

**PROJECT SUMMARY**  
**CANTERA CAPITAL I: SUPPORTING ENTREPRENEURS SOLVING PROBLEMS IN HEALTH,  
 EDUCATION AND AGRICULTURE (RG-Q0056)**

In Latin America and the Caribbean (LAC), development needs and opportunities are overwhelmingly clear. LAC countries represent a large market of 430 million inhabitants, with acute challenges in the health, education and agriculture sectors. In health, 30% of the population lacks access to healthcare for economic reasons and 21% does not seek care as a result of geographic barriers. In education, despite strong progress in primary and secondary school attendance, the region remains at the bottom of the world ranking for learning. In the last few decades, the region sharply increased agricultural output, however, large part of the small and medium-sized farms was left behind, trapped in a low productivity cycle characterized by low technology, poor farm management practices, high production costs, among others.

At the same time, LAC has key characteristics that make it a market with huge potential for the HealthTech, EdTech and AgTech sectors: venture capital (VC) investment in these sectors have grown 6x from only USD15MM in 2016 to USD104MM in 2018, according to LAVCA data. Despite growing investor interest in LAC startups, the region remains severely undercapitalized when compared to other global emerging markets. Access to VC necessary to grow (late seed, series A/B funding), is still very low. An equally important difficulty is the lack of access to qualified mentoring necessary to address the numerous challenges companies face in their early stages. Although there are more and more entrepreneurs in the region aiming to expand their business to other markets, or raise additional funding outside the region, in practice there are few managers with the knowledge or established networks to facilitate and make these connections. Lastly, the LAC VC ecosystem still faces an acute gender equality challenge: women investors in early-stage startups are underrepresented, and among entrepreneurs, it's estimated that less than 10% of venture-backed startups have a women co-founder.

IDB Lab seeks to support the creation of a new venture capital fund with a strong gender diversification and social impact focus, which will provide funding to startups that develop technology based solutions to solve three crucial problems present in Latin America: food scarcity (AgTech/FoodTech), lack of quality health (HealthTech) and education provision (EdTech). The Fund, Cantera Capital I, is also one of the few early stage funds in the region led by women (three of the four-member management team are female), that will also target women led ventures, with high potential for demonstration effect in the industry. Research shows that when there are women in the fund's management team, the fund's investments tend to incorporate more gender diversified founder teams as well as companies with a triple bottom line (people, planet and profits). The evidence also shows that that startups with gender diversified teams tend to have a higher rate of return on average than startups without gender diversified teams.<sup>1</sup>

Another innovative features of Cantera is its connection with the Israeli innovation ecosystem. With its management team based in Mexico City and Tel Aviv, Cantera seeks to help LAC startups by (i) connecting them with Israeli startups that are solving similar problems with deep technology, to exchange knowledge, and (ii) provide market intelligence and access to the Israeli AgTech and HealthTech ecosystems. The management team has over 75 years of aggregate professional experience in venture

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<sup>1</sup> "The Comprehensive Case for Investing More VC Money in Women-Led Startups", Harvard Business Review, 2017. <https://hbr.org/2017/09/the-comprehensive-case-for-investing-more-vc-money-in-women-led-startups>

capital and related and complementary areas, including operating experience in the Fund's target sectors.

To support Cantera Capital I, IDB Lab will provide a USD 4 MM equity investment. The Fund is expected to reach a capitalization of USD 30 MM and begin operations with a minimum of USD 15 MM in equity commitments.