

## **Ex-Ante Evaluation (for Private Sector Investment Finance)**

### **Private Sector Investment Finance Division 2**

### **Private Sector Partnership and Finance Department**

### **Japan International Cooperation Agency**

#### **1. Name of the Project**

- (1) Region: Latin America and the Caribbean (hereinafter referred to as "Latin America")
- (2) Project Name: Biodiversity Conservation Project (hereinafter referred to as "the Project")
- (3) Investee Name: EcoEnterprises Partners IV, L.P. (hereinafter referred to as "EE IV")
- (4) Signing Date: August 28, 2025

#### **2. Background and Necessity of the Project**

##### **(1) Current Status and Challenges of the Biodiversity Sector in Latin America and the Priority of the Project**

Over 30 million species of living organisms exist on Earth. These organisms are interconnected, supporting each other directly and indirectly, and this interconnectedness is termed "biodiversity" (Ministry of the Environment, 2023). This diversity of life and its interconnectedness, together with non-living elements like soil, air, and water, constitutes "natural capital" (PwC, 2023). Humanity relies on this natural capital as its foundation for survival. According to the World Economic Forum (WEF), it is estimated that approximately \$44 trillion in economic value—equivalent to over half of global GDP—is derived from natural capital (WEF, 2020). Conversely, biodiversity has been rapidly declining since the Industrial Revolution due to industrialization, global population growth, and agricultural expansion. Notably, Latin America and the Caribbean, while boasting some of the world's richest biodiversity, have experienced particularly severe losses. The Amazon rainforest, often called a treasure trove of biodiversity, is said to have lost or degraded over 17% of its total area in the past 50 years (WWF, 2024), an area equivalent to about 2.5 times the size of Japan. If biodiversity loss continues at this pace, it could have severe impacts on human society, including accelerated climate change, difficulties in food production and raw material procurement, increased emergence of infectious diseases like malaria and COVID-19, and destruction of living infrastructure for the poorest populations. For example, the Amazon rainforest absorbs 1.4 billion tons of carbon dioxide annually (1.2 times Japan's annual GHG emissions) (Yuanwei et al., 2021),

significantly contributing to climate change mitigation. However, if destruction continues unabated, it is feared this could lead to a vicious cycle: intensified droughts and forest aridity triggering more frequent and larger wildfires, which in turn drive further deforestation (WWF, 2024).

In light of this situation, the Conference of the Parties to the Convention on Biological Diversity (COP15) adopted the Kunming-Montreal Global Biodiversity Framework (GBF) in 2022. This new global biodiversity target sets the direction to halt biodiversity loss and achieve "Nature Positive" by 2030, putting nature on a path to recovery. The GBF sets a 2050 vision of "a world in harmony with nature," establishing four goals: maintaining, enhancing, and restoring ecosystem health; closing the global biodiversity financing gap of \$700 billion annually (as of 2022); conserving 30% of land and sea (commonly known as "30 by 30"); reducing environmental pollutants, and increasing participation in decision-making by women, children, indigenous peoples, and local communities, among 23 targets. The aforementioned GBF aims to mobilize \$200 billion annually globally from all sources of funding, both domestic and international, public and private. One method for achieving this is stated as "encouraging private sector investment in biodiversity, including through leveraging private capital, promoting blended finance, implementing strategies to raise additional funds, and utilizing impact funds and other instruments."

Amidst this landscape, EcoEnterprises Impact Management, LLC (hereinafter "EcoEnterprises"), the manager of the Investee, is a pioneer in impact investing within the biodiversity conservation sector. EcoEnterprises founder Tammy Newmark has championed "Investing for the Planet" for over 25 years, providing investment and financing to companies contributing to biodiversity conservation, restoration, or the mitigation and elimination of negative impacts. EcoEnterprises primarily invests in companies implementing projects that directly or indirectly benefit the 23 targets defined by the Global Biodiversity Framework (GBF), such as regenerative agriculture, agroforestry, and ecotourism. It supports companies' access to capital by providing tailored financial products suited to the growth stage and needs of its portfolio companies. Furthermore, it enhances the sustainability and added value of its portfolio companies by providing technical support for developing ESG policies, impact measurement, and promoting gender equality. The Project contributes to biodiversity conservation by supporting companies engaged in biodiversity-conserving activities through investments in funds managed by EcoEnterprises.

