

PROJECT SUMMARY

This project aligns with IDB Lab's investment strategy for Venture Capital (VC) funds, focusing on one of its key verticals: "Sector Specific Funds". Under this vertical, IDB Lab aims to invest in funds specializing in high-impact sectors with significant financing gaps, such as Climate (mitigation, adaptation, and regeneration), Health/Biotech, Edtech/Workertech, Agrifoodtech, among others.

Among the applicants to IDB Lab's *Call for Proposals for VC Funds* in 4Q23¹, [Regenera Ventures I](#) ("the Fund" or "Regenera") was selected for a potential equity investment and a technical cooperation to support its portfolio companies. Regenera Ventures (the "Fund Manager") is a first-time fund manager based in Mexico City, focused on financing the transition to regenerative practices, ecosystem restoration, and climate adaptation in rural Mexico. Established in 2023, Regenera Ventures serves as the asset management arm of [SVX Mexico](#), an impact investment advisory firm specialized in regeneration and climate finance throughout LAC.

The Fund aims to support ~12 rural companies with strategic capital and access to expert networks as they transition from conventional production to a regenerative management that enhances biodiversity and help restore terrestrial, marine, and coastal ecosystems. More specifically, the Fund will help its investees develop diversified and resilient income streams by engaging in activities that improve soil health, promote biodiversity, enhance ecosystem health and sustainability, and increase small-holder farmers' resilience, competitiveness, income and ownership².

In terms of impact, Regenera is expected to benefit approximately 7,025 smallholder farmers and land protectors in their regenerative transition. This is expected to generate sustainable management or conservation of approximately 85,392 hectares of land. Also, approximately 4,215 smallholder farmers are expected to increase their income. Additionally, the Fund is committed to advancing gender diversity and inclusivity, with a goal of having at least 42% of its portfolio companies led by women co-founders or C-level executives. Lastly, the Fund will promote indigenous leadership and ownership in the invested companies.

IDB Lab sees the proposed project as strategic and innovative for the following main reasons:

a) The Fund has an innovative and impactful investment thesis; b) the Fund Manager is well-positioned to play a key role in the regenerative space; c) it represents an opportunity to pilot on a large scale the regenerative model for broader scaling across LAC; d) the Fund will offer a broad and diverse range of financial instruments (debt, redeemable equity, and equity) according to each opportunity, combined with advisory services; and e) in the long-term, it offers potential investment or lending opportunities for IDB Invest.

At the same time, IDB Lab's added value is evident in several ways: 1) IDB Lab's capital investment would send a signal of confidence to the market, attracting new investors to this nascent segment; 2) IDB Lab has valuable insights and lessons to share with the Fund Manager regarding networking, best practices, valuation, governance, exits, and other aspects that could benefit the Fund; 3) IDB Lab will help the Fund develop customized KPIs at the company level and provide tools to better measure impact metrics; and 4) providing access to platforms such as [fAIr LAC](#), [LACChai](#), [WeXchange](#), among others.

The project is aligned with climate change, gender, poor and vulnerable, and diversity/excluded populations. It considers an equity investment of up to USD 4M^{3,4} and a technical cooperation of up to USD 400k from the Green Climate Fund.

¹ Regenera Ventures I was assessed and selected among 21 fund managers with a partial or total focus on Climate applying under the "Sector-Specific Funds" vertical, including 7 dedicated to nature-based solutions" (out of a total of 139 applicants and 87 funds meeting the minimum requirements).

² This will be the first fund with an investment thesis exclusively focused on regenerative activities in LAC.

³ This project will be funded by the FP048, "Low Emissions and Climate Resilient Risk Sharing Facility" (RG-O1656). The 4-million equity ticket considers USD 1.32M from IDB Lab and USD 2.68M from the Green Climate Fund whilst the USD 400k technical cooperation ticket are resources from the Green Climate Fund.

⁴ Currently, IDB Lab is also applying for additional resources to the Specialized Financial Intermediary Development Fund (SFIDF) – a source of core mobilization under IDB's internal funding code of TDF. The amount from SFIDF is yet to be determined but is expected to be a similar amount to IDB Lab's with its own resources.