

## 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
- (2) Project Name: Project for Supporting Startup Incubation
- (3) Investee Name: Canary IV, L.P.(Canary IV)
- (4) Signing Date: December 29, 2025

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

- (1) Current Status and Issues of the Private Sector Development and the Priority of the Project in Latin America and the Caribbean

Per-capita GDP in the Latin America and the Caribbean (LAC) region stands at USD 10,240, which is relatively high among developing regions (for reference: Southeast Asia USD 5,950; South Asia USD 2,710) (IMF, 2025). Many countries in the region have grown to reach at least the middle-income category defined by the OECD. At the same time, the region continues to face persistent development challenges, including, slowing economic growth, income inequality, low labor productivity, poor financial access, gender disparities, a high share of the informal sector, and vulnerability to climate change and natural disasters (ECLAC, 2024). With respect to financial access, the number of adults holding bank accounts (per 100 adults) is less than half that of emerging Asian economies. Both the ratio of borrowing from and deposits with commercial banks to GDP remain at levels comparable to Sub-Saharan Africa and are significantly lower than the average for emerging and developing economies worldwide (IMF, 2024). The SME and microenterprise finance gap reaches USD 1.8 trillion (IDB, 2023). As public-sector institutions and existing private companies have been unable to fully address these longstanding development challenges, innovative startups are increasingly expected to play a critical role in providing solutions.

In Brazil—the largest market in the Latin America and the Caribbean region—the structural conditions of significant income inequality and a market environment characterized by limited competition due to oligopolistic practices have historically resulted in many services being provided primarily to affluent consumers and large corporations. For example, in 2015, approximately 64% of the population held a bank account, and 52 million people, about 25% of the population, possessed a credit card. Since then, fintech companies offering credit services that can be completed entirely via smartphone, as well as low-cost payment platforms for small and medium-sized enterprises, have expanded their operations. By 2022, the share of the population with a bank account had risen to approximately 82%, and the number of credit card holders increased to 82.1 million around 38% of the population. Startups have increasingly played an important role in delivering various social services to low-income groups, SMEs, and individual entrepreneurs by leveraging technology to provide services at low cost (JETRO, 2024).

Considering this situation, many countries in Latin America and the Caribbean have introduced policies to promote startup development. In Brazil's multi-year plan (2024–2027), which consolidates priority policies into a medium-term government agenda, industrial promotion is identified as a key priority. The plan encourages public–private partnerships and advances the necessary investments to foster innovation, including in the digital sector. Additionally, the Brazilian Trade and Investment Promotion Agency (Apex-Brasil), the Israel Export and International Cooperation Institute, JETRO, and other organizations have jointly operated the “Scale Up in Brazil” program since 2021 to support the expansion of foreign startups—including those from Japan, Israel, and Singapore—into the Brazilian market. Several Japanese startups, particularly in fields such as agritech and fintech, have participated in the program. Mexico's National Development Plan (2019–2024) positioned innovation promotion and startup support as priority areas for economic development. In the new national strategy “Plan Mexico,” part of the National Development Plan for 2025–2030, emphasis continues to be placed on encouraging private investment, new business creation, micro, small, and medium-sized enterprise development, and the advancement of innovation.

Under these circumstances, the importance of investment funds that are rooted in the region and provide sustained managerial and financial support to startups—thereby contributing to the development of the startup ecosystem—has been increasing. However, in 2024, while Latin America and the Caribbean accounted for 8% of the world's population and 6% of global GDP, the region represented only 1.4% of global startup investment (compared with India's 4.5%). Furthermore, due to factors such as U.S. dollar interest rate hikes and the situation in Ukraine, the amount of startup investment in the region has declined significantly, from USD 16 billion in 2021 to USD 4.5 billion in 2024.

In this context, the project aims to contribute to the development of the startup ecosystem and the resolution of social issues in Latin America and the Caribbean by investing in startup-focused funds—primarily those targeting seed-stage enterprises—to improve financial access for startups and support their business expansion.

## (2) Japan's and JICA's Cooperation Policies for the Private Sector in Latin America and the Caribbean and the Positioning of this Project

In Japan's Country Development Cooperation Policy for Brazil (March 2025), the basic policy is defined as “Cooperation for sustainable development in Brazil and the enhancement of mutually beneficial partnership to solve global issues.” The policy emphasizes collaboration with a diverse range of partners—including the mobilization of private capital—to address global issues such as the environment, climate change, and disaster risk reduction, as well as Brazil's domestic challenges, including regional economic disparities, poverty gaps, and delays in infrastructure development. Furthermore, during President Lula's visit to Japan in March 2025, he and Prime Minister Ishiba reaffirmed their commitment to further strengthening and revitalizing the Japan–Brazil Strategic Global Partnership. The two leaders announced the “Japan–Brazil Strategic Global Partnership Action Plan 2025–2030,” pledging to advance cooperation

between the two countries in the areas of “economy, investment, and trade” to further promote socioeconomic development in both nations.

