



Tech Startup Ecosystem Development in Latin America and the Caribbean

Natalia Laguyás – September 2024

IDB Group

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



Governments



Private Sector



Innovative Entrepreneurs



Top Startup Ecosystems in LAC

Countries with the most advanced business environments and capital markets are at the forefront

Sao Paulo, Brazil

Mexico City, Mexico

Bogota, Colombia

Buenos Aires, Argentina

Santiago, Chile

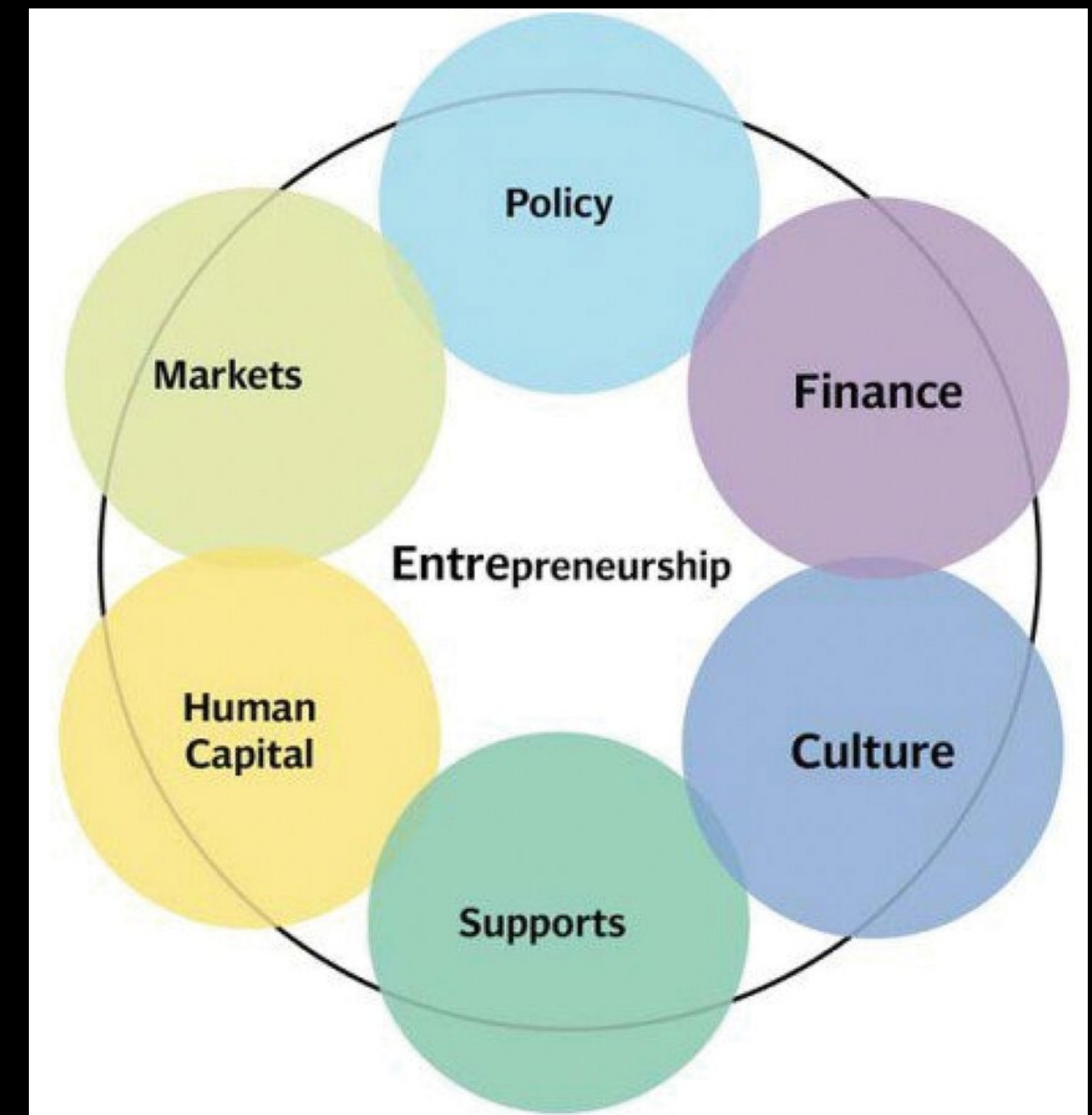
LAC entrepreneurs strive to **discover new ways**
to drive social inclusion, environmental action,
and productivity.

Market observations

Need for elevating entrepreneurial support systems to improve the startups' chance of longer-term success

- Inequal distribution of entrepreneurs' support entities in terms of location, thematical focus, sector, size, and abundance.
- Most countries in the Region (17 out of 26) have not fully activated their innovation ecosystems.
- Only 19% of VC financing goes outside BR, MX and CO.
- 65% of VC goes to FinTech, PropTech, logistics and e-commerce.
- Only 23% of VC rounds were allocated to women led startups..

Entrepreneurial Ecosystem



Source: Isenberg (2011) Six domains of the entrepreneurship ecosystem + [2024 LAVCA Industry Data & Analysis](#) + IDB Lab and Surfing Tsunamis (2021) [A Bridge to the Future: How the Rise of the Miami Startup Ecosystem Can Become a Platform to Transform the Americas](#).

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.



Thank you!

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