

IDB Invest and JICA announce US\$1b fund

THE private-sector arm of the Inter- American Development Bank, IDB Invest, and the Japan International Cooperation Agency (JICA) have announced a US\$1 billion contribution from JICA to establish the JICA Trust Fund for Achieving Development in Latin America and the Caribbean (TADAC).

'This landmark initiative-the agency's first private-sector fund with the IDB and its largest private sector fund in Latin America and the Caribbean-aims to catalyse greater private investment by co-financing projects that drive sustainable growth,' a release stated.

IDB Invest stated that as Latin America and the Caribbean face a growing financing gap, it is adopting an 'originate-to-share' business model.

This model, it said, emphasises collaboration and co-financing with other development institutions to mobilise private investment and maximise capital efficiency.

The TADAC Fund will further strengthen these efforts, it stated.

'In this context, the TADAC Fund will provide IDB Invest with additional resources, streamline co-financing with JICA by reducing duplication, and leverage IDB Invest's expertise. Additionally, subject to mutual agreement, the Fund has the potential to expand to US\$1.5 billion after three years,' it stated.

'The TADAC Fund aligns with IDB Impact+, a new approach that unifies the work of the IDB, IDB Invest and IDB Lab under one goal to increase our impact and scale, while enabling private sector investments, promoting innovation, and increasing the financing capacity of IDB Invest,' the release stated.

'This US\$1 billion fund represents a historic milestone in our ongoing partnership with JICA-the agency's first private-sector fund with the IDB and its largest private-sector fund in Latin America and the Caribbean. By leveraging our combined resources and expertise, we are poised to drive transformative change across Latin America and the Caribbean. This initiative will not only catalyse private investment but also foster sustainable development, innovation, and economic growth in the region,' said IDB President Ilan Goldfajn.

Dr Akihiko Tanaka, president of JICA, emphasised the importance of this collaboration, stating that 'JICA is committed to supporting private-sector efforts to solve the deep-rooted social issues in Latin America and the Caribbean. This investment in partnership with IDB Invest will contribute to closing the financial gap to achieve the SDGs in the region.'