



The Innovation and Venture Arm of the IDB Group

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Natalia Laguyás – September 2024

IDB Group

Improving lives in Latin America
and the Caribbean through...



Governments



Private Sector

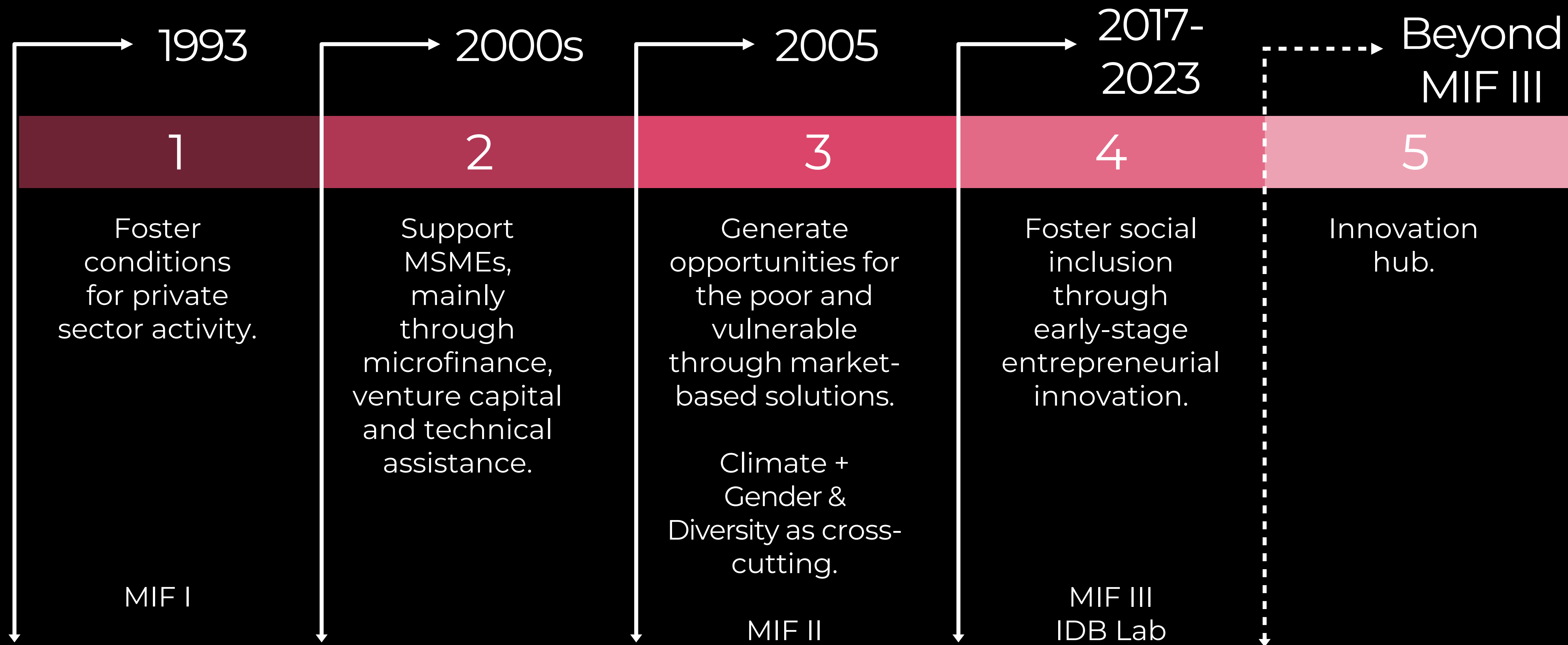


Innovative Entrepreneurs



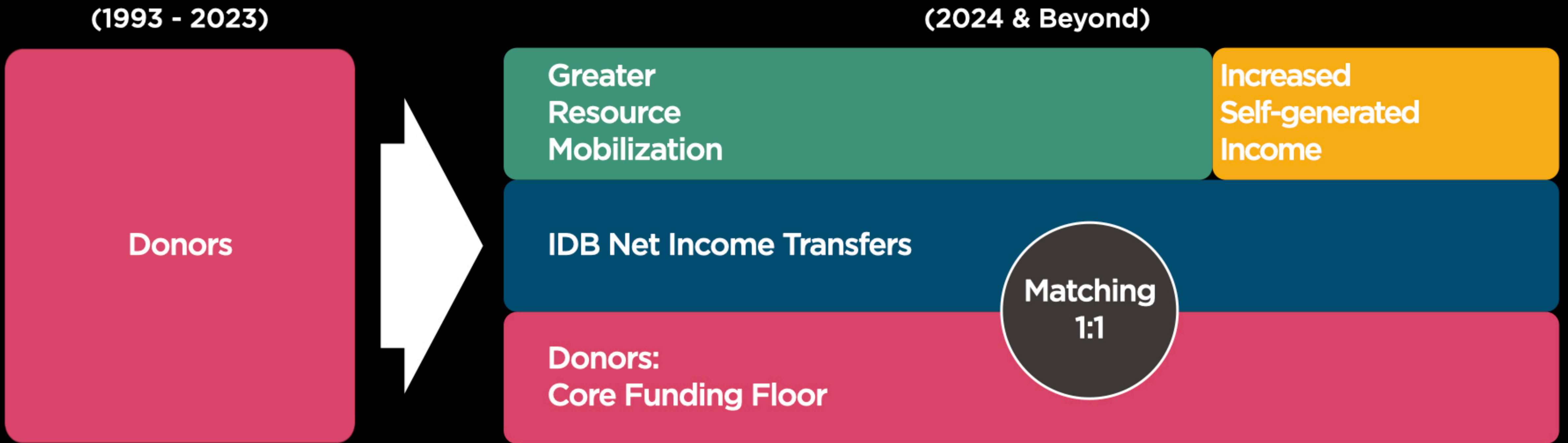
Evolution

IDB Lab has gone through 4 stages in response to evolving needs in the region.



