

PROJECT SUMMARY

This project responds to IDB Lab's renewed approach for investment in venture capital funds, specifically aligned with the vertical focused on “Regionalizing funds”. Under this vertical, IDB Lab seeks to support funds that, in addition to targeting more developed venture ecosystems, also include nascent or emerging ecosystems as part of their thesis in an effort to promote regional integration and knowledge transfer from more mature VC markets to emerging ones in the region.

Monashees X (the “Fund” or “Fund Manager”) was selected amongst candidate funds that applied to the vertical of “Regionalizing funds” in the context of IDB Lab’s Call for Proposals for VC Funds, in Q2 2022¹. Managed by Monashees X LP (“the GP”), a team of five partners complemented by a multidisciplinary team of 23 professionals based in São Paulo and Mexico City, the Fund will invest in up to 34 tech-based early-stage companies with innovative and scalable models, high-growth potential and the prospect of generating transformative impact in sectors with large and inefficient markets (such as financial services, health, education, logistics/mobility, and emerging technologies and solutions to MSMEs). The selected startups will receive equity investments and comprehensive support in key aspects such as, the identification and recruitment of talent, business strategy, expansion of operations to other countries in the region, implementation of ESG practices and in raising additional financing rounds from other venture equity investors.

Monashees was founded in 2005 by Eric Acher and Fabio Igel in Brazil, with the vision of building a world-class venture capital platform in Brazil, with the ultimate goal of generating a larger and longer-lasting positive impact on the Brazilian and Latin American reality. To date, through 9 early-stage funds (Monashees I – IX) and 1 growth fund (Monashees Expansion Fund I), Monashees has made over 130 investments, 14 of them having achieved unicorn² status, and being an early investor in 21 companies that reached over US\$500M valuation.

For IDB Lab, the proposed investment in Monashees X will promote innovation and it is strategic for the following main reasons: a) Increased focus on regionalization strategy: while until Monashees VII, the focus was mostly on Brazil, Monashees X will adopt a regional expansion strategy to provide broader support for startups in Latin America – around 50% of the total Fund will be invested in companies outside Brazil. B) Will support startups that can have relevant social impact and spur inclusion by leveraging cutting edge technologies: the Fund will promote innovation, by supporting technology-based startups to take advantage of market gaps, in sectors where there are needs and an unsatisfied demand from an underserved but increasingly internet-savvy population as well as MSMEs. C) Portfolio approach and access to co-investment opportunities: IDB Lab’s investment in Monashees X responds to a portfolio approach in terms of expected returns that complements investments with a higher risk profile such as funds that focus on nascent or emerging ecosystems. The investment is also attractive in terms of access to co-investment opportunities in companies in its portfolio with clear evidence of potential for scale and impact.

At the same time, IDB Lab’s additionality is linked to: (1) providing the Fund Manager access to IDB Lab platforms such as fAIrLAC (for the ethical and responsible adoption of artificial intelligence by companies in its portfolio), LACChain (the global blockchain alliance for Latin America and the Caribbean), WeXchange (for connection with potential investment opportunities co-led by women), etc.; (2) supporting the Fund’s regionalization strategy by linking the deal-flow of nascent and emerging markets in the region that are directly aligned with Monashees X’s thesis, channeling investment resources to companies in Group C and D countries; and (3) supporting the management team in deepening the integration of the impact approach & measurement and the gender/diversity lens both at the Fund Manager level (diverse representation in governing bodies, gender and diversity policies) and at the Fund’s companies level (investment and monitoring strategy and process).

¹ IDB Lab analyzed 12 proposals under the vertical of “Regionalizing funds” in Q1-2 2022.

² The term unicorn refers to a privately held startup company with a value of over \$1 billion.

The project proposes an IDB Lab investment of up to US\$3M in the Fund, with an expected final capitalization of US\$400M.