## **(2) Japan and JICA's Cooperation Policies for the Relevant Sector and the Positioning of the Project**

The Japan's Development Cooperation Policies for Colombia, Brazil, and Costa Rica—the primary target countries for this fund's investments—all incorporate environmental conservation and climate change measures related to biodiversity. The "Support Program for Building an Environmentally Harmonious Society" within the Country Development Cooperation Policy Project Implementation Plan for Colombia states: "We will promote the formation of a sustainable, environmentally harmonious society through the utilization of renewable energy, conservation and management of forest ecosystems, and reduction of greenhouse gas emissions." The "Environmental Conservation" section of the Project Implementation Plan of the Development Cooperation Policy for Brazil states: "To promote sustainable development, including forest and natural environment conservation, we will provide support that contributes to curbing illegal logging and advancing forest and natural environment conservation in Brazil. The Development Cooperation Policy for Costa Rica states: "Support will be provided for mitigating and adapting to risks such as climate change, biodiversity loss, and marine environmental pollution; strengthening disaster prevention capabilities; transitioning to a circular economy model for waste and sewage treatment; and creating new economic opportunities associated with this transition."

In JICA's Global Agenda, under "Natural Environment Conservation" and the "Natural Environment Conservation Cluster Project Strategy," emphasis is placed on projects for the conservation and restoration of the natural environment, increasing development effectiveness through the utilization of ecosystem services, and collaboration with external funding sources. In Latin America and the Caribbean, several biodiversity conservation projects have been implemented, including the "Project for Capacity Development on Integrated Management and Conservation of Biodiversity at regional level in SICA Region"(2019–2024) and the "Project for improving control of illegal deforestation through advanced SAR and AI technologies in the Brazilian Amazon project" (2021-2026). Based on the above, the Project aligns with Japan's and JICA's support policies.

### **3. Project Description**

(1) Project Objectives: The Project invests in a fund that provides loans and

equity to companies that undertake biodiversity conservation projects in the region. This improves these companies' access to financing and supports their sound business growth. Through this, the Project intends to contribute to the promotion of biodiversity conservation in Latin America and the Caribbean.

- (2) Target Area: Latin America and the Caribbean
- (3) Project Components: Through investment in EE IV, managed by EcoEnterprises as fund manager, loans and investments will be provided to companies in Latin America and the Caribbean engaged in activities that contribute to biodiversity conservation.
- (4) Estimated Total Project Cost: \$150 million
- (5) Project Implementation Structure:  
Investee: EcoEnterprises Partners IV, L.P.
- (6) Cooperation and Role Sharing with Other Donors: JICA co-invests in EE IV with MDBs/DFIs such as IDB Invest, IFC, Findev (Canada), FMO (Netherlands), SIFEM (Switzerland) and Proparco (France).
- (7) Environmental and Social Considerations, Cross-cutting Issues, and Gender Classification
  - 1) Environmental and Social Considerations
    - ① Category Classification: FI
    - ② Reason for Categorization: Sub-projects cannot be specified prior to JICA's approval for financing, and they may have environmental impacts under the JICA Guidelines for Environmental and Social Considerations (January, 2022). For the Project, EE IV has agreed to classify each subproject into a category based on the EcoEnterprises Environmental and Social Management System (ESMS) and the JICA Environmental Guidelines, to implement necessary measures for the applicable category, and to exclude Category A subprojects.
  - 2) Cross-cutting Issues: Climate Change and Biodiversity Conservation  
EE IV has a plan to invest in companies undertaking projects that contribute to biodiversity conservation as well as climate change mitigation and adaptation. Since it also plans to measure GHG emission reductions achieved by the invested companies, the Project has the potential to contribute to biodiversity conservation (primary objective), climate change mitigation (primary objective), and adaptation (secondary objective). Furthermore, the plan aligns with the targets set in the Paris Agreement-based Nationally Determined Contributions (NDCs) of the countries targeted for investment.