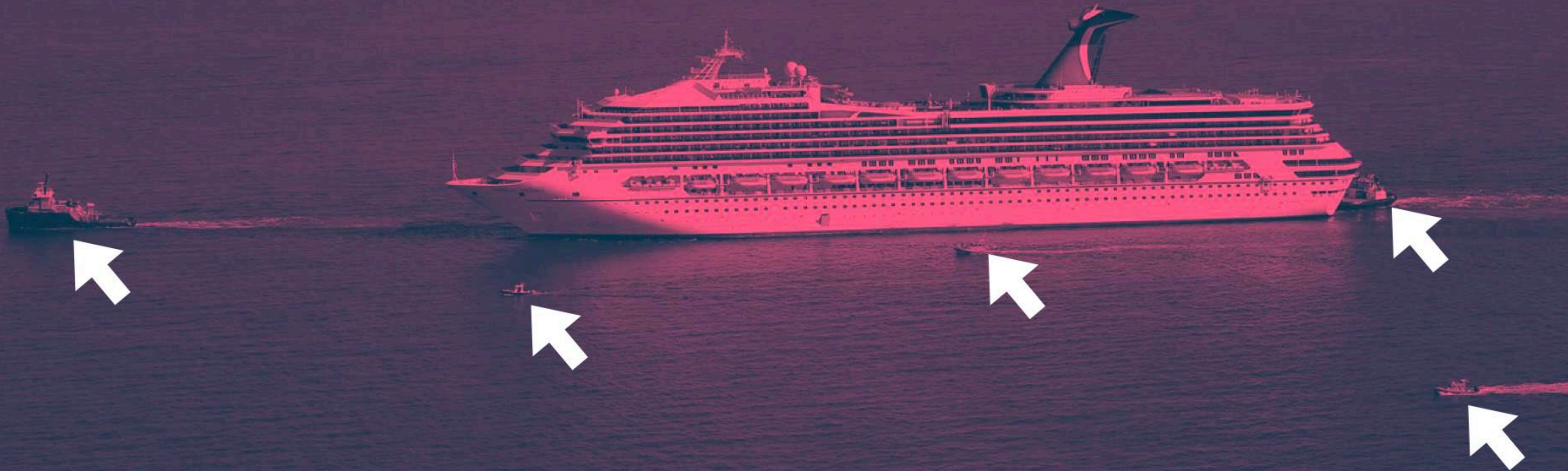
Funding Model Evolution

Towards a multi-source model.



IDB Lab: An Agile Risk-taking Fleet

Reduces risks for the large vessels to pivot towards new frontiers.
Unique innovation role within the IDB Group and among MDBs.



LAC entrepreneurs strive to **discover new ways**
to drive social inclusion, environmental action,
and productivity.

Priorities

WHAT WE DO

Drive early-stage
**entrepreneurial
innovation**



HOW WE DO IT

Supporting
new **technologies**
and biz models



Developing
**entrepreneurship
ecosystems**



WHY WE DO IT

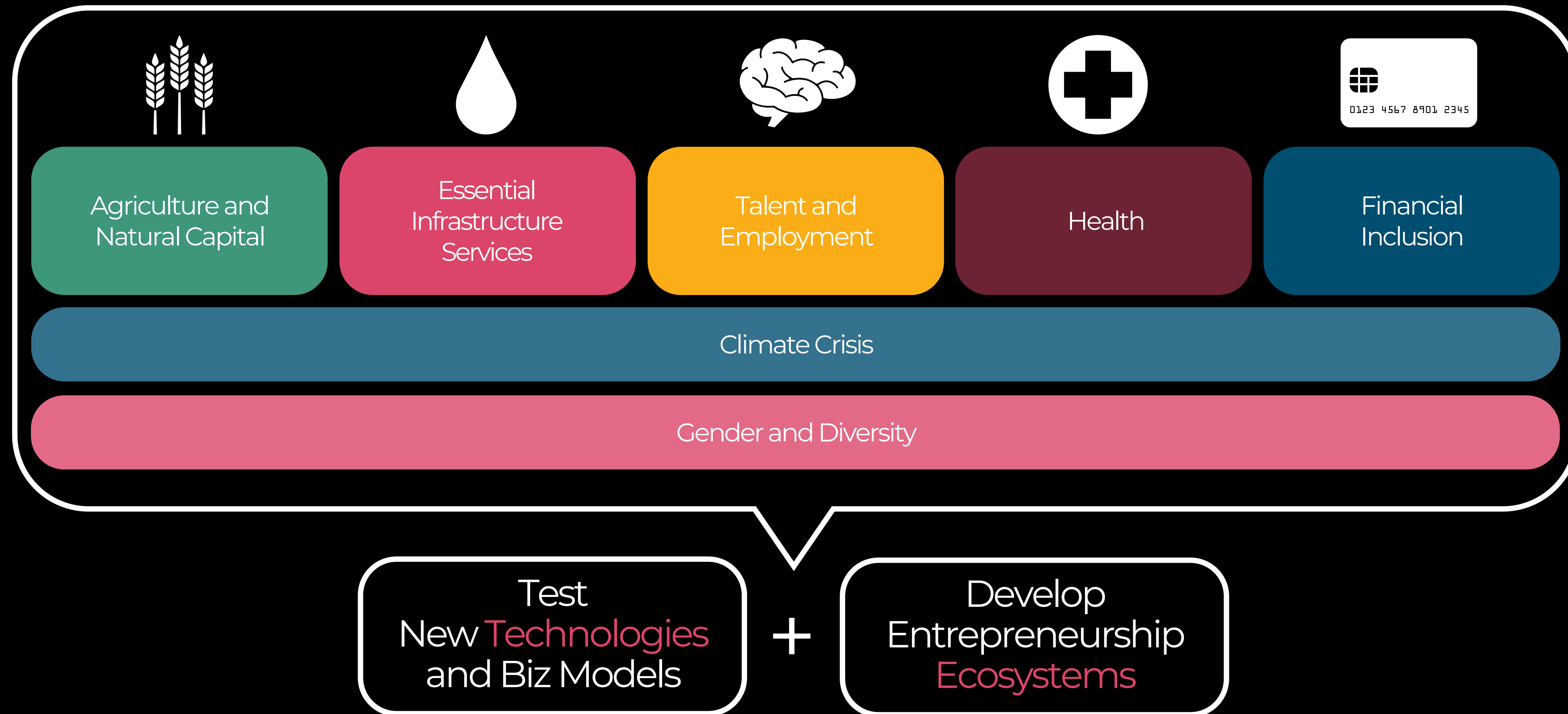
Benefit
poor & vulnerable
populations



Activate
new industries
in frontier markets



Areas of Intervention



Impact

30+ million vulnerable people and 5+ million MSMEs reached in the last 5 years.



