

PROJECT SUMMARY

VELUM EARLY STAGE FUND I

(CO-M1093)

Project Summary: The project will support Colombia's first seed fund focused on Technology start-ups, Velum Early Stage Fund I (*Velum*), by providing a US\$5 MM equity investment and a US\$ 455,000 Technical Cooperation.

At both the national and local levels, the MIF and the Colombian government have been actively supporting initiatives to develop a dynamic entrepreneurial ecosystem and early stage industry in Colombia. This growing support combined with the arrival of a number of international accelerator programs in the country, such as *Wayra* and *NXTP Labs* among others, has led to an increasing pipeline of newly created companies in the country. Yet the available financing for those companies to develop and consolidate their business models has not increased at the same pace. While the country's PE industry has grown in the past years with the support of the pension funds, the seed industry still has not taken off: there is no seed fund managed by the private sector operating in the country today. The lack of financing at this critical stage prevents the start-ups from consolidating their business models and implementing a growth strategy that will allow them to scale.

The Fund's target size is US\$ 20 MM and will invest in at least 24 Colombian start-ups in the following industries: Information and Communication Technology (ICT), Medical and Health Technology (MedTech), and Clean Technology (CleanTech). Target companies will be at an early stage, where the founding team has a minimum viable product (MVP) and sales are lower than US\$ 500 K. Given the concentration of technology companies in the city of Medellin, and that the Fund management is looking to create synergies among its portfolio companies, it is expected that at least 70% of its investments will be in companies based in Medellin.

The Fund will be managed by Velum Ventures, a Colombian management company founded in Medellin by Esteban Velasco and Esteban Mancuso. Both managers will dedicate 100% of their time to the Fund. The team integrates the set of skills identified by the MIF as key to first-time fund managers, including previous background as entrepreneurs, experience operating or advising early-stage companies, previous exposure to the target sectors and to the VC industry, as well as investment experience. Mr. Velasco and Mr. Mancuso started working together as a team in 2012 and since then have provided strategic, operational, and financial advice to more than 20 companies in the target sectors, helping them raise up to US\$2 MM for their pre-seed rounds.