



Report and Recommendation of the President to the Board of Directors

Project Number: 53228-001
November 2020

Proposed Equity Investment Lombard Asia V, L.P. Investment in Lombard Asia V, L.P. (Regional)

This is a redacted version of the document approved by ADB's Board of Directors, which excludes information that is subject to exceptions to disclosure set forth in ADB's Access to Information Policy.

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
COVID-19	–	coronavirus disease
DPI	–	distributions to paid-in capital
ESMS	–	environmental and social management system
IRR	–	internal rate of return
LAIII	–	Lombard Asia III, L.P.
LAIV	–	Lombard Asia IV, L.P.
LAV	–	Lombard Asia V, L.P.
Lao PDR	–	Lao People’s Democratic Republic
Lombard Asia Management	–	Lombard Asia Management Limited
Lombard Asia	–	Lombard Asia Management and its affiliates
MOIC	–	multiple on invested capital
PETCL	–	Private Equity (Thailand) Company Limited
TEF	–	Thailand Equity Fund
US	–	United States

NOTE

In this report, “\$” refers to United States dollars.

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^a Outposted to the Asian Development Bank’s Pacific Liaison Coordination Office.

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian

Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

CONTENTS

	Page
PROJECT AT A GLANCE	
I. THE PROPOSAL	1
II. THE FUND	1
A. Investment Identification and Description	1
B. Business Overview and Strategy	2
C. Ownership, Management, and Governance	3
D. Financial Performance	4
III. THE PROPOSED ADB ASSISTANCE	4
A. The Assistance	4
B. Financial Analysis of Expected Returns and Assumptions	4
C. Implementation Arrangements	4
D. Value Added by ADB Assistance	5
E. Risks	5
IV. DEVELOPMENT IMPACTS AND STRATEGIC ALIGNMENT	5
A. Development Impact, Outcomes, and Outputs	5
B. Alignment with ADB Strategy and Operations	6
V. POLICY COMPLIANCE	6
A. Safeguards and Social Dimensions	7
B. Anticorruption Policy	7
C. Investment Limitations	7
D. Assurances	7
VI. RECOMMENDATION	8
APPENDIXES	
1. Design and Monitoring Framework	9
2. List of Linked Documents	11

PROJECT AT A GLANCE

1. Basic Data		Project Number: 53228-001	
Project Name	Investment in Lombard Asia V, L.P.	Department/Division	PSOD/PSIS
Country	REG (CAM, LAO, MYA, THA, VIE)		
Investee	Lombard Asia V, L.P.		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=53228-001-PortAtaGlance		
2. Sector		Subsector(s)	
✓ Finance	Infrastructure finance and investment funds		ADB Financing (\$ million)
			20.00
		Total	20.00
3. Operational Priorities		Climate Change Information	
✓ Addressing remaining poverty and reducing inequalities	GHG reductions (tons per annum)		0
✓ Accelerating progress in gender equality	Climate Change impact on the Project		Low
	ADB Financing		
	Adaptation (\$ million)		0.00
	Mitigation (\$ million)		0.00
	Cofinancing		
	Adaptation (\$ million)		0.00
	Mitigation (\$ million)		0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 5.2, 5.5	Effective gender mainstreaming (EGM)		✓
SDG 8.10, 8.2	Poverty Targeting		
	General Intervention on Poverty		✓
4. Nonsovereign Operation Risk Rating - NA			
5. Safeguard Categorization			
	Environment: FI	Involuntary Resettlement: FI	Indigenous Peoples: FI
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		20.00	
Nonsovereign Investment Fund: Ordinary capital resources		20.00	
Cofinancing		0.00	
None		0.00	
Others^a		180.00	
Total		200.00	
Currency of ADB Financing: US Dollar			

^a Derived by deducting ADB financing and Cofinancing from Total Project Cost.