Addressing...	% of projects (2022)
Poor and Vulnerable	62%
Gender Equality	72%
Climate Crisis	44%
Small Countries	65%

Scalability (2021)

32%

+16pp vs. 2017

Value Proposition

Financing

Knowledge

Connections

Knowledge + Connections

Driving impact through exchanges with international innovation players and generating practical knowledge for development.

Partnerships					
Platforms/Events					
Publications					

Each ecosystem type of geography and sectoral focus needs tailored assistance

Nascent Ecosystem

Ecosystems are just beginning to form

- Funding comes from random, unstructured sources, and the entrepreneurial spirit is not actively supported.
- The government may have plans but has yet to take significant action to foster innovation.
- Knowledge is mainly imported from other ecosystems, and the local community remains small and closely knit with minimal stakeholder engagement.
- First acceleration and co-working models

Emerging Ecosystem

Show signs of development and increasing support structures

- More structured funding sources, including the second iteration of governmental funding programs and foreign investments.
- Entrepreneurial support mechanisms are diverse and encourage risk-taking among startup founders.
- The government creates advanced ecosystem support programs and startup-friendly policies.
- Community building and access to experienced mentors become more structured, and investment from serial entrepreneurs begins.
- There is a growing presence of R&D centers and multinational corporations, fostering networking among stakeholders

Mature Ecosystem

Have well-established support structures and a diverse funding landscape

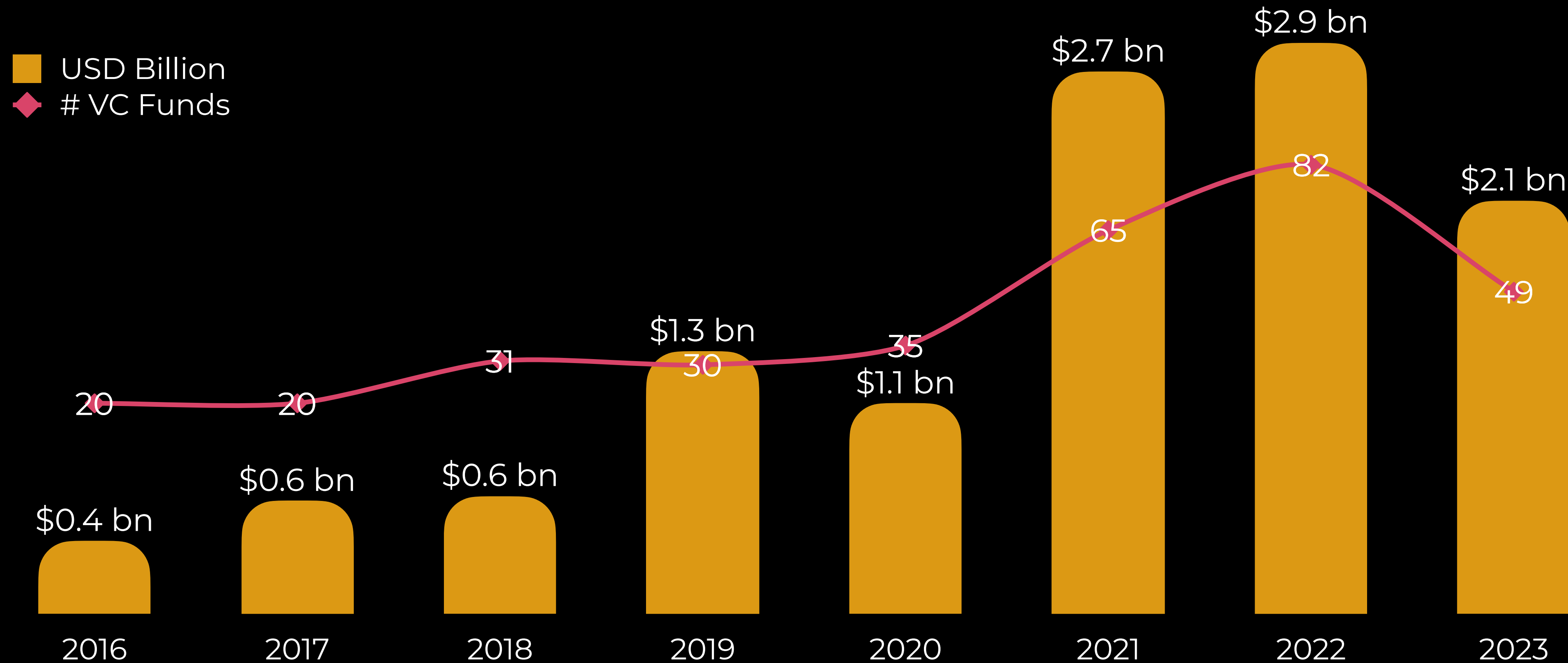
- Including smart money and specialized VC.
- There is a strong entrepreneurial culture with experienced, serial entrepreneurs.
- Government policies are highly supportive, with programs focusing on niche sectors and peripheral development.
- The ecosystem benefits from transparent knowledge sharing, widely available mentorship, and best practices.
- Universities play a significant role, and different stakeholders are well-connected, forming a cohesive and robust innovation environment.

