. Emerging economies remain particularly vulnerable to external shocks, and excessive dependence on exports limits the ability of domestic policies alone to sustain stable growth. To achieve sustainable economic and social development, the urgent promotion of manufacturing and other industries, as well as the diversification of supply chains, is required (AfDB, 2024). ASEAN countries have benefited from a demographic dividend driven by an increasing share of working-age population; however, productivity growth has lagged behind expectations. As fertility rates decline and the demographic dividend is to fade over time, strengthening industrial competitiveness will be essential to sustaining high growth and avoiding the middle-income trap. Similarly, despite robust economic growth in India, industrial upgrading remains limited compared to China, and chronic trade and current account deficits persist. High value-added industrialization and job creation are increasingly necessary to curb imports and expand exports. The same challenge applies to South Asian countries such as Bangladesh and Pakistan, which remain heavily dependent on labor-intensive export industries like garment manufacturing.

Given these circumstances, impact investments that contribute to sustainable supply chains, food security, and industrial competitiveness are increasingly needed in both Asia and Africa. Although the impact investment market in Africa remains in its early stages, the penetration of ESG-compliant investments in high-risk markets is expected to serve as a trigger for attracting investors and generating employment (Morgan Lewis, 2024). While sustainable impact funds based in Asia expanded rapidly from approximately USD 10 billion in assets under management in 2018 to over USD 100 billion in 2022, growth stagnated at around USD 90 billion by the end of 2023, underscoring the need for further expansion of impact investing (UNDP, 2024).

(2) Japan's and JICA's Cooperation Policies and the Positioning of the Project

In the “Japan–India Cooperation Initiative for Sustainable Economic Development in Africa” announced in February 2025, the Government of Japan placed emphasis on strengthening supply chain resilience. Given that the Fund is managed by an Indian venture

capital firm and targets African countries, the Project holds strong policy significance. At TICAD9 in August 2025, the Government of Japan, under the theme of “Co-create innovative solutions with Africa” declared its aim to promote comprehensive growth and achieve a prosperous and integrated Africa based on sustainable development. This includes advancing private capital mobilization, regional integration, and enhanced connectivity within and beyond Africa, as well as strengthening industrial ecosystems through innovation and human resource development. In addition, the Government of Japan declared its commitment to promoting ongoing initiatives such as the Japan–ASEAN Economic Resilience Action Plan under the ASEAN Outlook on the Indo-Pacific (AOIP) framework, which prioritizes sustainable development and economic resilience, including support for reducing disparities.

JICA launched the “IDEA Initiative” as an effort to promote impact investing in Africa at TICAD9, and is working on impact investments with co-creating partners, including private investors. JICA’s Global Agenda also prioritizes “Private Sector Development,” “Agriculture and Rural Development,” “Gender Equality and Women’s Empowerment,” and “Environmental Management.” The Project is well aligned with these policy frameworks and strategic priorities. As outlined above, the Project is aligned with the policy directions of the Government of Japan and JICA.

3. Project Description

(1) Project Objectives

The Project aims to contribute to sustainable economic growth in Africa and Asia by investing in an impact investment fund that provides financing and management support to small and medium-sized enterprises (SMEs) engaged in socially and environmentally impactful businesses across agricultural, food processing, logistics, and manufacturing supply chains, thereby promoting sustainable supply chains, enhancing food security, and strengthening industrial competitiveness in the target regions.

(2) Target Area: African and Asian region

(3) Project Components: Investment in the Global Supply Chain Support Fund SCSp, which provides impact investment and management support to SMEs across various supply chain sectors in the target regions. Returns are primarily generated through repayments from investee companies, from which dividends are distributed to investors.

(4) Estimated Project Cost: USD 220 million (JICA investment: USD 40 million)

(5) Project Implementation Structure:

Investee: Global Supply Chain Support Fund SCSp (GSCSF)

(6) Collaboration and Sharing of Roles with Other Donors: JICA co-invests in the Fund with KfW.

- (7) Environmental and Social Considerations
- 1 Category classification: FI
 - 2 Reason for Categorization: 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 (January, 2022).
- (8) Cross-Sectoral Issues:
- The Fund will monitor development impact indicators set for each investee through annual impact reports submitted to JICA. Impact indicators may include CO₂ emission reductions and other metrics, some of which are expected to measure GHG emission reductions at the investee level. As such, the Project may contribute primarily to climate change mitigation and adaptation measures, consistent with the Nationally Determined Contributions (NDCs) of the target countries under the Paris Agreement.
- (9) Gender Classification: GI(S) (Gender Activity Integration Case)
<Details of Activities/Reason for Categorization>
- In Africa and Asia, SMEs face challenges such as low wage levels and low female employment ratios. To address these issues, the Fund will support investee companies in conducting ESG-based gender assessments and developing and implementing action plans to address gender gaps, including measures to reduce gender pay gaps and increase female employment. Gender pay gap indices and the number of female employees will be monitored. In addition, the Project plans to apply for 2X Challenge certification by meeting the baseline requirements of ESG, governance and accountability, and disclosure, as well as fulfilling criteria related to leadership (at least 30% female representation on the investment committee), employees (at least 25% female employees meeting both quantitative and qualitative indicators), and portfolio allocation (at least 30% of investments meeting 2X criteria at entry).
- (10) Other notes: N/A

4. Targeted Outcomes

(1) Quantitative effects

| Indicator | Unit | Baseline value (Actual value in 2024) | Target value (End of the Fund period, 2036) |
|----------------------------------------|-------------|------------------------------------------|---------------------------------------------------|
| The total number of investee companies | Company | 5 | To be determined on Final Closing Date |
| The total amount invested by the Fund | Million USD | 15.3 | To be determined on Final Closing Date |
| Total number of employees in investee | Person | 15,863 | To be determined on Final Closing Date |

| | | | |
|--------------------------------------------------------|--------|--------|----------------------------------------|
| companies | | | |
| Total number of female employees in investee companies | Person | 10,037 | To be determined on Final Closing Date |

Note: Development impact indicators will be tailored to each investee and monitored annually through impact reports submitted to JICA.

(2) Qualitative effects

Building sustainable supply chains, ensuring food security, strengthening industrial competitiveness, and supporting the growth and expansion of portfolio companies that contribute to social and environmental impact

5. External Factors and Risk Control

N/A

6. Lessons Learned from Past Project

(1) Evaluation results of similar projects

In the JICA's past fund investments., the following lessons were learned: (a) Setting and agreeing on measurable impact indicators; (b) establishing and agreeing on investment conditions, including sub-project selection criteria; and (c) ensuring appropriate portfolio diversification.

(2) Lessons Learned for the Project

With regard to (a), impact indicators and monitoring frameworks were confirmed during due diligence, and monitoring reports for existing investments have already been issued. Regarding (b), past investment terms and future investment policies were reviewed during appraisal, and investment arrangements will secure rights such as participation in advisory committees to monitor future investment conditions. Regarding (c), the Fund's multi-country, multi-sector portfolio mitigates concentration risks.

7. Evaluation Results

As described above, the Project is aligned with the development challenges and policies of the target regions, as well as with the cooperation policies and analytical frameworks of the Government of Japan and JICA. The Project is expected to contribute to SDGs Goals 2 (Zero Hunger), 5 (Gender Equality), 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure), 12 (Responsible Consumption and Production), and 17 (Partnerships for the Goals). Therefore, the significance and necessity of supporting this Project through Private Sector Investment Finance are high.

8. Plan for Future Evaluation

(1) Indicators to be Used

As described in 4.

(2) Future Evaluation Schedule

Ex-post evaluation is scheduled around 2036, at the end of the Fund period.

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