

PROJECT SUMMARY

Plastic waste is a pressing international crisis with a significant gap in investments and capacity development. There are an estimated 150 million tons of plastic in the ocean today. This number grows by approximately 8 million tons a year, equivalent to a garbage truck unloading in the sea every minute. The Latin America and Caribbean (LAC) region accounts for a significant amount of plastic debris due to a lack of circular recycling systems, capital, and technical assistance in the sector. The region produces a substantial amount of waste compared to other regions and yet, the overall recycling rate is comparatively low. LAC generated 12% of the total global waste, just below East Asia and the Pacific, with ten of the top thirty global plastic polluters per capita hailing from the Caribbean region. However, only 4.5% of the waste was recycled, significantly below the world's waste average of 13.5%.

The businesses with solutions to ocean plastics have minimal access to traditional financial mechanisms such as venture capital or commercial bank loans. There is a need for more flexible and creative investment mechanisms that consider the needs and realities of the sector to fuel capital and catalyze solutions.

In 2018, Circulate Capital (CC) launched the world's first investment fund dedicated to fighting plastic pollution and advancing the circular economy in South and Southeast Asia, with US\$100+ million committed to date to the [Circulate Capital Ocean Fund](#) (CCOF). This new fund proposed in this document aims to apply the Circulate Capital model to the LAC region to finance innovation, support SMEs and start-ups, and build the field to prevent ocean plastic.

The objective of this project is to launch the first fund in LAC dedicated to fighting plastic pollution and advancing the circular economy, combined with a capacity development program specifically for the Caribbean region, that would enhance the building of a potential investment pipeline in the Caribbean. The initiative will be backed by corporations, family offices, and development finance institutions that leverage the Circulate Capital expertise, model, and relationships in LAC.

The fund will invest primarily in early-stage start-ups and SMEs (Series A and B), promoting a plastic circular economy, and catalyze investment from institutional investors at scale. The target is to inject capital in systemic solutions to ocean plastics and includes companies that: (i) **rethink waste** (interventions before waste is generated such as replace with alternative materials, redesign, and reduce plastics); and (ii) **manage waste** (interventions after waste is generated such as collection, sorting, processing, recovery, recycling and manufacturing). Improving waste management and developing inclusive and circular economy systems, will not only stem the tide of plastics into the ocean but will also benefit marginalized communities by enabling economic opportunities, improving health outcomes, and reducing greenhouse gas emissions. As many as 20 investee companies will receive between US\$500,000 and US\$10 million in capital investments with the possibility of additional funding in subsequent rounds, and strategic support through: (i) direct support to strengthen their business and expansion plans and to establish strategic partnerships. This could include, for example, off-taking agreements with key corporates such as the LPs in the Fund; (ii) training and support to improve communications, marketing tools and sales abilities; (iii) funding and supporting systems and skills development, including digitization of processes and data, to establish world-class operations as well as robust impact measurement.

IDB Lab would be the first anchor investor to commit to the Fund with US\$4 million, which

will help the Fund attract other corporate, institutional, and family office investors to bring the total fund size to the target of US\$80 million. IDB Lab as the potential anchor investor would also be crucial in influencing the development of the Fund's strategy, and in helping to identify a robust pipeline of companies that could contribute to plastic waste reduction in the entire LAC region.

The Technical Cooperation component was carefully designed to support a *Capacity Development Program* that would enhance pipeline and investment opportunities that advance plastic circular economy solutions specifically in the Caribbean. The capacity development efforts are key pieces of a broader strategy to strengthen future pipeline and the surrounding ecosystems for Circulate Capital LAC Ocean Fund. The countries considered to be prioritized include Bahamas, Barbados, Guyana, Jamaica, Suriname, Trinidad & Tobago, Belize, Dominican Republic, and Haiti.

The expected impact of the Fund's investments will be measured by: (i) Tons of plastic pollution leakage prevented; (ii) Tons of GHG emissions reduced or avoided; (iii) Tons of value-added end-markets created for plastics; (iv) Net number of jobs created in investee companies; (v) Number of waste workers in supply chain experiencing improved income opportunities; and (vi) average portfolio companies' annual sales growth, among others. Where applicable, these indicators will be sex disaggregated.