Fragile and High-Risk attributes

Ecosystem Type applies beyond the country level. Within a country, it applies to characterize regions and sectors as well.

LAC stands out as an attractive region for investments

In 2023, LAC fund managers raised \$2.1 bn across 49 VC funds to invest in LAC.



Source: 2024 LAVCA Industry Data.

Untapped growth potential

To increase 5 to 20 fold as LAC's VC ecosystem develops.

VC financing as % of GDP



Source: Pitchbook, IMF, NVCA, LAVCA, IVC, web search. Data as of end of 2023.

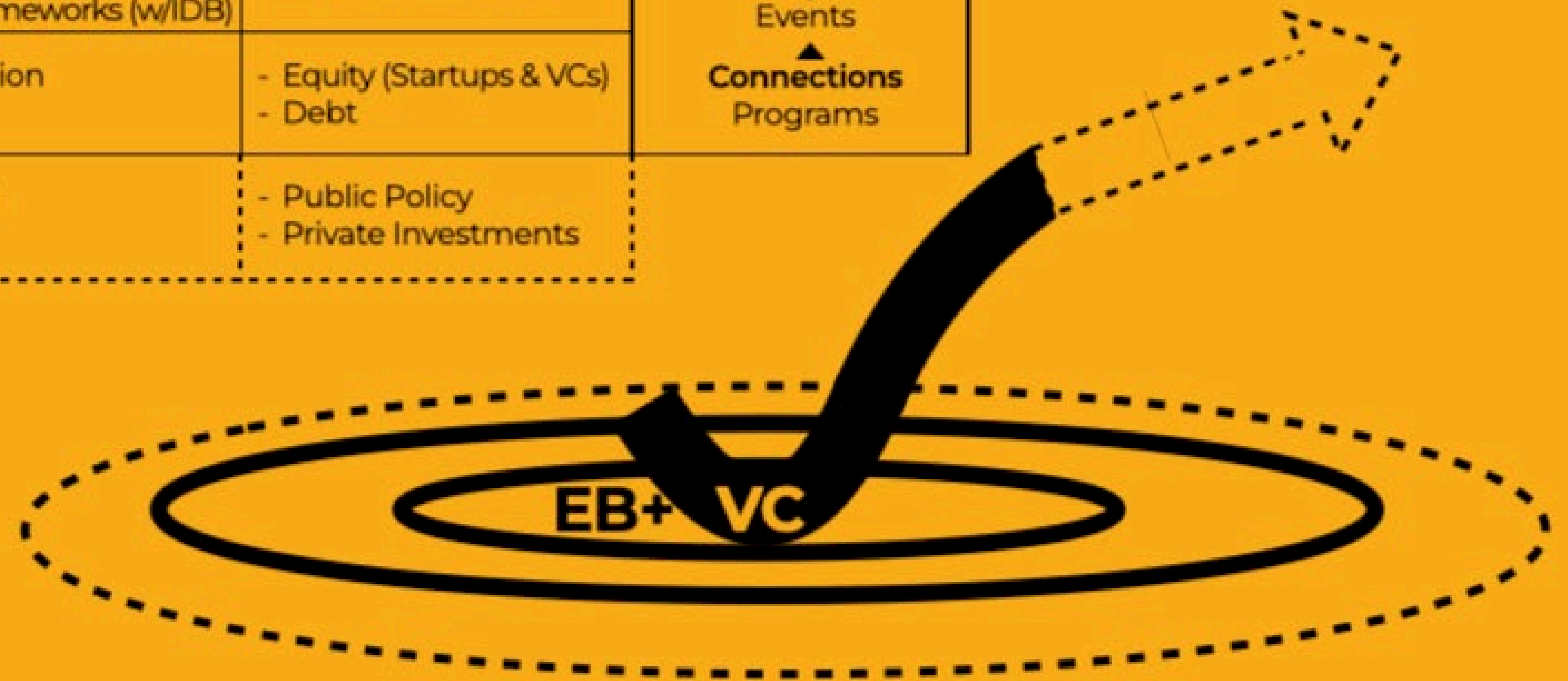
Ecosystem Building (EB) + Venture Capital (VC)

IDB Lab operating model to drive entrepreneurial innovation that improves people's lives.

GOALS	TASKS	FINANCIAL & NON-FINANCIAL OFFER	
Mature & Specialized Innovation Ecosystems	<ul style="list-style-type: none"> - Foster stakeholder diversity - Enable strong networks - Support infrastructure - Drive policy frameworks (w/IDB) 	<ul style="list-style-type: none"> - Grants - Investment Grants 	Knowledge Advisory / Studies ▼ Events ▲ Connections Programs
Robust Solutions Pipeline	<ul style="list-style-type: none"> - Market validation - Early growth 	<ul style="list-style-type: none"> - Equity (Startups & VCs) - Debt 	

Scale Solutions	<ul style="list-style-type: none"> - Expand reach - Late growth 	<ul style="list-style-type: none"> - Public Policy - Private Investments
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 IDB
 IDB | Invest
 + Public and Private Partners



