

 Early Warning System

IDBI-13976-01

LAC Green Debt Fund



Quick Facts

Financial Institutions	IDB Invest (IDBI)
Status	Proposed
Bank Risk Rating	FI
Voting Date	2022-09-13
Borrower	Regional
Sectors	Finance
Investment Type(s)	Equity
Investment Amount (USD)	\$ 50.00 million



Project Description

The Project objective is to increase the access to Climate Finance solutions to mid-market companies in Latin America and the Caribbean ("LAC") through the provision of tailored long-term growth financing solutions for climate investments to mitigate and adapt to Climate Change impacts across the region.

The Project consists of an IDB Invest investment of up to US\$50 million in the DIC Latin American Fund IV, L.P. ("LAC Green Debt Fund" or the "Fund"), the first private credit climate finance fund in LAC.

The Fund will be managed by Darby International Capital ("Darby" or the "Manager"), an independent investing firm, founded in 2020 as a result of the team spinning-off from Franking Templeton's private debt arm, focused on private credit solutions for mid-market companies across LAC. Darby's management team is led by Richard H. Frank Jr. and Ignacio Aicardi, both seasoned investors and former heads of Franklin Templeton private credit strategy in LAC.

With a target size of US\$450 million, the Fund's investment strategy is built around providing tailored credit solutions to around 10-12 mid-market companies (with EBITDAs of US\$5 million-US\$20 million), consisting mainly in senior secured loans with equity kickers (i.e., warrants, income participation, among others). The Fund will be focused on financially sound companies with natural currency hedges, proven management track records, moderate operating and financial risk profiles, and strong competitive positions within their respective sectors, but lacking adequate financing for its business model and expansion plans. The Fund will invest at least 30% of the portfolio in climate investments, with an aspirational target of 50%. The Fund will have a five-year investment period and a total life of 10 years, with the possibility of two one-year extensions.

The Fund can play a key role in developing tailored Climate Finance solutions for mid-market companies across LAC's private credit market to support sustainable economic growth while mobilizing local and international investors' capital towards the advancement of the Climate Finance agenda in the region.



Investment Description

- IDB Invest (IDBI)



Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
IDB Invest	Buyer	Finance	contracts with	DIC Latin American Fund IV, L.P.	Client	Finance



Contact Information

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ACCESS TO INFORMATION

You can submit a request for information disclosure at: <https://www.iadb.org/en/access-information/information-request>

ACCOUNTABILITY MECHANISM OF IDB / IDB INVEST

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 (IDB Invest)-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 IDB Invest 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).



Bank Documents

- [DARBY LAC GREEN DEBT FUND \(ESRS\)](#) [\[Original Source\]](#)