



IDB Lab Debt Financing Investments Application Guidelines

NOTICE AS TO DISCLAIMERS AND RESERVATION OF RIGHTS

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

All decisions of IDB are final and binding, with no process for appeal. Applicants that submit content that is offensive, illegal, etc., and those that disparage 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. 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 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 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

Thank you for your interest in considering IDB Lab as your potential partner. Your application is very important to us.

As a laboratory of the Inter-American Development Group, we seek to support innovative solutions that can positively and sustainably impact the most vulnerable populations and the environment in Latin America and the Caribbean. Our goal is to close key financing gaps for innovative startups, companies and organizations that drive inclusion and systemic change. IDB Lab offers a wide range of financing products that can be mixed and matched to best support our clients.

Our lending instruments are intended to fill the financing gaps faced by companies and organizations that, seeking to address key development challenges through innovative business models, technologies, products or services, and sustainable approaches, require financing to expand and amplify the scale and impact of their transformative solutions. IDB Lab's financing instruments are appropriate for proposals that are investment-ready, follow good market practices, and can generate healthy cash flows and market returns on investment, in addition to impact.

In this presentation you will find some general guidelines on the financing terms and eligibility criteria for IDB Lab loan products, as well as the process for submitting proposals. Please read this document before completing our loan application form, so that we can make the best use of your valuable time.

Please note that this application form is for loan financing only. For all other forms of financing, please refer to the Financing section of our website.

For all other questions related to debt financing, please feel free to contact us at loans_idblab@iadb.org

Our investment thesis

With its debt products, IDB Lab is uniquely positioned to finance enterprises with innovative and sustainable solutions that contribute to the social and economic development of low-income and excluded populations.

To this end, IDB Lab provides loans to scale high-impact innovative startups, filling existing financing gaps. IDB Lab also provides loans to financial intermediaries to amplify their impact with innovative and transformative solutions for Latin America and the Caribbean.

Requirements:

To receive support, projects must:

1. Be able to generate a clear impact on poor and vulnerable populations.
2. Present an innovative solution, broadly understood in the local context.
3. Demonstrate that the company can be sustainable over time.
4. Do not displace or substitute financing available in the private sector.

Our Target Clients

1. **Social Enterprises:** companies and organizations with impactful business models that, through a clear innovation proposal, can provide new solutions to the economic, social and environmental challenges of low-income and vulnerable populations (e.g., microfinance or rural financial institutions, basic service providers, cooperatives, producer associations, NGOs, SMEs, etc.).
2. **Agtechs, fintechs, technology-based companies:** with innovative models, products or services. We seek to finance companies with validated products and market traction, positive unit economies, recurring revenues and the ability to generate social inclusion or environmental impact.

Characteristics:

1. Legally constituted organizations.
2. With a minimum of three years of operation.
3. Must demonstrate financial solvency and capacity to assume and repay the debt.
4. Must have at least three years of financial statements.

Terms and Conditions of Debt Financing

1. Debt product: Senior debt without convertibility option.
2. Flexible financial conditions*:
 - a) Ticket Size: \$500,000 - \$2,000,000
 - b) Currency: Preferably in USD, local currency option may be reviewed, must be justified and with exchange risk mitigants.
 - c) Tenor: Terms 5-7 years (longer terms if project justifies).
 - d) Interest rate: Market. Variable rate (SOFR as a base). Fixed possible.
 - e) Grace period: Up to 2 years.
3. Use of funds:
 - a) Working capital: Revolving credit funds, inventory expansion, certain accounts receivable or accounts payable needs (for marketing, exports, etc.).

CAPEX: Investment in physical assets, technology or equipment.

*Based on project needs, with some flexibility in highly strategic cases.

Verification of requirements

- Is Latin America and the Caribbean (LAC) your main area of operations? We are looking for companies that currently have LAC as their main area of operations.
- Does your company/organization have a clear innovation proposition? We look for solutions that leverage new technologies, innovative approaches or new business models (such as circular economy, digital finance, innovative healthcare delivery models, clean technologies, alternative financing instruments, disruptive training models, etc.).
- Does your company/organization have exceptional impact potential towards inclusion and/or environmental benefits? The proposed solution must have a positive impact on the lives of many people in vulnerable situations and/or on the environment. Solutions that promote diversity and gender equality are highly desirable.

Verification of requirements

- Does your company/organization work in any of IDB Lab's priority verticals? Our verticals include Financial Inclusion, Essential Urban Services (connectivity, energy, water and sanitation, mobility, among others), Agriculture (AgTech) and Natural Capital (including climate change mitigation / adaptation), Health / HealthTech, EdTech / WorkerTech.
- Does your company/organization have difficulties in accessing financing? IDB Lab's financing will add value by addressing the market failure that prevents our clients from accessing financing.
- Does your company/organization have the capacity for future repayment? Applicants must demonstrate the ability to maintain operations and generate sufficient cash flows to repay the loan and meet its obligations.

Selection process

1. **Initial review:** We will do an initial review of your proposal and contact you within 2-3 weeks.
2. **Eligibility and Detailed Review:** Proposals that advance to the next round of selection will receive a series of requests for additional information or short calls.
3. **Due diligence:** Once IDB Lab's internal eligibility is confirmed, a project team led by an Investment Officer will conduct a detailed due diligence and analysis procedure.
4. **Approval:** BID committees approve the proposal, and your company will receive notification.

Please note that the selection process is very competitive, and we often receive proposals from many highly qualified applicants. Unfortunately, we do not always have the capacity to support all candidates who submit qualified proposals. Unsuccessful proposals will be notified for eligibility and additional due diligence review process.

iThank You!

Do you have any questions? Are you interested? Please send us your inquiry to loans_idblab@iadb.org