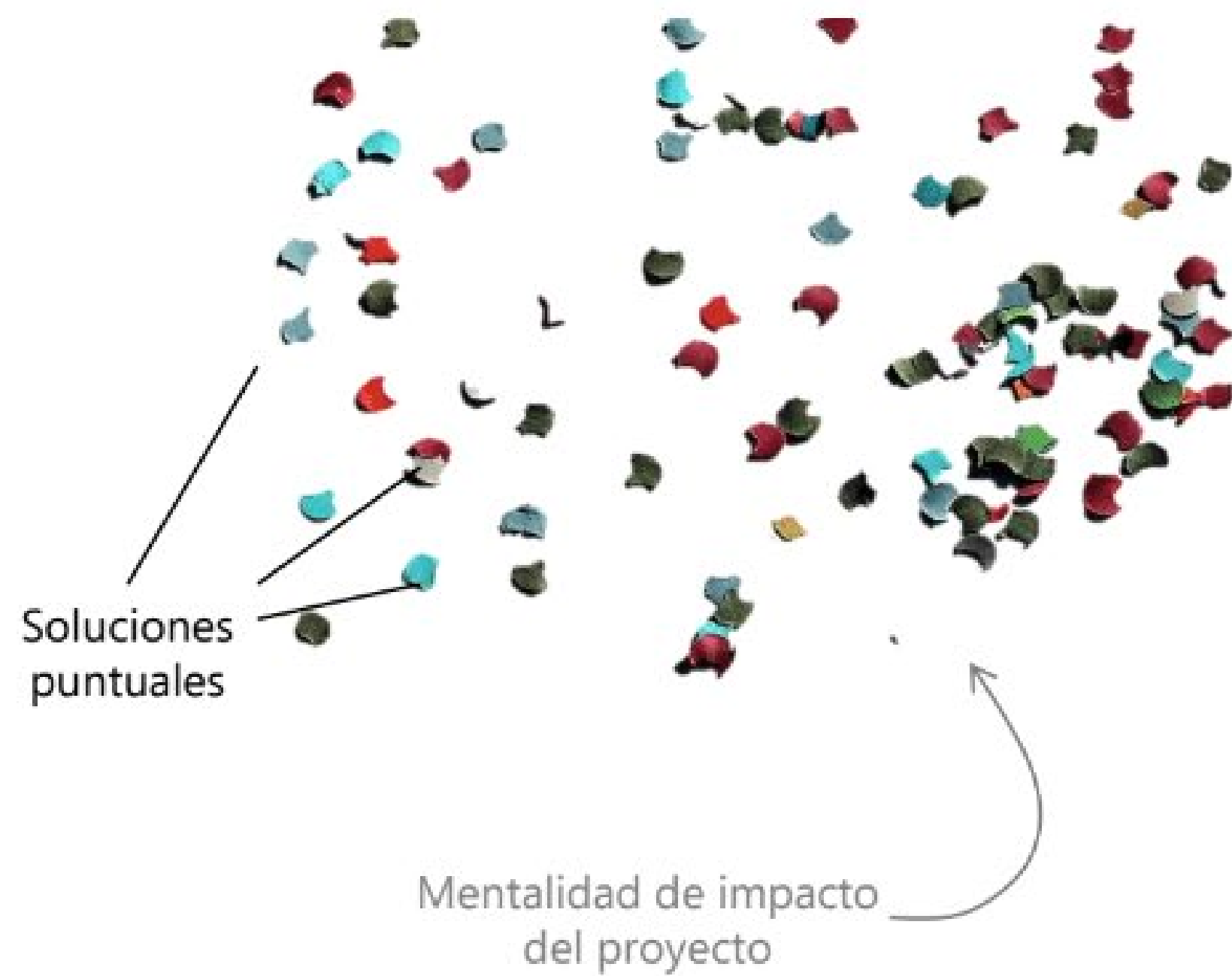
Ecosystem Development Projects

- In partnership with Enterprise Support Organization.
- Focus on specific topics and sectors.
- Non-reimbursable instruments, complemented with contingent recovery funding in some cases.
- Counterpart required to cover the total cost of the project.

