

PROJECT SUMMARY

EQUITY INVESTMENT IN SEMPLI: AN ONLINE LENDING PLATFORM FOR INNOVATIVE STARTUPS AND SCALEUPS (CO-Q0013)

This project proposes to change the financing map for startups and scaleups in Colombia by supporting the creation of SEMPLI, a disruptive online financing platform with the following features that differentiate it from traditional banks: (i) **Easy access**. Through the use of an innovative methodology, process, and scoring tool (Velum Score), clients will gain simple and timely access to credit. (ii) **Faster**. Loan applications will be processed in minutes, and the financial analysis will be completed in hours. (iii) **Better cost-benefit ratio**. The interest rates for client companies will reflect SEMPLI's moderate operating structure. (iv) **More convenient**. The platform will be available 24 hours a day, with no need for personal visits, and fewer documents to complete than traditional banks require.

The MIF has already worked with SEMPLI's founders, specifically as an anchor investor that contributed US\$5 million in financing for the early stages of the Velum Early Stage Equity Fund I (VESEF I, MIF/AT-1262), which has performed satisfactorily (paragraph 5.1). This new project arises as part of the growth process of VELUM Ventures as an asset administrator which, through the Fund, saw the need to offer small and medium-sized enterprises (SMEs) credit products that banks did not offer. The instrument, known as "venture debt" in the United States, is highly innovative in the region.

The credit products to be offered by SEMPLI are: (i) **working capital loans**, targeted to companies that need cash to grow and make working capital investments (US\$10,000 to US\$100,000), and (ii) **growth credit**, targeted to companies that need cash to grow, make investments, and buy operating assets (US\$20,000 to US\$200,000).

The MIF will make an equity investment of up to US\$4 million in SEMPLI, for a share of up to 20% of the company's total equity. The project also includes a nonreimbursable component of US\$160,000 to finance two independent evaluations and the legal costs of structuring the investment and performing the valuation of the company.

As a result, the project will benefit at least 7,800 innovative startups and scaleups in Colombia that will have access to credit for working capital and for capital to grow and to buy operating assets. This will be the MIF's first equity investment to support a pioneering project in Colombia to design and implement a financial technology (FinTech) platform that combines the use of technology with an innovative business model. Given the many advantages of the model over traditional financial intermediaries, there is enormous potential for it to be adopted and scaled up in Colombia and in the rest of the region.