

PROJECT SUMMARY

COLOMBIA

**ACCELERATION OF THE VENTURE CAPITAL
AND IMPACT INVESTMENT ECOSYSTEM IN COLOMBIA
(CO-T1771 AND CO-G1058)**

Despite progress over the past decade, Colombia's entrepreneurial ecosystem continues to be constrained by inadequate financing and remains concentrated in fintech and software, with minimal investment in social and environmental impact initiatives. The country, moreover, has a limited number of impact investment funds, and only a small portion of the ones it does have satisfy the criteria of the Sustainable Development Goals.

Colombia's impact investment ecosystem faces the challenge of a lack of qualified local talent and limited access to resources for early-stage startups. Entrepreneurship support organizations (ESOs) and entrepreneurs lack the technical capacities and connections they need to attract impact investment, and investors perceive high costs and risks in identifying impact projects. Overcoming these obstacles will be key to closing finance gaps, catalyzing innovative solutions, and strengthening sectors such as education, health, and clean technologies, thereby fostering a more sustainable path of development in Colombia.

The objective of this project is to strengthen Colombia's impact investment ecosystem by connecting key actors and enhancing access to financial and technical resources for social and environmental impact startups and initiatives. The project's four components are aimed at boosting the capacities of enterprises and ESOs while fostering the development of financial vehicles to mitigate risks and the implementation of robust impact metrics. This approach will help to overcome barriers to financing and create a cohesive, efficient environment for sustainable development and inclusive growth.

The project's main results will include the strengthening of 235 enterprises, 40% of them led by women; 13 ESOs that incorporate new selection, measurement, and assistance processes based on social and environmental impact indicators; 300 producers impacted; a 40% annual increase in the income of producers supported by anchor companies; and 30 investments made in impact enterprises, which will provide evidence of the ecosystem's ability to attract domestic and international financing. Lastly, the project will measure changes in the investment environment, including investors' adoption of environmental, social, and governance (ESG) risk assessment models, public policy proposals or implementation, and social and environmental impact, using indicators such as reduced carbon footprint and enhanced quality of life in vulnerable communities. These indicators will provide an accurate assessment of project impact and outcomes in Colombia's impact investment ecosystem.