**LAC China Investment Funds**

**(RG-L1048); (RG-L1055); (RG-L1054)**

**Project abstract**

The Inter-American Development Bank (IDB), in partnership with the Export-Import Bank of China (“China Exim”), is designing a platform consisting of three regional investment funds to support the economic and financial integration between Latin America and the Caribbean (LAC) and China. The LAC China Funds are expected to attract a geographically diversified pool of investors (including Chinese investors) to deploy risk capital in companies and projects operating in sectors that are vital for the development of LAC, namely infrastructure, mid-size companies and natural resources (agribusiness, energy and mining in the pre-production stage). The vibrant growth of trade and foreign direct investments between LAC and China during the last decade is a lasting trend that is expected to deepen further in the coming years. Given the rich endowment of LAC with natural resources and sensitive biodiversity, it is paramount that investments flowing to the region are carried out in an environmentally and socially responsible manner and that the highest standards of corporate governance are applied. In order to ensure these standards, the IDB’s policies will guide the investment practices of the Funds and a process will be established to collect and publish information regarding developmental, environmental and social impact of the Funds’ investments.

It is expected that the Funds will reach a total size in excess of US$1 billion, including loans from the IDB of approximately US$150 million. The Funds will be (i) the LAC China Infrastructure Fund, focused on infrastructure investments, to be managed by Macquarie Infrastructure and Real Assets (a division of Macquarie Group), (ii) the LAC China Mid Cap Corporate Fund (working title, targeting mid-size companies already in operation throughout a wide range of sectors) to be managed by Darby Private Equity and (iii) the LAC China Natural Resources Fund (focused on mid-size projects and companies engaged in agribusiness, mining and energy) to be managed by a joint venture between EMP Global and SinoLatin Capital.

The Infrastructure Fund is expected to have a substantial impact on the development of the region by, among other things, contributing to the enhancement of transportation and logistics facilities (roads, ports, airports, etc.) that are crucial to the competitiveness of the region and that will benefit the quality of life for millions of people. The Mid Cap Corporate Fund is expected to provide access to the long term risk capital that growing companies need in order to improve their productivity for competing in a globalized world. The Fund will accomplish this by, amongst others, enhancing management and corporate governance while at the same time providing know-how and capital that can be used for strategic corporate purposes, such as assisting in the purchase of state-of-the-art machinery, investing in new technology for the production of higher quality products and services, and expanding into new markets. The Natural Resources Fund is expected to help increase food production as well as the availability of raw material for industrial production.