Host Country(ies)	Primary focus on the following countries: Cote d'Ivoire (LMIC), Egypt (LMIC), Kenya (LMIC), Morocco (LMIC), South Africa (UMIC), India (LMIC), Indonesia (UMIC), Malaysia (UMIC), Philippines (LMIC), Thailand (UMIC), and Vietnam (LMIC)[1]
Name(s) of Fund	A.P. Moller Capital - Emerging Markets Infrastructure Fund II K/S, Denmark
Name of Fund Manager	A.P. Moller Capital P/S, Denmark
Project Description	The Fund will invest in critical infrastructure and renewable energy, with a primary focus on ports, logistics, renewable energy, and digital infrastructure across selected markets in Africa, South Asia, and Southeast Asia.
Proposed DFC Equity Investment	$50,000,000
Target Fund Size	$1,000,000,000
Policy Review	
Developmental Objectives	Africa and Asia face an infrastructure funding gap estimated at $1.7 trillion over the next 20 years and require $1.38 trillion in investment annually through 2030 to fund their green transitions and limit global warming to 1.5°C. Population growth in these regions is expected to result in an increased need for both infrastructure and energy, with Africa's and Asia's populations projected to increase 86% and 15%, respectively, over the next 25 years. This rapid growth warrants investments in sustainable, quality infrastructure and energy that improve social, economic, and environmental outcomes. In response to these challenges, the Fund is expected to have a positive development impact in Africa and Asia by providing much needed capital to critical infrastructure and renewable energy projects and platforms. The Fund Manager will build on its previous expertise to make majority or strategic minority positions that allow for strategy and operating influence over its project and platform investments. Given the Fund's characteristics, it is categorized as Highly Impactful per DFC's Impact Quotient.
Environment and Social Assessment	**APPLICABLE STANDARDS:** Fund II has been reviewed against DFC's 2020 ESPP and has been determined to be categorically eligible. DFC direct investments into investment funds that will subsequently support mid-to-large sized companies classified as a FI-A activity for the purposes of environmental and social assessment. Based on DFC's due diligence, Fund II's downstream investments are anticipated to pose environmental and social risks that are site

[1] In addition to the primary focus countries, APMC may make investments in Ghana (LMIC), Senegal (LMIC), Nigeria (LMIC), Gabon (UMIC), Zambia (LMIC), Namibia (UMIC), Botswana (UMIC), Mozambique (LIC), Angola (LMIC), Tanzania (LMIC), Algeria (LMIC), Rwanda (LIC), Bangladesh (LMIC), Thailand (UMIC), Madagascar (LIC), and Eswatini (LMIC). Thailand and Bangladesh are under closed status and DFC will ensure that it can be treated as an excused investor in all portfolio projects in both countries. The Fund may also make investments in companies headquartered in Australia, Singapore, or other markets; however, the productive activities of the opportunities would be in DFC eligible countries.

	specific and can be readily mitigated though the application of sound environmental and social management practices. Under the DFC's ESPP, the Fund is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation's Performance Standards ("IFC PS") 1 and 2. For Category FI-A projects, applicable provisions are: • The requirement to maintain an Environmental and Social Assessment Management System (ESMS). This includes the environmental and social principles that will be used to guide Fund and its downstream investments to implement measures that will eliminate risks, ameliorate damage, and enhance positive effects. (PS 1, Paragraph 5). • The requirement to establish a stakeholder grievance mechanism to receive and facilitate the resolution of concerns and grievances about the Project's environmental and social performance (PS 1, Paragraph 35). • The requirement to treat its workers fairly; to clearly communicate terms and conditions of employment to its workers; to provide a worker grievance mechanism to receive and facilitate resolution of concerns and grievances by workers (PS 2 Paragraphs 10-20). • The requirement to provide a healthy and safe work environment for Fund employees (PS 2, Paragraph 23). A virtual due diligence assessment indicates that because Fund II involves an investment in a financial intermediary that will focus on infrastructure sectors including logistics, transportation, and utility-scale electricity generation projects in Africa and Southeast Asia, significant adverse impacts with respect to community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples and cultural heritage are not anticipated. Therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time. However, DFC's ESPP requires the financial intermediary to maintain an ESMS that appropriately identifies, assesses, manages, and monitors risks with respect to the IFC PS and the World Bank General and Sector-specific EHS Guidelines. It is anticipated that the Fund's subprojects may trigger IFC PS 3, 4, 5, 6, 7 and 8. The Fund has two existing Category B investments, Project Goldfish and Project Salmon, both inland port facilities, that trigger PS 3, 4, 5 and 6. Because the Fund will likely invest in Category A subprojects, where that categorization is triggered, DFC will require that ESIAs for these subprojects be submitted and disclosed by DFC for public comment. **ENVIRONMENTAL AND SOCIAL RISKS AND MITIGATION:** Key risks associated with Fund II result from contextual and sector specific environmental and social risks posed by large scale infrastructure projects and include the need for rigorous E&S management system and organizational capacity at the Fund to oversee a portfolio of medium to high-risk projects

	inclusive of supply chains that carry elevated labor risks under IFC Performance Standard 2. EMIF II has experience working with Development Finance Institution (DFI) Limited Partners (LP), including the International Finance Corporation (IFC) and the German Investment and Development Company (DEG), and their E&S requirements and has developed an ESMS that largely aligns with DFI requirements, including IFC PS, with conditions as outlined in Annex I. Additional risks are driven by the lack of an implemented external grievance mechanism, inadequacies in the Fund Human Resources Policy, and gaps in environmental and social due diligence and monitoring and procedures, which the Fund will be required to address in line with IFC Performance Standards 1 and 2. EMIF II has an established procedure for risk categorization, screening, due diligence, and monitoring of environmental, social, health and safety risks for its projects. The Fund's ESMS requires that Environmental and Social (E&S) risks be monitored at subproject sites by a team of three E&S personnel, with oversight by the Fund. The Fund-level E&S team comprises a Fund E&S Manager and three E&S subordinates. DFC's due diligence indicates that the Fund has robust E&S documentation and procedures and sufficient E&S capacity commensurate with the scale and nature of the Fund's downstream investments. DFC, along with the other DFI LPs, will monitor the Fund's implementation of the ESMS and ensure strong E&S capacity, which will be critical to successful ESMS implementation. EMIF II has also incorporated DFC's categorical prohibitions as part of its environmental and social screening procedures. The Fund will be required to provide annual monitoring throughout the DFC investment and provide annual monitoring reports on the environmental and social performance of the portfolio throughout the DFC investment.