

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 seeks VC funds specializing in high-impact sectors with pronounced financing gaps, such as Health/Biotech, Edtech/Worker tech, AgFood tech, and environmental action, resilience efforts, among others.

Among the applicants to IDB Lab's *Call for Proposals for VC Funds* in 4Q24,¹ [AgVentures](#) III LP (the "Fund", "AgVentures III" or "AGVIII") was selected. SP Ventures Gestora de Recursos Ltda (the "Fund Manager" or "SP Ventures"), is a leading regional early-stage venture capital firm focused on Latin America and the Caribbean (LAC), investing in founders who are challenging the status quo by leveraging technology to create resilient agricultural food systems and provide global food security. With a team of 4 investment partners complemented by a multidisciplinary team of 6 professionals based in São Paulo and Mexico City, the Fund Manager has invested in 58 companies in Argentina, Brazil, and Mexico through 4 previous funds.

In terms of impact, as of 2024, SP Ventures' portfolio companies have positively impacted 171,000 farmers with access to sustainable and better technology, contributing to the sustainable management of 54 million hectares and have facilitated the evaluation of USD571M in loans for small and medium-sized farmers, improving their access to capital.

AgVentures III will invest in up to 22 tech-based startups addressing the most pressing challenges in agriculture and food production in LAC through technological solutions with potential for regional scalability and impact. The Fund will follow a sector-specific investment thesis focusing on startups developing pioneering solutions to create an environmentally responsible, climate-resilient agricultural value chain while improving productivity, increasing farmer profitability, and ultimately creating a more sustainable, technologically advanced, and productive agricultural ecosystem in LAC. The selected investees will receive capital and support in key aspects such as business development, research and development, business strategy and talent, fundraising and paths to exit.

The proposed investment in AgVentures III is strategic and innovative for the following main reasons. First, the Fund Manager's extensive expertise and proven track record in the agricultural and food sectors are vital for the development of the region. Second, the Fund Manager has demonstrated a track record of consistent expansion of its geographic footprint, having invested in three countries in LAC and having engaged in ecosystem development activities in nascent markets. Lastly, the Fund provides IDB Lab strategic access to co-investment opportunities for both direct equity and loan operations. IDB Lab's additionality is evident in: 1) signaling confidence to other Limited Partners (LPs) regarding the management team's capabilities and their ability to deliver returns to investors; 2) supporting the management team in enhancing the integration of impact measurement, including the analysis and reporting of the social inclusion, economic development, and environmental benefits generated by the Fund's companies; 3) supporting the Fund's regional expansion strategy by connecting it with deal-flow from nascent and emerging ecosystems; 4) supporting the Fund Manager to further advance the work initiated by *Value for Women*;² and 5) 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), and WeXchange (connection with investment opportunities co-led by women), among others.

In 2019, IDB Lab made an investment in AgVentures II (USD4M)³, initiating a fruitful and mutually value-adding relationship with the Fund Manager. Considering the points highlighted above, the project team considers it highly strategic to increase exposure to the Fund Manager, through an IDB Lab investment of up to USD6M⁴ in AgVentures III Fund.

¹ AgVentures III was selected among 25 fund managers applying under the "Sector-Specific" vertical (out of a total of 91 applicants and 67 funds meeting the minimum requirements).

² Refer to paragraph 2.29.

³ IDB Lab approved an investment of up to USD4M in AgVentures II in 2019 (Operation RG-Q0052), and core mobilization of up to USD5M from the Global Environment Facility (GEF) in 2022 (Operation RG-Q0057).

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 complement IDB Lab's with its own resources.