

PROJECT SUMMARY

This project aligns with IDB Lab's investment strategy for venture capital (VC) funds, focusing on one of its key verticals: "Regional Funds". Under this vertical, IDB Lab seeks VC funds with a regional strategy that include nascent or emerging ecosystems, in addition more developed startup ecosystems, to foster regional integration and knowledge transfer.

Among the applicants to IDB Lab's *Call for Proposals for VC Funds* in 4Q23¹, [Monashees XI LP](#) ("the Fund" or "Monashees XI") was selected. Monashees is a top-tier VC firm focused on Latin America and the Caribbean (LAC), investing in founders who are challenging the status quo and aiming to improve people's lives through technology. With a team of 8 investment partners complemented by a multidisciplinary team of 16 professionals based in São Paulo and Mexico City, it has invested in 148 companies (including 12 unicorns²) in Argentina, Brazil, Chile, Colombia and Mexico through 12 funds (10 early-stage funds and 2 growth funds). Its current portfolio, including startups as early as seed stage³, has an aggregate valuation of USD28.6B, with those companies having raised over USD11.1B.

In terms of impact, as of 2023, Monashees' portfolio companies have generated close to 60k direct jobs and 1M indirect jobs (gig-economy), and 85% of investees contributed to at least one of the impact dimensions of its investment thesis: democratization of access, health & education, income generation, environment and minority founders.

Monashees XI will invest in up to 30 tech-based startups addressing market inefficiencies through technological solutions with potential for regional scalability and impact. The Fund will follow a sector-agnostic approach, with an emphasis on fintech, edtech, healthtech, retailtech, Software-as-a-Service (SaaS) and emerging tech, including Artificial Intelligence (AI) and climate tech. The selected startups will receive capital and support in key aspects such as talent acquisition, business strategy, expansion to other countries, ESG and in fundraising.

The proposed investment in Monashees XI is strategic and innovative for the following main reasons. First, the Fund Manager has a demonstrated track record of "regionalization", having invested in 5 countries in LAC and participating in ecosystem development activities in nascent markets. Second, the performance of Monashees' previous funds positions the manager in the global top quartile performance for VC Funds. Finally, it has demonstrated strong commitment in terms of gender and diversity, having recently promoted four women professionals to partners, and 21% of Monashees portfolio companies having women as co-founders (vs 15% industry total, according to Endeavor⁴) and 63% in C-level positions⁵.

IDB Lab's additionality is evident in: 1) supporting the management team in enhancing the integration of impact measurement (with Monashees being the first fund manager receiving IDB Lab's advisory services to measure the indirect impact of its investees on poor and vulnerable populations), gender and diversity considerations (emphasis on women and afro-descendants) at both the Fund Manager level and within investees, as well as with the development of a climate strategy, 2) supporting the Fund's regionalization strategy by connecting it with deal-flow from nascent and emerging ecosystems; and 3) providing access to platforms such as fAIr LAC (ethical and responsible use of AI by investees and in the Fund's due diligence process), LACChain (global blockchain alliance), WeXchange (connection with investment opportunities co-led by women), among others.

The project is aligned with gender, diversity/excluded populations, and contributes to climate finance.

IDB Lab made an investment in 2022 in Monashees X (USD3M), initiating a fruitful and mutually beneficial relationship with the Manager. Considering the points highlighted above, the project team considers it highly strategic to increase the exposure to the Fund Manager, through an IDB Lab investment of up to USD6.5M in Monashees XI fund.

¹ Monashees XI was selected among 38 fund managers applying under the "Regional Funds" (out of a total of 139 applicants and 87 funds meeting the minimum requirements).

² Private tech companies that achieved valuations of USD1B or more.

³ The early phase in a startup's life cycle where the business idea is developed and initial market validation is sought.

⁴ Venture Capital in Latam. <https://gliscopartners.com/wp-content/uploads/2022/10/Venture-Capital-LATAM-ENG.pdf>

⁵ Data corresponding to Monashees X, where IDB Lab is an LP.