

# IDB Lab **Direct Equity** Investments Application Guidelines



## NOTICE AS TO DISCLAIMERS AND RESERVATION OF RIGHTS

The IDB reserves the right to eliminate participants at any part of the process and this decision shall be final and binding. The IDB may decide to not select an Applicant if the submissions did not meet the requirements or did not have sufficient quality. The IDB may search for publicly available information regarding Applicants and may seek to verify details referenced in the application. The IDB reserves the right to cancel the competition at any time.

All decisions of the IDB are final and binding, with no process for appeal. Applicants that submit content that is offensive, illegal, etc., and those that disparage the IDB or other sponsors will be eliminated. IDB will not consider participants who are ineligible to participate in IDB projects or contracting under its sanctions protocol.

Applicants must attest that the submittal is original and that they are not infringing on any copyrights or other intellectual property. Any such infringement may result in disqualification. Applicants are responsible for all content such as photos, images, videos, graphics, written content, audio files, information, or data uploaded or submitted. The IDB will not be responsible to maintain the intellectual property of the proposals submitted.

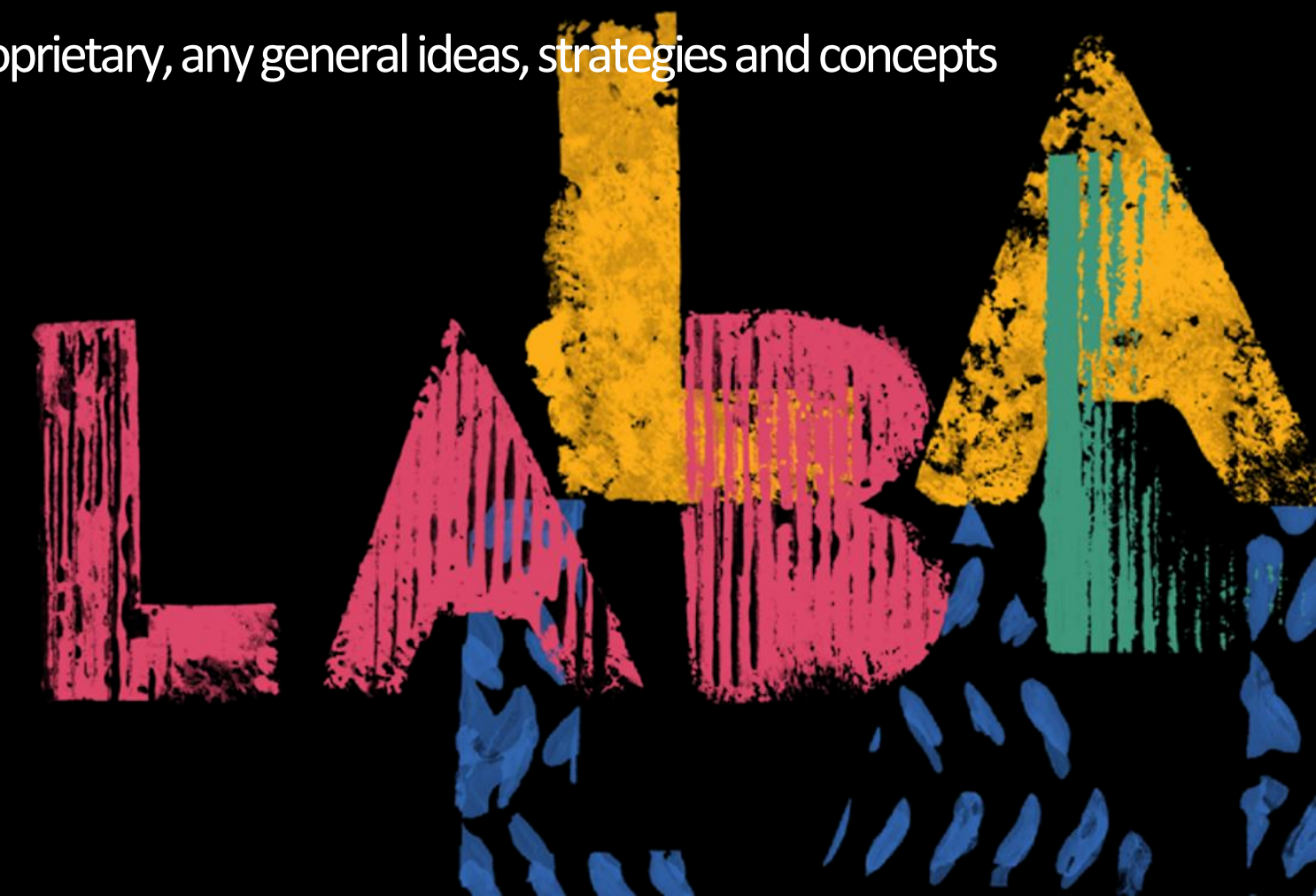
In order to receive IDB funding, selected Applicants must sign an agreement with the IDB which includes relevant commitments, representations, and grants of indemnity by the Applicant.

IDB reserves the right to disseminate and share the identity of the Applicants and any other information deemed relevant. These terms and conditions may be updated at any time and will be made available to all participants online.