I. THE PROPOSAL

1. I submit for your approval, the following report and recommendation on a proposed equity investment of up to \$20,000,000 in Lombard Asia V, L.P. (LAV).¹

2. LAV is a private equity fund established as a Cayman Islands exempted limited partnership with an expected fund size of \$200 million–\$250 million. LAV's general partner, which will also act as its manager, is Lombard Asia Management Limited, a newly established Cayman Islands exempted company (Lombard Asia Management). Lombard Asia Management's adviser will be the Private Equity (Thailand) Company Limited (PETCL), a Thai limited company.

3. LAV is expected to make equity and equity-linked investments in mid-sized companies in Asia, primarily in Thailand and Viet Nam, and selectively in Cambodia, the Lao People's Democratic Republic (Lao PDR), and Myanmar.² LAV is expected to pursue investments in sectors that include (i) agriculture logistics, transport, and retailing; (ii) education; (iii) food products; (iv) financial services; (v) health care; (vi) hospitality and restaurants; (vii) human resources and outsourcing; (viii) light manufacturing and construction materials; and (ix) media and entertainment.³ The Asian Development Bank (ADB) has not classified the proposed investment as part of its coronavirus disease (COVID-19) response because of the wide-ranging sectors being targeted by Lombard Asia. The majority of these are unlikely to be directly linked to COVID-19-related health care initiatives and/or are not intended to provide short-term liquidity support for companies in LAV's target countries. Instead, the aims of ADB's investment are to provide growth equity to a range of middle-market companies in Southeast Asia (many of which have been negatively impacted by COVID-19), to mobilize capital from third-party sources, and to promote best practice safeguards and governance standards.

II. THE FUND

A. Investment Identification and Description

4. **Description.** LAV was established in January 2019 with the intention of being managed and advised by Lombard Investments Inc. and its affiliated companies (the Lombard platform).⁴ The Lombard platform was established in the United States (US) in 1985 to invest in middle-market private equity opportunities in Asia and North America. Since 1997, the Lombard platform has managed and advised four Asia-focused investment vehicles, which had total assets under management of about \$1.09 billion as of 30 June 2020.⁵ The Lombard platform currently has two ongoing Asia-focused funds—Lombard Asia III, L.P. (LAIII) and Lombard Asia IV, L.P. (LAIV)—with its prior fund, the Thailand Equity Fund (TEF), being fully divested. Since 1997, the Lombard platform, comprising a combination of US- and Asia-based professionals, increased its hiring of locally based investment and management teams and has opened offices in Bangkok; Ho Chi

¹ The commitment of the Asian Development Bank (ADB) will be the greater of \$10 million or 10% of LAV's total capital commitments, capped at \$20 million.

² LAV may invest a limited portion of its capital in other countries in Asia, subject to certain restrictions. ADB will have excusal rights in relation to any investment that is not in an investee company operating in one of its specified developing member countries.

³ A climate change target amount has not been specified as this is an equity investment into a fund (as opposed to a direct investment into a company) and hence, the composition of the underlying investee companies is not yet known.

⁴ The Lombard platform currently consists of Lombard Investments Inc.; Lombard Holdings, LLC; Lombard Asia Advisors LLC; Lombard Asia III, L.P. (LAIII); Lombard Asia IV GP; Lombard Asia IV, L.P. (LAIV); PETCL; Lombard Investments (HK) Limited; and its Viet Nam representative office).

⁵ LAIV (\$359 million); LAIII (\$234 million); the Thailand Equity Fund (TEF) (\$245 million); and Lombard Asian Private Investment Company LDC (\$252 million).

