

PROJECT SUMMARY
BRAZIL
INVESTMENT IN REDPOINT E VENTURES FUND II: TECHNOLOGY AS AN ENABLER TO
ACHIEVE HIGH IMPACT AND SCALABLE RESULTS
(BR-Q0023)

Brazil has been at the forefront of the development of the VC industry in Latin American and the Caribbean (LAC), hosting an ever-growing number of accelerators, tech centers and successful startups that leverage technology to solve pressing economic and social issues. However, in spite of great advancements put forward by some rapid-scaling startups, innovative solutions still have a large untapped potential to bring economic and social gains, at large scale, in sectors that represent some of the most critical constraints for inclusion, such as finance, education, health, and others.

To this end, this project seeks to address two key bottlenecks faced by tech-driven entrepreneurs engaged in new-to-the-market business models with high-impact potential: limited availability of financing to startups with higher than usual risk-profiles, as well as the lack of access to specialized training, mentorship and strategic guidance required by the startups' teams to address the multiple challenges they face in the initial consolidation phase of business and throughout their scaling up.

IDB Lab has played a decisive role in the initial building and consolidation of the Brazilian VC ecosystem since the late 90s. Today, the active VC portfolio of Brazil funds has been considerably reduced, opening a window of opportunity for IDB Lab to focus on supporting VC funds with high development impact and cutting-edge models, testing these models to, later on, replicate them in other countries and less developed ecosystems.

IDB Lab will partner with *Redpoint eVentures* (RPeV), a leading venture capital fund manager in Brazil who specializes in training, mentoring and supporting tech-entrepreneurs. Target investments are businesses with new-to-the-market innovations and the potential of causing positive transformation at scale in high impact sectors. RPeV adopts a long-term approach to supporting the entrepreneurs, conducting "complete lifecycle" investments (investing successively from early to growth stage), thus giving time and resources for the invested companies to achieve their full potential.

RPeV's strategy is to invest in 35 best-in-class startups in Brazil and LAC that can bring positive change in the lives of vulnerable populations. It can do so by fostering innovations that can help the unbanked through new financial services; the unemployed through new vocational training solutions, the poor through low cost tech-enabled health services, among others. By the end of the Fund's lifetime, the project is expected to benefit 900 thousand to 1.3 million people in vulnerable conditions through the invested companies.

To this end, IDB Lab will invest up to USD 4M in RPeV's new fund (*RPeV Fund II, or Fund*). IDB Lab brings value add as investor, providing regional expertise to support the regionalization of RPeV's operation, steering the Fund manager to incorporate key impact metrics in their monitoring, unlocking the investment of other LAC institutional investors, and exploring important portfolio synergies.

The project is aligned with IDB Lab's 2019-2021 Business Plan and has benefited from a close coordination with IDB Invest, and collaboration with CTI/IFD and KIC/ICD.