

Public Information Summary

MHV Fund III, L.P.

Host Country(ies)	A Southeast Asia investment fund focused primarily on Indonesia (LMIC), Philippines (LMIC) and Vietnam (LMIC). The Fund may also invest in India (LMIC), Malaysia (UMIC) and Thailand (UMIC).
Name of Fund	MHV Fund III, L.P.
Name of Fund Manager	Monk's Hill Ventures Pte. Ltd.
Project Description	The Fund is a Southeast Asia-focused early-stage venture capital fund targeting investments in innovative technology companies in the region. Many of the Fund's investments will be in companies in the following impactful sub-sectors: logistics, agriculture, climate, financial inclusion, healthcare, and education.
Proposed DFC Equity Investment	\$25 million
Target Fund Size	\$180 million
Policy Review	
Developmental Objectives	The Fund is expected to have a highly developmental impact through investments in innovative technology-enabled companies in a variety of sectors throughout Southeast Asia. The World Bank, notes that total factor productivity growth in Southeast Asia is lagging and that increased technological innovation and diffusion at the firm level is the key to boost productivity and economic growth in the region. Studies have shown that in developing countries over the past decade, adoption of technologies such as mobile phones, internet usage, and broadband have been the main drivers of economic growth. Prior to the COVID-19 pandemic, Southeast Asian markets were already among the most ready for advances in ICT and other technology-enabled sectors due to increasing internet and mobile penetration, improving infrastructure, and rising digital literacy. The COVID-19 pandemic, while negatively effecting Southeast Asian economies in some areas, has led to significant advances in digitalization. Large increases in internet usage, with 40 million new users in 2020 alone bringing the total 400 million in the region, led to many new digital service consumers (37% of the total in 2020), with 93% of these new consumers intending to continue their behavior post-pandemic. The Fund is expected to take advantage of an advancing digital ecosystem to invest in early-stage technology

	<p>companies and help them refine and scale their offerings to an increasingly digitally literate population.</p>
<p>Environmental and Social Assessment</p>	<p>The Project has been reviewed against DFC's 2020 Environmental and Social Policy Procedures ("ESPP") and has been determined to be categorically eligible. Equity investments into funds are screened as a Category D activity for the purposes of environmental and social assessment. Based on DFC's due diligence, the Fund's downstream investments are anticipated to pose limited environmental and social risks that are site specific and can be readily mitigated through the application of sound environmental and social management practices.</p> <p>Consistent with DFC's policy on assessment of financial intermediary transactions (dated April 2020), the Fund is eligible for delegated responsibility for the application of DFC's policies related to environmental and social impact assessment, risk management and monitoring. To ensure that the Fund's investments are consistent with DFC's statutory and policy requirements, the Project will be subject to conditions regarding the use of the DFC proceeds.</p> <p>The primary environmental and social issues identified in this transaction relate to the need for a strong Environmental and Social Management System (ESMS) that meets the IFC Performance Standards to ensure that downstream investments associated with healthcare (specifically primary, secondary, and tertiary care) are developed in accordance with DFC's ESPP. DFC will monitor the effectiveness of the Fund's application of DFC policies throughout the Project's life cycle.</p> <p>Under 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 Standard ("PS") 1 and 2. A virtual [1] due diligence assessment indicates that because the Project involves an investment in a financial intermediary, 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.</p> <p>DFC's ESPP requires fund managers to maintain an ESMS that appropriately identifies, assesses, manages, and monitors risks with</p>

	<p>respect to the IFC Performance Standards and the General and Sector-specific EHS Guidelines. The Fund has an adequate ESMS for its proposed investment strategies into SMEs and mid-cap tech companies but will be required to provide updates to strengthen its GHG reporting, child and forced labor risk assessment procedures, and verification of grievance mechanisms at the investee-level. The Fund will also be required to develop a Fund-level grievance mechanism for its employees.</p> <p>⏏ Due to the coronavirus pandemic, in-person interviews and site visits were not possible for this Project.</p>
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