ACTIVAR EL ECOSISTEMA

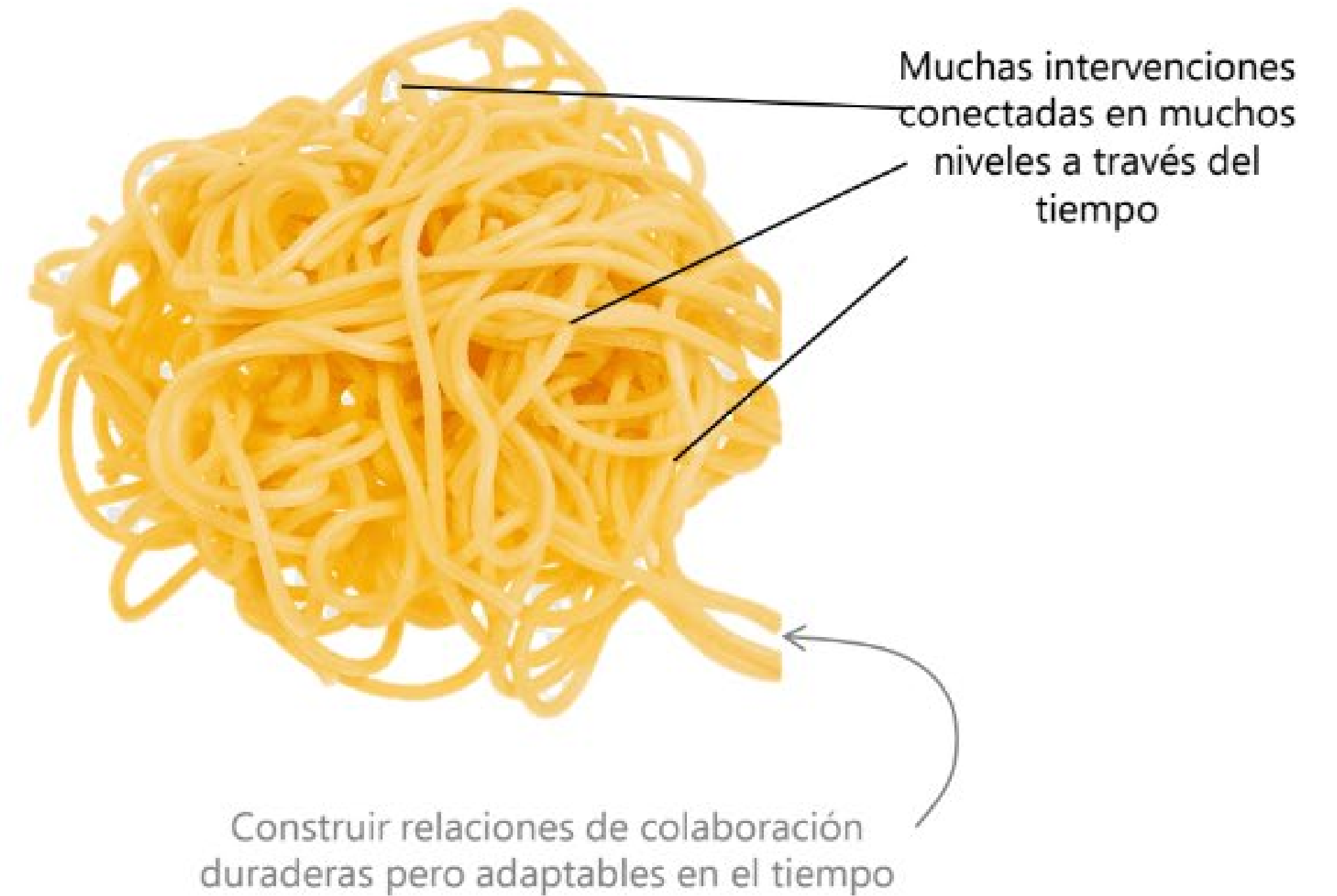
CONFETI

Proyectos y actores aislados



SPAGUETTI

Ecosistemas y portafolios



Fuente: Upcoming Sitra memorándum. Metáfora adaptada de Ingrid Burkett/TACSI



- **Cordoba 2nd startup ecosystem in Argentina**
- Project Objective: **Develop the GovTech innovation ecosystem in Córdoba**
- The Córdoba Smart City Fund is a **public venture capital fund** focus on **high-impact innovative ventures that generate positive benefits for society, the environment and the economy of the city of Cordoba.**
- Complemented with a non-reimbursable Technical Cooperation for **developing specialized acceleration e incubation capacities in local ESO and capacity building in the public sector** for innovation.

VC and the Innovation Financing Cycle



VENTURE CAPITAL

GROWTH CAPITAL/PRIVATE EQUITY

BUSINESS STAGE

FORMS OF FUNDING

Company value →

Business profitability (J-Curve) →

Break even

Stage of company/type of investment

Ideation and proof of concept

Family and friends, angel investors, pre-seed

Initial validation, go-to-market product, market fit

Seed, acceleration

Initial market traction, business consolidation

Late Seed, Series-A

Clear path to growth, revenue generation

Series-A+, Series-B, Venture debt

Scaling up

Series-B or C and beyond
Growth Debt
Potential mergers and acquisitions

Market leadership

Maturity

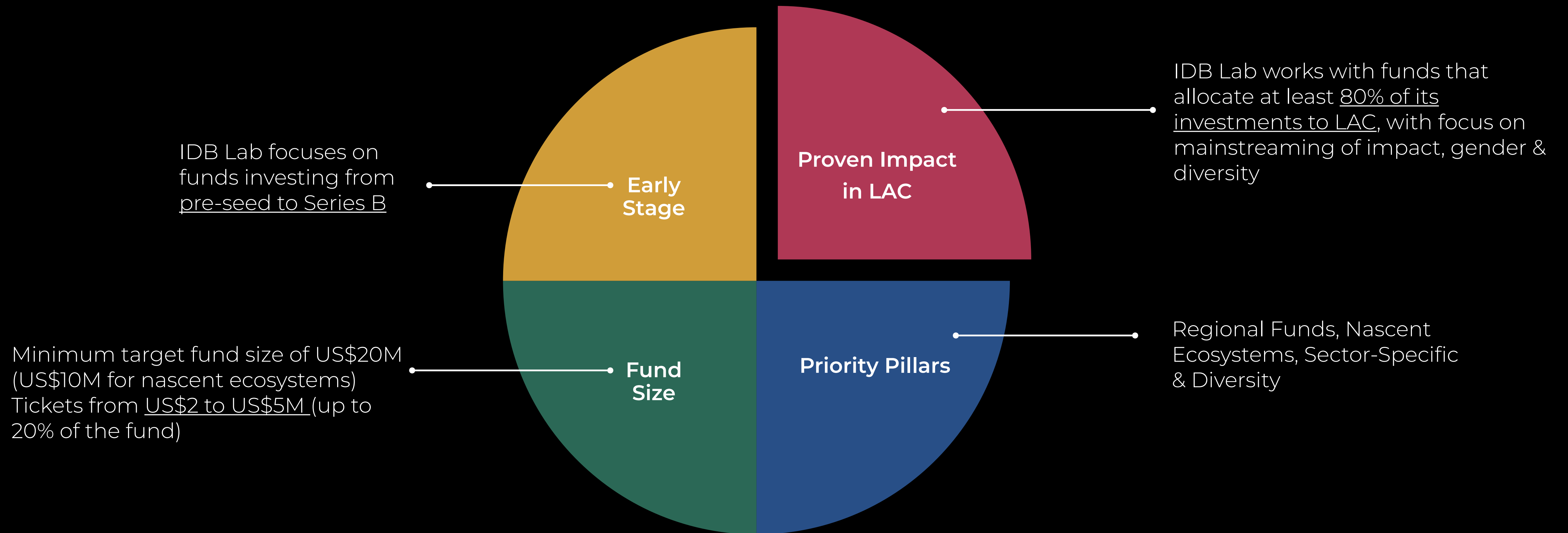
Initial Public Offering (IPO)
Capital markets

“Valley of Death”



VC Funds

Investment thesis.



FUNDS INVESTMENT THESIS

Fund Managers willing to participate in the process must be aligned with IDB Lab's Funds of Funds Investment Thesis

IDB Lab seeks to invest in VC funds aligned with at least one of the following three approaches:

- ▶ **Nascent and Emerging Ecosystems:** Funds investing primarily in nascent or emerging early-stage ecosystems such as Central America, Caribbean, and selected markets in South America -such as Peru, Ecuador, Paraguay, Bolivia, and Uruguay.
- ▶ **Regionalizing Funds:** Funds with regional strategy, which in addition to targeting more developed early-stage ecosystems include nascent or emerging ecosystems to promote regional integration and knowledge transfer from more mature to emerging VC markets within LAC.
- ▶ **Sector Specific Funds:** Funds specializing in high-impact investments and sectors with pronounced structural capital gaps resulting from unmet demand by early-stage entrepreneurs, such as Health/Biotech, Edtech/Workertech, Agtech/Foodtech and Climatetech, among others.