Minh City; and Hong Kong, China while retaining its San Francisco office for US-based members.⁶ [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

5. It is proposed that LAV will now be managed and advised by Lombard Asia Management and its affiliates (Lombard Asia). [The remaining information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

6. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

7. ADB has made three equity investments into funds or vehicles managed by the Lombard platform, including equity investments in the TEF and LAIII.⁷ While ADB's equity investment in LAV will be made into Lombard Asia and not the Lombard platform, ADB is proposing to invest in LAV in the light of the following:

- (i) Lombard Asia's senior management team will include Pote Videt and Surasak Khaoroptham, who have held senior positions within the Lombard platform since the TEF in 2001. Further information is set out in para. 16.
- (ii) Three other members of Lombard Asia's senior management team have considerable experience with the Lombard platform. Specifically, Aongorn Somprasong was promoted to managing director of PETCL in 2017 and has been with the Lombard platform for 7 years. Ekaluck Wangchucherdkul was promoted to managing director of PETCL in 2017 and has also been with the Lombard platform for 7 years. Mai Nguyen was promoted to director of PETCL in 2017 and has been with the Lombard platform for 4 years. Other management members—Kalaya Uahwatanasakul, Chaniporn Chitvarakorn, Plengchat Triyawatanyu, and Napol Kamthornkittikul—are all current members of the Lombard platform's investment and management teams.
- (iii) [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]
- (iv) [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

8. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

B. Business Overview and Strategy

9. LAV's strategy aims to take advantage of changes in Southeast Asia's markets driven by competitive, regulatory, and/or technological developments. Specifically, these relate to (i) growth in service industries, including financial services, health care, hospitality, entertainment, media and logistics; (ii) increases in domestic demand in segments benefiting from rising middle-class consumption; and (iii) growth in export-driven businesses with a sustainable competitive advantage. Factors influencing Lombard Asia's target choice of markets include (i) under penetration of private equity financing in Thailand relative to the economy's size (bank lending is

⁶ Team Composition and Track Record (accessible from the list of linked documents in Appendix 2) shows how the Asia-based management and investment team of the Lombard platform has expanded from the TEF (2001) through to LAIII (2007) and LAIV (2013).

⁷ ADB. [Regional: Lombard Asia III](#); ADB. [Thailand: Lombard Thailand Intermediate Fund](#); and ADB. 2006. [Completion Report: Equity Investments in Lombard Asian Private Investment Company LDC and Lombard/APIC Management LDC](#). Manila.

expected to be more subdued from COVID-19 impacts and the public markets are a perceived less-attractive alternative, which is expected to drive demand for private equity); and (ii) increasing demand for growth financing in Viet Nam, Cambodia, the Lao PDR, and Myanmar because of the relative immaturity of the public markets and traditional constraints on bank lending. Lombard Asia expects demand for financing from private equity to increase after COVID-19 because of expected reduced flows of capital into more challenging and frontier markets.

10. LAV intends to build a diversified portfolio of equity and equity-linked minority investments in small to medium-sized growth-oriented companies in Southeast Asia in sectors where Lombard Asia has prior expertise. LAV is expected to focus on growth opportunities in companies whose operations are located primarily in Thailand and Viet Nam and, to a lesser extent, in Myanmar, Cambodia, and the Lao PDR. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

11. The management team of Lombard Asia has a large network of contacts and relationships generated from its experience in Southeast Asia working as part of the Lombard platform. The network includes family conglomerates; local and regional investors (including institutional investors); networks of legal, accounting, advisory, and business professionals; government agencies; and company managers and entrepreneurs (including executives from portfolio companies of the Lombard platform's prior funds).

C. Ownership, Management, and Governance

12. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

13. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

14. . [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

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16. **Management.** The chair of PETCL and proposed chair of LAV's investment committee, Pote Videt, has 18 years of experience with the Lombard platform and served as a managing director for Credit Suisse First Boston and Goldman Sachs prior to joining. He is a Harvard Business School graduate and has had several roles advising the Government of Thailand (including briefly acting as the deputy minister for commerce in 1997). The senior managing director of PETCL, Surasak Khaoroptham, has 17 years of experience with the Lombard platform, prior to joining PETCL. He worked in several senior strategic advisory roles in Southeast Asia for Thai Airways and Credit Suisse First Boston. A new chief financial officer will be appointed to the senior management team, and he or she will also act as LAV's compliance officer and will lead financial reporting and treasury functions, with assistance from a third-party administrator, expected to be IQ-EQ, one of the leading global investor services providers.⁸ Apart from the new chief financial officer, Lombard Asia's management team (para. 5) comprises professionals with significant experience of the Lombard platform and expertise in origination, structuring, and asset management. Three analysts and two administrative staff will join PETCL's staff, which comprises

⁸ IQ-EQ.com.

a mix of legal, financial, engineering, and business administration qualifications, and will be based in offices in Bangkok and Ho Chi Minh City. The Lombard Asia team will have a balanced spread of associates and analysts supporting key management roles.

