

 Early Warning System

IADB-RG-L1121

Eco-Business Fund for Latin America and the Caribbean



Quick Facts

Financial Institutions	Inter-American Development Bank (IADB)
Status	Approved
Bank Risk Rating	U
Voting Date	2017-08-01
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	\$ 20.00 million
Project Cost (USD)	\$ 20.00 million



Project Description

IDB: FINANCIAL MARKETS-FINANCING FOR ENVIRONMENTAL SUSTAINABILITY

"The objective of the Fund is to promote business practices that contribute to biodiversity conservation and the sustainable use of natural resources through the provision of dedicated financing and technical assistance. Eco-Business is a regional fund and targets only investments in the Latin American and Caribbean ("LAC") region, its investment activities focus on sustainable agriculture and agri-processing, forestry, fishery and aquaculture, and tourism. The Fund channels financing to local producers, primarily via financial institutions ("FIs") that operate according to the principles of responsible finance. In limited cases (max. 15% of the total portfolio), the Fund also provides direct financing for high-impact businesses and projects. To enhance the impact of its investments, the Fund has created a development facility to complement its investments with technical assistance both to the FI level and to the final beneficiaries for capacity building, market studies and impact assessment activities.

"The main development impact of the project will be to expand access to finance for sustainable businesses. The success of the project is expected to demonstrate to the financial markets that sustainable businesses can represent an attractive sector with measured risk, attractive returns and substantial growth potential, thus encouraging FIs in the region to direct more resources to this sector. The project will promote the connection of FIs interested in strategically and systematically financing sustainable businesses with institutional investors and technical assistance resources."



Investment Description

- Inter-American Development Bank (IADB)

Private Sector Loan.

The Fund size is targeted at US\$300 million. IIC's Financing would consist of an unsecured subordinated financing of up to the lesser of (i) US\$60 million or (ii) 25% of the Fund size, with a tenor of up to 6 years and an up to 3 year commitment period. It is expected that the financing will include (a) an IIC-IDB subordinated loan of up to US\$40 million, and (b) a potential subordinated co-financing of up to US\$20 million from the China Fund. The additional funding of Eco-Business will be comprised of equity and senior loans expected to come from domestic and international private institutional investors as well as development financial institutions.



Contact Information

ACCOUNTABILITY MECHANISM OF IADB

The Independent Consultation and Investigation Mechanism (MICI) is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an Inter-American Development Bank (IDB) or Inter-American Investment Corporation (IIC)-funded project. If you submit a complaint to MICI, they may assist you in addressing the problems you raised through a dispute-resolution process with those implementing the project and/or through an investigation to assess whether the IDB or IIC is following its own policies for preventing or mitigating harm to people or the environment. You can submit a complaint by sending an email to MICI@iadb.org. You can learn more about the MICI and how to file a complaint at <http://www.iadb.org/en/mici/mici,1752.html> (in English) or <http://www.iadb.org/es/mici/mici,1752.html> (Spanish).