

## EXECUTIVE SUMMARY

This project responds to IDB Lab's renewed approach of investing in venture capital funds, specifically aligned with the pillar focused on support for funds targeting as primary markets **nascent or emerging ecosystems** such as Central America, the Caribbean, and selected markets in South America, such as Bolivia, Ecuador, Paraguay, Peru, and Uruguay, among others. Through this vertical, IDB Lab seeks to develop local capacity in the above-mentioned ecosystems, investing in emerging/first-time fund managers with strong teams, with the goal of bridging financing gaps in countries and sectors in which there is an unmet demand for early-stage investments by entrepreneurs.

BuenTrip Ventures II ("BTV II") was selected from among the funds that applied to the **nascent and emerging ecosystems fund** vertical as part of IDB Lab's call for venture capital funds in Q2 2022. Managed by BuenTrip Ventures Capital Management LLC ("BuenTrip Ventures" or "the Manager") based in Ecuador, BTV II will seek to increase the growth, expansion, and impact potential of early-stage startups (in proof of market phase) in Latin America, particularly those in nascent or emerging ecosystems (such as Bolivia, Chile, Colombia, Ecuador, Paraguay, and Peru)<sup>1</sup> and/or with underrepresented founders. To that end, BTV II will provide access to seed capital (between US\$100,000 and US\$1 million, with the possibility of follow-on investments), as well as know-how/tools, strategic support, and networks of contacts for up to 36 startups. The investment strategy of BTV II is primarily to invest in highly scalable business-to-business startups that provide software-based solutions for key sectors of the economy, particularly companies that are developing digital transformation tools in sectors such as fintech, e-commerce, logistics, healthtech, edtech, and others.

BTV II is built on the Manager's experience with BTV I (a proof-of-concept fund, vintage<sup>2</sup> 2019; the first venture capital fund vehicle in Ecuador) with capitalization of US\$3.2 million, which to date has invested in 23 companies in the region (80% from Ecuador and the rest from Bolivia, Brazil, Colombia, and Peru) in fintech, healthtech, HRtech, insurtech, e-commerce, SaaS, social commerce, and edtech. As of July 2022, the fund reported the following results: total value to paid-in capital (TVPI) 2.5x, multiple on invested capital (MOIC) 2.98x, and an estimated internal rate of return (IRR) of 47%. Of the total investments in this first fund, 30% were in women-led companies and 60% had underrepresented founders. Examples of companies in the portfolio include: [Nuvocargo](#) (logistics), [FastFarma](#) (healthtech), [Kriptos](#) (cybersecurity), [Leasy](#) (fintech), [Reliv](#) (healthtech), and [Picker](#) (logistics).

The additionality of IDB Lab is derived from the following: (i) as the first institutional and anchor investor, leveraging other investors to help BTV II achieve its target capitalization and viability; (ii) supporting BTV II with implementation of good governance practices, impact measurement, and gender focus; (iii) connecting BTV II and companies that BTV II invests in with the network of funds, entrepreneurs, and IDB Lab's contacts in the region; and (iv) giving the Manager access to platforms such as fAirlAC, LACChain, and WeXchange.

The project proposes an IDB Lab investment of up to US\$2 million in BTV II, which expects a final capitalization of US\$15 million (maximum of US\$20 million).

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<sup>1</sup> The Manager anticipates that at least 40% of BTV II companies will be from Bolivia, Ecuador, Paraguay, and Peru.

<sup>2</sup> "Vintage" refers to the year a fund first accepts capital commitments from its investors.