

ABSTRACT: CoreCo Central America I Fund (RG-M1194)

CoreCo Central America I Fund (“CoreCo” or “Fund”) is a venture capital fund with a minimum capitalization of USD 25MM and a target capitalization of USD 50MM. It will be managed by CoreCo Management Inc. The Fund will target early and growth stage investments operating in Central America¹, focusing on companies that have a presence throughout this region. CoreCo aims to invest in about 10 companies operating in fast-growing service industry sectors, such as business services, healthcare, IT, financial services, telecommunications, consumer goods, retail and logistics.

The MIF will invest USD 5.5MM in the fund. The MIF will also provide non-reimbursable technical assistance of: (i) USD 250,000, to be used for supervision, advisory services and dissemination; and (ii) USD 100,000, to be used to help the Fund and its portfolio companies comply with environmental and social standards.

The *general objective* of this project is to contribute to SME development by investing in a VC fund operating in Central America. The *specific objective* is to increase the availability of VC financing in Central America. The main beneficiaries will be: (i) up to 10 SMEs that will receive investment and hands-on guidance from the fund manager; and (ii) locals who will be hired by these SMEs as they grow and create jobs.

The fund aims to: (i) fill a financing gap faced by Central American SMEs that have growth potential but face difficulties acquiring long-term financing; and (ii) help improve these SMEs’ professionalization, competitiveness, governance and operations, as well as increase their revenues. Furthermore, the fund management team will contribute to the development of the VC industry and increase of VC activity in Central America by: (i) establishing a VC fund and attracting capital to the region; and (ii) supporting the creation of additional fund management capacity (by bringing qualified senior investment professionals to Central America and by training up to five additional employees in VC investing). TA funds associated with this project will be used to make a positive developmental impact: (i) the dissemination component will be dedicated to building VC awareness; and (ii) a USD 100,000 grant will be used to improve the environmental and operating standards of portfolio companies. The SMEs that CoreCo will invest in will: (i) directly create local jobs by hiring personnel as they grow; (ii) contribute to local economic growth by purchasing goods and services from other businesses in the region, which can also lead to indirect job creation; and (iii) pay taxes, contributing resources that may be used by governments to make improvements in local communities.

¹ Guatemala, Belize, Honduras, El Salvador, Nicaragua, Costa Rica, Panama, and Dominican Republic