17. **Gender equality in management.** Women are significantly underrepresented among the investment decision-makers at private equity and venture capital firms in Asia, accounting for 18% of employees on average and just 12% of senior roles.⁹ Lombard Asia's figures are above industry averages, with four women in its proposed management team of twelve investment professionals, two of whom are members of LAV's investment committee.

18. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

19. **Advisory committee.** Lombard Asia will select 5–7 limited partner investors to participate in LAV's limited partner advisory committee. ADB will seek to negotiate a seat on this committee, which will enable ADB to participate in advisory committee determinations on conflicts of interest and other matters that under the terms of LAV's documents require the approval of the advisory committee.

D. Financial Performance

20. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

III. THE PROPOSED ADB ASSISTANCE

A. The Assistance

21. ADB proposes to make an equity investment of up to \$20 million in LAV. However, ADB's investment will not exceed 25% (and is not expected at LAV's final closing to exceed 10%) of LAV's total committed capital, and will not result in ADB being the single largest investor in LAV.

B. Financial Analysis of Expected Returns and Assumptions

22. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

C. Implementation Arrangements

23. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

24. **Reporting arrangements.** Lombard Asia will be required to provide ADB with unaudited quarterly reports, audited annual reports with financial statements, a fund overview, annual development effectiveness monitoring reports, and an overview of the portfolio with summary information on each portfolio company's performance and valuation. ADB will review this information and follow up if more information is needed. If the information received raises issues that may impair the value of ADB's investment in LAV, ADB may put LAV on its watch list for more frequent and detailed assessment.

⁹ Preqin Ltd. 2019. [Women in Private Equity](#). London.

D. Value Added by ADB Assistance

25. **Private sector development.** The investment seeks to contribute to private sector development, improve investor confidence, and boost job creation in medium-sized companies in Southeast Asia (noting that the services sector accounts for a substantial share of developing Asia's output, employment, and growth).¹⁰ The investment aims to contribute to efforts to counter COVID-19-related economic shock waves, supply-chain disruptions, and labor shortages. The economic impacts of the COVID-19 crisis are disproportionately hitting low- and middle-income countries and the poor. Countries in Southeast Asia have fewer support systems and less capacity to withstand shocks than developed economies, which poses heightened risks.

26. **Catalytic anchor role.** While the market opportunity in Southeast Asia is increasingly attractive, there is a large unmet demand for private sector financing; many medium-sized companies continue to face difficulties in accessing financing without fixed assets to pledge as collateral. Asian banks have stepped back because of regulations that impose relatively strict rules for bank capital adequacy requirements and expanding portfolios of nonperforming loans.¹¹ In this sense, ADB seeks to play a catalytic role in helping to attract capital to the region during an unprecedented time because of COVID-19 impacts.

27. **Increased gender inclusiveness.** As reflected by the effective gender mainstreaming rating for this transaction, gender equality has become an important element of the Lombard platform's operations, and ADB's investment in LAV is expected to introduce new gender elements for LAV. This includes Lombard Asia introducing a gender equality scorecard for evaluating potential investee companies and implementing an internal anti-sexual-harassment policy (with associated training).¹²

E. Risks

28. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

29. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

30. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

31. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

IV. DEVELOPMENT IMPACTS AND STRATEGIC ALIGNMENT

A. Development Impact, Outcomes, and Outputs

¹⁰ D. Park and M. Noland, eds. 2013. *Developing the Service Sector as an Engine of Growth for Asia*. Manila: ADB.

¹¹ Acuris. 2019. *Direct Lending in Asia Pacific: A Study on Asian Middle Market Private Credit Opportunities*. New York.

