

SUMMARY OF THE PROJECT IN DESIGN * (*)

Monashees x: Empowering the regional VC Ecosystem

PITCH ELIGIBILITY DATE		COUNTRY(IES)
08/05/2022		Brazil; Chile; Colombia; Ecuador; México; Peru
ALIGNED WITH COUNTRY STRATEGY?		
Yes		
PARTNER(S)		
Monashees Capital		
PRELIMINARY CLASSIFICATION ENVIRONMENTAL AND SOCIAL IMPACT		
FI-3 (**)		
TOTAL BUDGET	IDB Lab	LOCAL COUNTERPART AND COFINANCING
	US 3,000,000	
DESCRIPTION		

The problem While Latin America received a record \$15.7 billion of venture capital in 2021 (vs. \$4.2 billion during 2020), much of the increase was primarily due to a small number of ever-increasing magnitude transactions. That is, the increase in investments has not necessarily been translating into a democratization of access to capital by a greater spectrum of early-stage entrepreneurs.

Also, research indicates that those startups that access external financing can grow up to 30% faster than those without such access. In this sense, the region's venture capital funds play a key role in providing access to "smart capital" to local entrepreneurs, adding increasingly strategic value, in addition to capital, in business areas (e.g., recruiting, fundraising, strategy, etc). However, there are limited venture capital funds in the region with the ability to promote and support cross-border strategies to help growing companies in the region tap into new markets, help them grow, generate economies of scale, and escalate its impact. For example, there are currently few regional funds with the ability to connect to both the entrepreneurial capital ecosystems of Brazil and Spanish-speaking Latam, which limits the ability of companies to penetrate more dynamic markets in the region or to benefit from technologies already adopted in similar contexts.

The solution Monashees has been offering entrepreneurs smart capital at various stages, bringing experience and resilience that leads to exceptional results in four key areas: 1) strong relationships with entrepreneurs, investors, and key referral networks, mobilizing global VC funds into the region to lead subsequent rounds of its portfolio companies; 2) a refined process for sourcing, evaluating, and closing investments across Latam; 3) deep expertise in helping companies navigate the Latin American market; and 4) an earned reputation as the region's premier partner for entrepreneurs, investors, and LPs.

Monashees X will seek to build a diversified portfolio investing in sectors with high growth potential and impact and an emphasis on identifying emerging technologies all over Latam. The fund will have an agnostic sector approach.

The beneficiaries The Fund is expected to invest in 25 – 30 companies in Seed to Series A stages with a ticket size ranging from \$ 250K - \$10M.

*The information mentioned in this document is indicative and may be altered throughout the project cycle prior to approval. This document does not guarantee approval of the project.

**The IDB categorizes all projects into one of six E/S impact categories. Category A projects are those with the most significant and mostly permanent E/S impacts, category B those that cause mostly local and short-term impacts, and category C those with minimal or no negative impacts. A fourth category, FI-1 (high risk) Financial Intermediary (FI)'s portfolio includes exposure to business activities with potential significant adverse environmental or social risks or impacts that are diverse, mostly irreversible or unprecedented, FI-2 (medium risk) FI's portfolio consists of business activities that have potential limited adverse environmental or social risks or impacts, FI-3 (low risk) FI's portfolio consists of financial exposure to business activities that predominantly have minimal or no adverse environmental and social impacts.

The partner Monashees, founded in 2005, is one of the largest and most active venture capital firms in Latin America with a platform positioned to invest in different stages and geographies and support the portfolio throughout its life cycle. With a human-values-first approach, Monashees helps founders challenge the status quo and aim to improve people's lives through technology.

The IDB Lab's contribution will be US 3,000,000 of Equity funds.

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