3) Gender Classification: GI(S) (Gender Activities Integrated Project)

<Reason for Classification> This fund has a policy to invest in companies that contribute to reducing disparities and promoting social equality for socially vulnerable groups such as women, indigenous peoples, and small-scale local farmers. It provides technical support to investee companies for advancing gender equality and sets a target to invest in companies meeting the 2xChallenge criteria for at least 50% of its portfolio by the fund's end. Furthermore, the Project intends to apply for 2x Challenge certification as it meets the following criteria: Requirement 1: Founders/Ownership (100% of shares held by women as General Partner/Fund Manager), Requirement 2: Leadership (100% of Managing Partners are women), and Requirement 6: Portfolio (at least 50% of investments are in companies meeting the 2x Challenge criteria by the fund's end).

(8) Other Special Notes: None.

**4. Targeted Outcomes**

**(1) Quantitative Effects:**

Indicator Name	Baseline (March 2025) [Actual Value]	Target Value (2034) [One year before fund termination]
Number of Invested Companies	0	[To be determined upon Final Closing Date]
Total Fund Investment Amount (USD million)	0	[To be determined upon Final Closing Date]
Area conserved/managed sustainably by portfolio companies and suppliers(acres)	[To be determined upon selection of investee companies]	[To be determined upon selection of investee companies]
Amount of waste reduced or upcycled by investee companies and suppliers (tons)	[To be determined upon selection of investee companies]	[Determined at the time of investment/lending decision]
GHG emissions reduced by investee companies (tons)	[Determined at the time of selecting investment/lending companies]	[Determined at the time of investment/lending decision]

Number of Direct Employees at Investee Companies (persons)	[Determined at the time of selecting the investee company]	[Determined at the time of selecting the investee company]
Number of beneficiaries employed by the investment/financing recipient company (persons)	[Determined at the time of selecting the investment/financing recipient company]	[Determined at the time of investment/financing decision]
Amount paid to producers by the investment/financing recipient company (USD)	[Determined at the time of selecting the investment/lending recipient company]	[Determined at the time of investment/loan recipient company selection]
Number of 2x Challenge investment/lending recipient companies	[Determined at the time of selecting the investee company]	50% of portfolio companies

Monitoring indicators include: ① Number of companies achieving carbon neutrality, ② Number of companies/organizations utilizing monitoring services provided by portfolio companies.

**(2) Quantitative Effect:** Expanding Indigenous Peoples' and Local Communities' Empathy and Participation in Projects Contributing to Biodiversity Conservation

## 5. Prerequisites and External Conditions

N/A

## 6. Lessons from Past Projects

(1) Evaluation results of similar projects

Evaluations of past private sector investment and financing projects yielded the following lessons: ①the importance of JICA's monitoring for fund performance and impact realization, ②confirmation of basic investment terms for fund portfolio companies, and ③, appropriate portfolio diversification.

(2) Lessons learned for the Project

Regarding point ①, detailed information on the performance and impact realization of investees can be obtained through the submission of quarterly business overviews by the Investee and active participation in LP advisory committees, etc.Regarding point ②, EE IV provides financial products

combining loans and equity investments based on the needs of investees. During the due diligence, EcoEnterprises' investment policy and product strategy were reviewed and it was confirmed that the policy prioritizes loan products while also incorporating equity investments when exit risks are sufficiently mitigated, aiming to balance conservative debt preservation with maximizing investment returns. Regarding ③, this fund involves projects across multiple countries and sectors, thereby mitigating single-country and single-sector risks.

## **7. Evaluation Results**

As outlined above, the Project aligns with the development challenges, development policies, and Japan's cooperation policy in the Latin America and Caribbean region. Its necessity is recognized, the project plan is appropriate, and its prospects for achievement are sufficient. Therefore, the significance of supporting it through private sector investment and financing is high.

## **8. Future Evaluation Plan**

- (1) Indicators for Future Evaluation: As described in Section 4.
- (2) Future Evaluation Schedule: Post-project evaluation scheduled for 2034.

End