Early Warning System

IDBI-13020-01

Farmalatam - Farmalisto

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Quick Facts

Countries	Colombia, Mexico, Peru
Financial Institutions	IDB Invest (IDBI)
Status	Active
Bank Risk Rating	B
Voting Date	2020-10-20
Borrower	Farmalatam Holding Inc.
Sectors	Education and Health
Investment Type(s)	Equity
Investment Amount (USD)	$ 8.00 million

Project Description

IDB Invest is considering a capital investment of up to US$8 million in Farmalatam Holding Inc. ("Farmalatam" or the "Company"). Farmalatam[1] is a leading home healthcare technology platform in Latin America that provides comprehensive healthcare solutions to patients. Farmalatam is a 100% digital pharmacy with no physical stores, which distributes pharmaceutical products. In addition, it provides home health and telemedicine services through its digital platform "CARE24". Since its incorporation in 2014, the Company has developed a user and partnership base, demonstrating its readiness to move on to the next phase and achieve greater scales. Farmalatam currently operates in Colombia, Mexico, and Peru.

The capital round will allow Farmalatam to support its growth plan as follows: (i) finance current operations to support expected growth through investments in marketing, information technology, and human resources, among others; (ii) finance strategic acquisitions of related businesses in Latin America; and (iii) promote its regional expansion.

This investment will require the implementation of reforms in order to strengthen its policies and controls in its operation - particularly to ensure equitable prices in the context of the health crisis and thereafter. Furthermore, Farmalatam is committed to implementing improvements in corporate governance.

The objectives of investing in Farmalatam are (i) to help support the growth of the digital economy and stimulate productivity in the pharmaceutical sector through a disruptive, technology-enabled business model with sizable addressable markets; (ii) to contribute to reducing the cost of medicine and expand access to cheaper costs in target markets; and (iii) to support access to medical services and home treatments.

[1]www.farmalisto.com

People Affected By This Project

1. General Information of the Project and Scope of IDB Invest's Review

Farmalatam Holding Inc. (hereinafter, the "Company") consists of two companies aimed at providing health products and services through a technological platform, which combines the experience of the pharmaceutical industry with e-commerce. The Company was created in Colombia in 2013 under the commercial name Farmalisto S.A.S. (hereinafter, the "Enterprise" or "Farmalisto") and is dedicated to the online sale of pharmaceutical products. It extended its operations to Mexico in 2014 and to Peru in 2019.

In 2018, the Company enlarged its operations with the creation of CARE24 S.A.S. ("CARE24"), which is Colombia's first online home-based Health Care Institution (IPS, for its acronym in Spanish). CARE24 is also geared toward providing home health services using a digital platform. With both enterprises, the Company provides, through its digital platform, comprehensive health solutions, providing users with access to products and services in the market at competitive prices.

This operation will allow Farmalisto to extend its capacity to serve clients nationwide in Colombia, Mexico, and Peru, and CARE24 to enter the market and extend its services to patients in Mexico and Peru. The scope of the IDB Invest Environmental and Social Review included an analysis of the Company's information and documents, as well as online meetings with the staff responsible for management systems and human and operating resources of the Farmalisto and CARE24 parent company in Colombia, as well as its main suppliers and contractors. The Environmental and Social Due Diligence (ESDD) Process did not include visits to the Company's facilities due to travel restrictions implemented by the Colombian government in response to the Covid-19 pandemic.

2. Environmental and Social Categorization and Rationale

In accordance with the IDB Invest Environmental and Social Sustainability Policy, the project has been classified as a Category B operation, given that it may generate, among others, the following impacts and risks: (i) increased generation of hospital waste, and (ii) generation or increase of occupational health and safety risks for workers. Such impacts and risks are estimated to be minor.

The Project will trigger the following Performance Standards (PS):

PS 1: Assessment and Management of Environmental and Social Risks and Impacts

PS 2: Labor and Working Conditions

PS 3: Resource Efficiency and Pollution Prevention

PS 4: Community Health, Safety and Security

Investment Description

- IDB Invest (IDBI)

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Farmalatam Holding Inc.	Buyer	-

Contact Information

Client Contact

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Bank Documents

- ESS Farmalisto Disclosure EN 20200807.pdf