CRITERIA FOR ELIGIBILITY

IDB Lab invests in **tech-focused VC Funds** that comply with:

- ▶ **GEOGRAPHIC FOCUS:** Mandate must be to invest at least 80% of the fund in companies in LAC.
- ▶ **STAGE OF TARGET INVESTMENTS AND MINIMUM FUND SIZE:** Early-stage investment funds (Preseed to Series B investments) with a minimum size of USD 20M. Funds classified under the “Nascent and Emerging Ecosystems” investment thesis, require a minimum fund size of USD 10 M.
- ▶ **TEAM:** Qualified management team with: Track record or experience in making and managing early-stage investments; Experience and presence in LAC region; Full or significant time dedication to the fund; Complementary skills in management team (financial, operational, entrepreneurial, etc); Expertise in eligible sector-related projects and/or companies; Demonstrated ability to source deals from LAC countries, with a relevant pipeline of potential investments; Presence of at least one female member in the GP or relevant committees of the Fund (e.g. Board, Investment Committee or Advisory Committee).
- ▶ **IMPACT MAINSTREAMING AND MEASUREMENT:** Fund manager following a transformational or impact-oriented mission clearly incorporated into the fund’s investment strategy.
- ▶ **GENDER AND DIVERSITY:** Strong commitment or intentions to advance gender and diversity both at the fund manager and portfolio company level.



VC portfolio spans the entire LAC region

IDB Lab has 53 active funds across LAC. Exposure to 850+ startups.



iThink VC

iThink VC “Ignite” is a \$20M venture fund investing in early-stage startups addressing the region’s most pressing challenges, with a special focus on nascent ecosystems.

iThink VC is the first venture capital fund based out of Paraguay.

PROBLEM

Entrepreneurs creating businesses from emerging markets, such as Paraguay and Bolivia, of far from cities with developed ecosystems are the ones who faces the greatest challenges to access to funding.

SOLUTION

iThink VC will invest in up to 30 startups with an initial investment between USD50K to USD500K.



IDB Lab



Revolutionizing water use in agriculture



Digital banking solution for small financial institutions

Equity
(Anchor Investor)
US\$ 3M

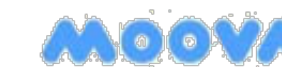


Precision diagnosis of neurocognitive disorders



Fintech BNPL for emerging markets in Latam

Catalytic
Mobilization
US\$ 17M



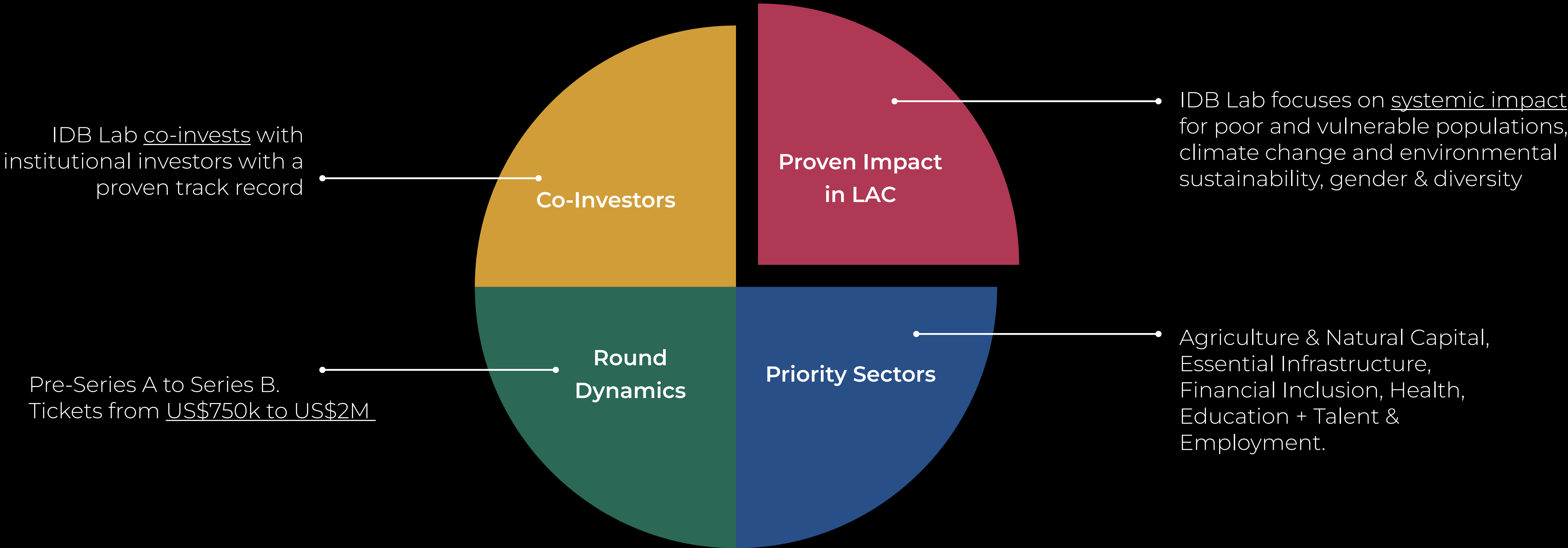
Last mile logistics SaaS



The neo-bank for the Andean region

Direct Equity

Investment thesis.