¹² The scorecard is intended to be used by Lombard Asia to evaluate investee company actions to date in advancing gender equality by examining the investee's ownership, leadership, workforce, workplace practices, products and suppliers.

32. **Impact.** The project is aligned with the following impact: access to critical growth equity for middle-market companies in Southeast Asia improved at a time when few companies have capital available for new initiatives and when financial institutions and investors are becoming increasingly risk averse from pressures arising from the COVID-19 pandemic.

33. **Outcome** The project's outcome is the demonstration of financial sustainability and operational value addition of private equity investments in middle-market companies in Southeast Asia.

34. **Outputs.** The outputs of the project include the successful establishment of LAV, LAV capital deployed to support greater gender equality and economic development across ADB's target sectors, and enhancement of gender equality of Lombard Asia's operations.

B. Alignment with ADB Strategy and Operations

35. **Consistency with ADB strategy.** ADB's investment in LAV aligns with several of ADB's Strategy 2030 operational priorities, including priority 1 (addressing remaining poverty and reducing inequalities), whereby LAV would be providing much-needed growth capital for middle-market companies in Southeast Asia, supporting small business, and creating new jobs.¹³ LAV's commitment to supporting gender equality, as reflected by the proposed effective gender mainstreaming rating, aligns with operational priority 2 (accelerating progress in gender equality).

36. **Consistency with country strategy.** The investment is consistent with ADB's country partnership strategies for Viet Nam, Cambodia, the Lao PDR, and Myanmar, and the country operations business plan for Thailand (for which a new country partnership strategy is being developed), which seek to foster private sector development, support economic diversification, promote market development, and improve corporate governance.¹⁴

37. **Consistency with sector strategy and relevant ADB operations.** The investment is consistent with ADB's Operational Plan for Private Sector Operations (2019–2024), which aims to efficiently deploy and mobilize equity capital to support a portfolio of mostly privately owned middle-market companies in realizing their expansion plans.¹⁵ The investment also allows ADB to leverage the local market knowledge and domain expertise of the Lombard Asia team, and broaden ADB's reach into sectors and/or countries where direct equity programs may have limited penetration (as co-investment opportunities may be presented to ADB). In line with the operational plan, ADB expects the investment to help spur overall economic growth by driving job creation, tax revenue generation, and technology adoption.

38. [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]

V. POLICY COMPLIANCE

¹³ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

¹⁴ ADB. 2019. [Country Operations Business Plan: Thailand, 2020–2022](#). Manila; ADB. 2016. [Country Partnership Strategy: Viet Nam, 2016–2020](#). Manila; ADB. 2019. [Country Partnership Strategy: Cambodia, 2019–2023—Inclusive Pathways to a Competitive Economy](#). Manila; ADB. 2017. [Country Partnership Strategy: Myanmar, 2017–2021—Building the Foundation for Inclusive Growth](#). Manila; and ADB. 2017. [Country Partnership Strategy: Lao People's Democratic Republic, 2017–2020—More Inclusive and Sustainable Economic Growth](#), Manila.

¹⁵ ADB. 2019. [Operational Plan for Private Sector Operations \(2019–2024\)](#). Manila (institutional document, December 2019).

A. Safeguards and Social Dimensions

39. ADB is satisfied that the investment is in compliance with ADB's Safeguard Policy Statement (2009).¹⁶

40. **Category FI.** ADB has assessed the environment and social risks and impacts from the Lombard platform's three most recent funds (LAIV, LAIII, and TEF), as well as LAV's expected new portfolio investments. Lombard Asia will (i) apply ADB's prohibited investment activities list, (ii) conduct due diligence to ascertain that investments using ADB funds comply with ADB's Safeguard Policy Statement and applicable national laws and regulations, and (iii) establish and maintain an appropriate environmental and social management system (ESMS) satisfactory to ADB before disbursement. The ESMS will set out requirements, as applicable, for compliance with national labor laws and measures to comply with the internationally recognized core labor standards, pursuant to ADB's Social Protection Strategy (2001). ADB will retain the right to opt out of contributing capital to any investment categorized A, and any investment categorized B for involuntary settlement or indigenous peoples impacts. The ESMS will also contain requirements, as applicable, for information disclosure and consultation with affected people in accordance with ADB requirements. Lombard Asia will include in its regular reporting information to ADB (i) the nature of subprojects and categorization, (ii) compliance with the safeguard and social requirements, and (iii) compliance with applicable national and international laws and standards.