ANNEX 1. CONFIDENTIALITY. While applicants may desire to attach confidentiality requirements to some of the information presented in the Proposal, participants making submissions of Proposal or sending follow-up information must understand that information received will be subject to information disclosure requirements of the lead sponsors, and potential investors; for instance, under the Freedom of Information Act of the United States, and the IDB information disclosure policy. The lead sponsors and potential investors will not treat as confidential, or proprietary, any general ideas, strategies and concepts contained within any Proposal, or any follow-up documentation submitted.

ANNEX 2. PROHIBITED ACTIVITIES (Exclusion List) Please follow this link

[https://indesvirtual.iadb.org/pluginfile.php/40739/mod\\_resource/content/0/recursos/EN/M2/exclusion\\_list.pdf](https://indesvirtual.iadb.org/pluginfile.php/40739/mod_resource/content/0/recursos/EN/M2/exclusion_list.pdf)



**Thank you** for your interest in having IDB Lab as your potential partner throughout your entrepreneurial journey. Your application is very important to us.

As the laboratory of the Inter-American Development Group, we are constantly seeking the most innovative opportunities that can positively impact the most vulnerable populations and the environment in Latin America and the Caribbean.

Our equity program intends to fill the financing gap for those companies and business models that could be pivotal for addressing key development challenges in Latin America and the Caribbean. As the region's largest anchor investor in venture capital (VC), we take pride in always investing alongside qualified venture capital funds.

Please read through this document before filling out the Direct Equity application form, so that we can make the best use of your valuable time.

Please note that this application form is for Direct Equity and Quasi-Equity financing only. For all other financing modalities, please consult the [Financing section of our website](#).

Please note that the selection process is very competitive, and we may receive proposals from many highly qualified applicants. Regrettably, we may not have the capacity to support all the worthy candidates that apply. Those applicants not selected for eligibility and further due diligence review will be notified via email.

For all other questions relating to Direct Equity and Quasi-Equity financing, feel free to reach out to us at [directequity@iadb.org](mailto:directequity@iadb.org).





# Our Investment Thesis

At the IDB Lab, we make direct equity and quasi-equity investments to reach exceptional businesses not yet fully satisfied in terms of capital availability by private VC funds. Our investment thesis is as follows:

- 1) **Round Size:** Pre-Series A, Series A, Pre-Series B and selectively, Series B. Our “sweet spot” round size range is USD 3.5M-20M.
- 2) **Ticket Size:** USD 750K to 2M\*
- 3) **Priority Verticals:** AgTech, HealthTech, EdTech/WorkerTech, Financial Inclusion, Essential Urban Services (CleanTech, Energy, Mobility, Connectivity, GovTech, etc.)
- 4) **Geography:** Latin America and the Caribbean, with special interest in emerging VC ecosystems (e.g. Central America, Caribbean, Andean region, etc.)
- 5) **Co-invest:** IDB Lab will make co-investments alongside other qualified investors. Please note that we normally do not participate as a lead investor of a financing round.

\*with some flexibility in highly strategic cases



# Requirements Checklist

On top of our investment thesis, we encourage you to check out the following basic requirements for qualification:

- 1) **Is your company a for-profit tech-based endeavor?** We are only looking to invest in tech-based for-profit companies, a.k.a. tech startups.
- 2) **Is Latin America and the Caribbean (LAC) your primary area of operations?** We are looking for companies that currently have LAC as their primary area of operations (e.g., headquarters, incorporated subsidiaries, revenue, team presence, etc.).
- 3) **Does your company have exceptional impact potential towards inclusion and/or environmental benefits?** Some examples of impact could be: digitalizing nascent ecosystems, empowering women, creating public sector innovations, significantly lowering costs of innovation, democratizing previously inaccessible services, benefitting poor and vulnerable populations, among others.
- 4) **Does your company have market traction?** We are looking for companies that have demonstrated clear product-market fit and relevant levels of recurring revenue.





# Requirements Checklist (continued)

- 5) **Is your company raising direct equity capital?** We can consider a wide array of direct equity and quasi-equity instruments, including preferred stock, convertible notes, among others. For other types of financing and opportunities, please refer to our website.
- 6) **Is your fundraising timeline sufficient?** Our target investment timeline is between 3-4 months.\*
- 7) **Do your investment needs fit with our thesis and check size?** Please check our investment thesis (p.4 of this document) to see if your investment needs fit with our criteria.
- 8) **Does your company have previous fundraising record? Do you currently have other qualified investors interested in this round?** We always enter as co-investors and do not lead rounds. We highly prefer reviewing companies with previous fundraising record.

\*Target timeline assumes a regular business case with satisfactory fulfillment of basic requirements; please note that there may be delays in exceptional cases



# SELECTION PROCESS

Our dedicated team of Investment Officers will go through the following selection process, upon receipt of your application.

- 1) **Initial screening:** We will make an initial review of your web form application and get back to you within 2-3 weeks.
- 2) **Eligibility and detailed screening:** Those who pass onto the next round of screening may receive a series of requests for additional information or for quick calls.
- 3) **Due Diligence:** Upon confirming IDB Lab's internal eligibility, a project team led by the lead Investment Officers will take on a detailed procedure of Due Diligence.
- 4) **Approval:** IDB Lab Committee approves the application, and your company will receive a notification.





# Thank you!

Questions? Please contact [directequity@iadb.org](mailto:directequity@iadb.org)

Interested? Please send us your application at

<https://iadb.force.com/publicaccess/s/golac>

