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| **Host Country(ies)** | Latin America, with a primary focus on Brazil (UMIC), Colombia (UMIC), Peru (UMIC), and Mexico (UMIC)[1] |
| **Name(s) of Fund** | PI Fund V (Ontario), L.P. (together with related investment vehicles, the "Fund") |
| **Name of Fund Manager** | PI General Partner V Ltd. ("Patria") |
| **Project Description** | The Fund is targeting investments in infrastructure sectors in Latin America that align with DFC's and the U.S. Government's priorities to mitigate climate change and address the financing gap to develop needed infrastructure in Latin America. The Fund will be managed by an experienced team with a long track record of delivering financial, climate (including in the renewables sector), and developmental returns. |
| **Proposed DFC Loan/Guaranty/Equity Investment** | Up to $75 million |
| **Target Fund Size** | $2,500 million |
| **Policy Review** | |
| **Developmental Objectives** | Climate change represents a major challenge to the current and future well-being of Latin America, warranting increased investments in climate mitigation and adaptation infrastructure. The region faces an infrastructure funding gap of approximately $150 billion annually,[2] with low investment levels leading to deteriorating infrastructure across sectors and geographies. Although the region accounts for only 10% of global greenhouse gas emissions, it experiences a disproportionate impact caused by global warming, including landslides, flooding, coastal erosion, and drought.[3] With energy and transportation infrastructure comprising the vast majority of greenhouse gas emissions,[4] large investments are needed across these sectors to reduce overall emissions and allow populations to adapt to increasingly climate-vulnerable environments. It is estimated that $2.2 trillion is needed across energy, transportation, telecommunications, and environmental services for Latin America to meet the United Nations Sustainable Development Goals by 2030.<br><br>To address these challenges, the Fund is expected to have a positive impact in Latin America by providing much needed capital to greenfield contracted infrastructure projects across power and energy, transportation and logistics, digital infrastructure, and environmental |

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| | services that help to address climate change. Patria will build on its previous expertise to make control or co-control investments that allow for strategy and operating influence over its investments. Given the Fund's characteristics, it is categorized as Highly Impactful per DFC's Impact Quotient. |
| **Environment and Social Assessment** | **Screening:** Financial Intermediaries ("FI") with downstream investments that pose high environmental and social risks are screened as Category FI-A for the purposes of environmental and social assessment. Downstream investments made by the FI will still be screened for categorical prohibitions and subject to DFC's public disclosure requirements for Category A projects.<br><br>Climate change resilience assessments for FI projects are not required under DFC's policies. However, the FI will be required to include climate change resiliency assessments for any Category A projects as part of the ESIA process.<br><br>**Applicable Standards:** Under DFC's ESPP, the FI is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation's Performance Standard ("PS") 1 and 2.<br><br>An on-site due diligence assessment indicates that because the Project involves an investment in a financial intermediary, significant adverse impacts with respect to community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples and cultural heritage are not anticipated. Therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered by DFC's investment; however, DFC's ESPP requires the FI to maintain an ESMS that appropriately identifies, assesses, manages, and monitors risks with respect to the IFC Performance Standards the General and Sector-specific EHS Guidelines. It is anticipated that the FI's subprojects may trigger the following PS: 1, 2, 3, 4, 5, 6, 7, and 8.<br><br>Because the FI will invest in Category A subprojects, where that categorization is triggered, DFC will require that ESIAs for these be submitted and disclosed by DFC for public comment.<br><br>**Environmental and Social Risks and Mitigation:** Key risks associated with the Project include the need for rigorous E&S management system and organizational capacity at the Fund to oversee a portfolio of medium to high-risk projects inclusive of supply chains that carry elevated labor risks under IFC Performance Standard 2. The Fund has previously worked with DFI LPs and their E&S requirements and has developed an ESMS, but with enhancements needed to fully comply with the IFC PS. The Fund has an established procedure for risk categorization, screening, |

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| | due diligence, and monitoring of environmental, social, health and safety risks for its projects. The Fund's ESMS requires that E&S risks be monitored, with oversight by the Fund, but the Fund will need to strengthen this requirement. The E&S team comprises a head of ESG and six E&S team members and data analysts. DFC's due diligence indicates that the Fund has E&S documentation and procedures but needs additional E&S capacity commensurate with the scale and nature of the Fund's downstream investments, which should be completed through adequate training of staff both within the E&S organization and the investment teams. DFC will monitor the Fund's implementation of the ESMS.<br><br>The Fund will be required to incorporate DFC's categorical prohibitions as part of their environmental and social screening procedures, The Fund will be required to provide annual monitoring throughout the DFC investment. The Fund's HR management is governed by Patria's requisite HR policies and procedures. However, to further strengthen its workforce management and ESMS, the Fund will need to update aspects of these policies and procedures in line with IFC Performance Standards 1 and 2. |

[1] The Fund also has a primary focus on Chile (HIC), and DFC will ensure that it can be treated as an excused investor in all portfolio projects in Chile.

[2] Wilson Center, Latin America Must Prioritize Infrastructure to Spur Economic Growth, 13 March 2023.
[3] Development Bank of Latin America and the Caribbean. Effects of Climate Change in Latin America and the Caribbean. November 21, 2023.
[4] U.S. EPA, Sources of Greenhouse Gas Emissions, Accessed 29 April 2024.