41. **Effective gender mainstreaming.** Currently, approximately 33% of the proposed LAV team are expected to be women. Following discussions on ADB's Policy on Gender and Development, Lombard Asia has incorporated measures to promote gender equality and/or women's empowerment in its business activities.¹⁷ Key features of the gender action plan include (i) using a gender equality scorecard to support Lombard Asia's decision-making regarding LAV's investments; (ii) providing recommendations to LAV's investees on how to improve their gender equality, e.g., additional female board members or implementation of an anti-sexual-harassment policy; and (iii) developing a company-wide anti-sexual-harassment policy and training staff on the policy. Lombard Asia will submit periodic reports on implementation of gender measures to ADB.

B. Anticorruption Policy

42. LAV was advised of ADB's policy of implementing best international practice relating to combating corruption, money laundering, and the financing of terrorism. ADB will ensure that the investment documentation includes appropriate provisions prohibiting corruption, money laundering, and the financing of terrorism; and remedies for ADB in the event of noncompliance.

C. Investment Limitations

43. The proposed equity investment is within the medium-term, country, industry, group, and single exposure limits for nonsovereign investments.

D. Assurances

¹⁶ ADB. [Safeguard Categories](#).

¹⁷ ADB. 1998. *Gender and Development Policy 1998*. Manila.

44. Consistent with the Agreement Establishing the Asian Development Bank (the Charter), ADB will proceed with the assistance upon establishing that the governments of the ADB member countries where LAV will invest using ADB finance have no objection to the proposed assistance to LAV.¹⁸ ADB will enter into suitable finance documentation, in form and substance satisfactory to ADB, following approval of the proposed assistance by the ADB Board of Directors.

VI. RECOMMENDATION

45. I am satisfied that the proposed equity investment would comply with the Articles of Agreement of the Asian Development Bank (ADB) and recommend that the Board approve the equity investment of up to \$20,000,000 from ADB's ordinary capital resources in Lombard Asia V, L.P., with such terms and conditions as are substantially in accordance with those set forth in this report, and as may be reported to the Board.

Masatsugu Asakawa
President

19 November 2020

¹⁸ ADB, 1966. [Agreement Establishing the Asian Development Bank](#). Manila.

DESIGN AND MONITORING FRAMEWORK

Impact the Project is Aligned with			
Access to critical growth equity for middle-market companies in Southeast Asia improved at a time when few companies have capital available for new initiatives and when financial institutions and investors are becoming increasingly risk averse from extraordinary pressures because of the COVID-19 pandemic. ^a			
Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
<p>Outcome</p> <p>Financial sustainability and operational value addition of private equity investments in middle-market companies in Southeast Asia demonstrated</p>	<p>a. At least 80% of LAV's capital is invested in target sectors by the end of 2026 (2021 baseline: 0)</p> <p>b. LAV is profitable (multiple on invested capital ratio greater than 1) at ADB's exit (2021 baseline: 0)</p> <p>c. Growth in number of employees of LAV investee companies by at least 10% on an aggregate basis during the holding period (2021 baseline: 0) (OP 1.2)</p> <p>d. Payment of taxes by LAV investee companies increased by 10% on an aggregate basis during the holding period (2021 baseline: 0)</p>	<p>a.–d. LAV's annual development effectiveness monitoring report and quarterly and annual reports of LAV</p>	<p>COVID-19, market dynamics, and sector cycles negatively impact investment opportunities within target sectors</p> <p>Unfavorable macroeconomic conditions lead to general low returns and unsuccessful exits from investments</p>
<p>Outputs</p> <p>1. LAV is successfully established</p> <p>2. Capital invested to support greater gender equality and economic development across ADB's target sectors</p>	<p>1. LAV achieved first closing by the end of Q1 2021 (Baseline: Not applicable)</p> <p>2a. At least 80% of LAV's capital deployed in at least six portfolio companies in the target sectors by the end of 2026 (2021 baseline: 0%)</p> <p>2b. At least 15% of LAV's transactions are in companies located in rural or semi-urban areas by the end of 2026 (2021 baseline: 10%)</p> <p>2c. A gender equality scorecard^b used to support Lombard Asia's decision-making in at least 75% of investments made by the end of</p>	<p>1.–3. LAV's annual development effectiveness monitoring report, and quarterly and annual reports</p>	<p>Investment pipeline is weaker than expected, leading to deployment challenges</p> <p>Competition from other investors reduces attractiveness of investment opportunities</p> <p>Management's implementation of gender initiatives is insufficient</p>

