

EXECUTIVE SUMMARY

CITES I: TRANSFORMING DISRUPTIVE SCIENCE AND TECHNOLOGY INTO SCALABLE BUSINESSES (AR-Q0017)

In recent years, the entrepreneurial and innovation ecosystem in Argentina has gained considerable momentum. Argentina has a growing number of accelerators and venture capital funds. In 2017, as part of this momentum, the Argentine government approved the Venture Capital Support Law, which includes specific actions to support high-impact science and technology startups. Numerous universities and scientific research centers have been making early progress in this regard, creating accelerators and other structures that foster the development of startups. Given the still-experimental nature of these efforts, transformation of the disruptive innovations arising from scientific research into scalable businesses has been limited.

The MIF aims to help drive the development of science and technology startups in Argentina by investing in the CITES I Financial Trust. This investment vehicle will support the company-building/acceleration process and invest in up to 32 early-stage startups based on disruptive technologies, with solid intellectual property, opportunity for expansion internationally, and the capability of sustainably addressing social and/or environmental problems. Included will be verticals such as medical technologies, big data, agricultural, agroindustry, and food technologies, artificial intelligence, 3D technologies, renewable energy, aerospace, molecular development technologies, and financial technologies. CITES has been supporting science and technology entrepreneurs from around the country since 2014 at its offices in Sunchales, Bariloche, and Buenos Aires. It has a solid multidisciplinary team of six professionals with a strong entrepreneurial and business background, including extensive experience in physics, engineering, biotechnology, information systems, venture capital/private equity, finance, and intellectual property management. The main sponsor and investor will be Sancor Cooperativa de Seguros Limitada, an Argentine insurance conglomerate.

For the MIF, an investment in CITES I is innovative and strategic mainly for two reasons: (1) CITES I is one of the first investment vehicles, not only in Argentina but in Latin America and the Caribbean, with a company-building/acceleration program for science and technology startups, targeting a heretofore virtually unserved market niche that poses a high investment risk but holds the potential for high returns based on the disruptive power of its technologies and potential scale as well as on its social and economic impact; and (2) CITES is the first private interlocutor in Argentina with a corporate venturing model, which in tandem with a business leader such as Sancor Seguros, will provide smart capital for startups, supporting them in their growth and scaling process. The project is relevant due to its enormous learning opportunities and potential demonstration effect in the rest of the region.

The MIF will make an equity investment of US\$3 million in CITES I, whose target capitalization is US\$24 million. The project is closely aligned with initiatives being developed by the IDB's Competitiveness, Technology, and Innovation Division (CTI) in Argentina and has a high potential for being scaled by IDB Invest if successful.