In JICA’s Country Analysis Paper for Brazil (March 2025), JICA sets forth a policy to promote collaboration with diverse partners and the use of various cooperation schemes, including the mobilization of private capital. In addition, JICA’s Global Agenda on “Private Sector Development” and the Cluster Program Strategy on “Supporting Startup Ecosystem Development for Innovation” place a strong emphasis on supporting entrepreneurship aimed at generating innovation, thereby fostering business models and industries that contribute to addressing social challenges. These frameworks highlight, in particular, the importance of strengthening key components of the startup ecosystem such as “talent and human resources (entrepreneurs and employees)” and “venture/angel capital.” Moreover, in partnership with IDB Lab, JICA supports the expansion of Japanese startups into the Latin America and Caribbean region through the TSUBASA Program. In this project, local fund managers—who possess extensive experience and networks in the region—are expected to provide support to Japanese companies selected under the TSUBASA Program. Japan’s national policy also aims to realize a robust economy through growth-oriented investment, and initiatives such as the “Japan Growth Strategy Council” identify startup development involving both domestic and international actors as a priority area. Accordingly, this project aligns with these national policy directions.

For these reasons, the proposed project is consistent with these policy frameworks, as it contributes to the development of the startup ecosystem and the resolution of social issues in the Latin America and Caribbean region, while also complementing JICA’s existing startup support initiatives.

### **3. Project Description**

(1) Project Objectives

The objective of the Project is to improve startups’ financial access and develop their products/services by investing in a fund, thereby contributing to develop startup ecosystem and solve social issues in Latin America and the Caribbean region.

(2) Target Area: Latin America and the Caribbean (hereafter referred as “Latin America”)

(3) Project Components: Investment in startups in Latin America through an investment in Canary IV, managed by Cnry Management LTDA (Canary).

(4) Estimated Project Cost: \$150million

(5) Project Implementation Structure:

Investee: Canary IV L.P.(Canary IV)

(6) Collaboration and Sharing of Roles with Other Donors: Collaboration with existing cooperation is expected as mentioned above. JICA co-invests in Canary IV with IFC and IDB Lab.

(7) Environmental and Social Considerations

1 Category classification: C

2 Reason for Categorization: The Project is likely to have minimal adverse impact on the environment under the JICA Guidelines for Environmental and Social Considerations (January, 2022).

- (8) Cross-Sectoral Issues: N/A
- (9) Gender Classification: GI(S) (Gender Activity Integration Case)  
<Details of Activities/Reason for Categorization> This project addresses gender-related challenges in Latin America and the Caribbean—such as the low representation of women among business owners and board members, as well as the difficulties faced by women founders in raising capital—by establishing the “proportion of investee companies led by women” as an operational performance indicator through JICA’s investment, with the parties having already agreed to pursue improvements in this indicator.
- (10) Other notes: N/A

#### **4. Targeted Outcomes**

##### (1) Quantitative effects

The following indicators are set:

- Number of investee companies
  - Number of investee companies with at least one female (co-) founder
  - Percentage of female led portfolio companies
- Number of direct beneficiaries (persons)
- Number of jobs created by investee companies (persons)
- Number of jobs created for women by investee companies (persons)
- Total investment amount (USD million)

##### (2) Qualitative Effects

Business expansion and management stability of investee companies; development of the startup ecosystem in the Latin America and Caribbean region; and improvement of social challenges, including the promotion of gender equality within startup enterprises.

#### **5. External Factors and Risk Control**

N/A

#### **6. Lessons Learned from Past Project**

##### (1) Evaluation results of similar projects

Past ex-post evaluations of JICA’s overseas investment and loan fund projects have provided the following lessons:

- i. the need to establish and agree upon impact indicators that enable verification of fund-level effectiveness;
- ii. the importance of confirming the investment conditions of the fund, including the selection process for sub-projects; and
- iii. the necessity of ensuring proper monitoring of development impacts based on the agreed indicators.

##### (2) Lessons Learned for the Project

Based on the evaluation results of similar past fund -investment projects, this project has taken the following measures: For points (i) and (iii), the project reviewed the impact indicators established by IFC and IDB Lab, as

well as the portfolio monitoring items used by Canary, and agreed upon a set of development impact indicators that can be reliably monitored.

For point (ii), the project confirmed that Canary systematically selects investee companies by conducting quantitative and comprehensive assessments of founders, business models, and other relevant factors to identify enterprises with strong growth potential.

#### **7. Evaluation Results**

As described above, the Project is in line with the development issues and policies of the Latin America and Caribbean region as well as Japan's cooperation policy. The Project also has an appropriate project plan with a good prospect of achievement. Therefore, the necessity of the project is recognized and it is highly significant to support this project through Private Sector Investment Finance.

#### **8. Plan for Future Evaluation**

- (1) Indicators to be Used  
As described in 4.
- (2) Future Evaluation Schedule  
Ex-post evaluation is scheduled for 2033.

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