IDB Lab has directly invested more than US\$60M in 26 start-ups across 10 different sectors



● Exit or IPO
* Expected to close in Q2 2024



Improving Education Through Technology

Letrus

Vintage	May 2023	Investment Amount	\$1,000,000
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Letrus combines linguistics, pedagogy, and AI to provide a more effective way of teaching, and learning, writing skills. Their platform enhances students' reading and writing abilities in both public and private schools across Brazil. By focusing on engagement and learning, Letrus aims to empower students and educators alike.

+400K

Total Impacted Students

70%

% of students with reading skills improved

564

Schools enrolled in Letrus (private and public)



Successful Quality Healthcare Access for Women

Sofía

Vintage	April 2024	Investment Amount	\$1,750,000
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Through an extraordinary user experience, innovative products and cutting-edge services, Sofia offers comprehensive health insurance. Their services include major and minor medical expenses, all conveniently accessible through their app. From subscription to reimbursements, Sofia empowers users to take control of their well-being.

1,500+

Doctors in Sofia's network

49%

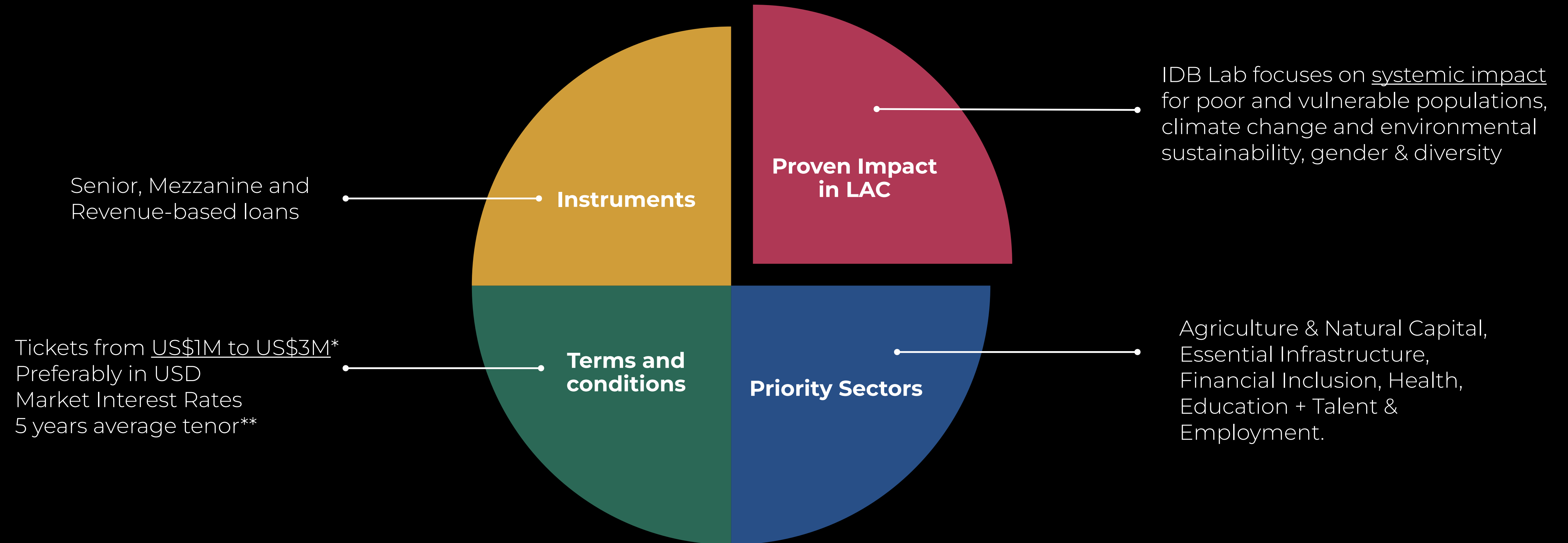
% of Female users

~30%

Of women with full maternity care coverage

Loans

Investment thesis.



*Possible uses of the loan: Working capital and CAPEX.

**24-month grace period for capital (interest accrues)

Examples of Companies Financed





Connecting millions of people to clean energy

Sunco

It is a Colombian construction company that brings electricity to communities in isolated areas through the installation of solar panels. The goal is to create an IoT ecosystem for seamless and quality energy service, facilitating access to education, and means of payment, as well as drinking water through water treatment plants.

Objective:

Promote construction of EPC+ type projects to install and monitor solar solutions for the construction of educational classrooms and water treatment plants and the delivery of digital services facilitating electricity payments.



Improving access to healthcare services

DoctorOne

An Ecuadorian HealthTech company providing high-quality medical assistance through its fast and low-cost telemedicine platform. Amongst their services are: first-aid services for primary diagnosis, prescription issuance, medical referrals and electronic medical history as an alternative virtual medical system.

Objective:

Enhance the provision of basic health services to the rural and marginal urban population in Ecuador through telemedicine platform of DoctorOne.

Supporting a diverse and equal VC ecosystem

Diversity in VC Program

Pilot Program **launched!**

Designed to build capacity and align standards to foster inclusion and build a more equitable and diverse VC industry. Fund managers will evaluate current practices from a diversity perspective and build personalized work plans allowing them to generate measurable improvements with tangible results.

5 VC funds from our active portfolio are participating (CITES, Dila, GridX, The Yield Lab, Vulcano).

DIVERSITY VC

1

DEI Fuel Kit

DEI Fuel Kit Initiative in partnership with Google **launched!**

Promoting a series of workshops, trainings and toolkits to leverage Diversity, Equity, and Inclusion with the objective of building DEI capabilities for VC practitioners in Latin America and the Caribbean.

Google

2

Start-up Community Catalyst

Launched!

Carried out by Techstars in the context of WeXchange initiative and with the founding of WeFI.

This program is directed to women founders in Costa Rica, Ecuador, Honduras, Nicaragua, Guatemala and El Salvador

techstars_

3

Let's Connect!



IDB Lab



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IDB Lab

www.idblab.org



IDB Lab Forum

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Entrepreneurial Innovation and Technology
to Improve Lives in Latin America and the Caribbean

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Thank you!

Natalia Laguyás – September 2024