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
3. Gender equality of Lombard Asia's operations enhanced	<p>2026 (2021 baseline: Not applicable) (OP 2.3.2)</p> <p>2d. At least one recommendation made to at least 75% of LAV's investees on how to improve their gender equality (e.g., additional female board members, implement anti-sexual harassment policy) by the end of 2026 (2021 baseline: Not applicable) (OP 2.3.2)</p> <p>3a. An anti-sexual harassment policy for Lombard Asia developed by 2022 (2021 baseline: Not applicable) (OP 2.2.3)</p> <p>3b. At least 80% of Lombard Asia's staff are trained annually on its anti-sexual harassment policy by the end of 2026 (2021 baseline: Not applicable)</p>		

<p>Key Activities with Milestones</p> <p>1. LAV is successfully established</p> <p>1.1 Execute ADB's legal documentation by Q2 2021.</p> <p>1.2 Other first-close limited partner investors sign by the end of Q2 2021.</p> <p>2. Capital invested to support greater gender equality and economic development across ADB target sectors</p> <p>2.1 Deploy LAV's capital to support gender inclusiveness and economic development across ADB target sectors by Q1 2026.</p> <p>2.2 Establish a gender equality scorecard system for Lombard Asia by the end of Q2 2021.</p> <p>3. Gender equality of Lombard Asia's operations enhanced</p> <p>3.1 Develop an anti-sexual-harassment policy for Lombard Asia by the end of Q4 2021.</p> <p>3.2 Train staff on anti-sexual-harassment policy by the end of Q4 2021.</p>
<p>Inputs</p> <p>ADB: Up to \$20 million (equity)</p> <p>Other investors: Up to \$180 million–\$230 million (equity)</p>
<p>Assumptions for Partner Financing</p> <p>Not applicable</p>

ADB = Asian Development Bank; COVID-19 = coronavirus disease; LAV = Lombard Asia V, L.P.; Lombard Asia = Lombard Asia Management Limited and its affiliate; Q = quarter.

^a Project defined.

^b The gender equality scorecard is intended to be used by Lombard Asia to evaluate investee company actions to date in advancing gender equality by examining the investee's ownership, leadership, workforce, workplace practices, products and suppliers.

Contribution to Strategy 2030 Operational Priorities

Expected values and methodological details for all OP indicators to which this project will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2).

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/RRPs/?id=53228-001-4>

1. Sector Overview
2. Ownership, Management, and Governance - [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]
3. Details of Implementation Arrangements
4. Contribution to Strategy 2030 Operational Priorities
5. Financial Analysis - [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]
6. Country Economic Indicators
7. Summary Poverty Reduction and Social Strategy - [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]
8. Environmental and Social Management System: Audit Findings and Details of Arrangement - [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]
9. Gender Action Plan

Supplementary Document

10. Team Composition and Track Record - [This information has been removed as it falls under the exception to disclosure in ADB's Access to Information Policy, para. 17.2.(v)]