THE MULTILATERAL INVESTMENT FUND

- Multi-Country Trust Fund administered by IDB, with own Corporate Governance vested in Donors.

- Pioneer in the microfinance and VC industries, since formation in 1994.

- Historically the largest Early Stage Investor in the region with a wide regional coverage (70 funds, >250mm committed, >$1bn mobilized).

- Current portfolio of 53 funds, country and regional focus.

- Invested in >40 first-time fund managers.

- Focus on Investment/Innovation/entrepreneurial ecosystems – supported by technical cooperation grants.

- Disseminates lessons learned and experiences for new investors and first-time fund managers in LAC.
HOW DOES MIF DEFINE IMPACT INVESTING

DEVELOPMENT FINANCE
- Broad development impact by generating social/environmental externalities and contributing to economic growth and/or private sector development
- Projects also meet ESG standards
- Have impact by creating an industry (VC), deepening capital markets, or attracting new actors (pension funds)

INVESTMENTS WITH IMPACT
- Achieve more tangible/visible social impact by creating income and employment opportunities and delivering essential products and services but with no specific intentionality

IMPACT INVESTMENTS
- Deliberately aims at generating social or environmental impact to vulnerable populations in addition to a financial return specific intentionality
MIF IMPACT INVESTING APPROACH

DEVELOPMENT IMPACT FILTER
- Generates social and environmental externalities
- Contributes to economic growth and/or private sector development
- Complies with ESG criteria

IMPACT FILTER
- Generates direct/visible social impact by:
  - Creating income and employment opportunities for disadvantaged populations; and/or
  - Delivering essential products and services to disadvantaged populations.

IMPACT INTENTION FILTER
- Follows a specific impact investing approach:
  - Deliberately aims at generating social/environmental impact in addition to a financial return
  - Accountable for both financial and social outcomes
SECTORS IN WHICH MIF INVESTS

- Education
- Health Care
- Food
- Agriculture
- Access to Finance
- Renewables
- Water
- Environment
- FinTech or financial mobility
- Technology applied to traditional sectors
MIF IMPACT INVESTMENTS

By Sector

By type of Beneficiary
TYPES OF INVESTMENTS

- Investment Funds – VC
  - Local regulation: Brazil, Chile, Colombia, Mexico;
  - Other structures outside the region: USA, Canada, UK, Mauritius;
  - Other LAC jurisdictions: Panama, Uruguay.

- Direct Equity – FIs and Cooperatives - Micro Finance

- Loans – NGOs, Coop, Funds (local currency)
  - Small Loans ≤ $1MM (SEP)
MEASURES OF IMPACT INVESTMENTS

- Number of clients served
- Number of women
- Rural areas
- Taxes paid
- Other

Global Impact Investing Rating System
http://b-analytics.net/giirs-ratings
LESSONS LEARNED

LOCAL EXPERTISE

- Local management teams, or partnerships between local and international managers, have greater chances to invest in high growth opportunities and successful enterprises.

DIVERSIFICATION IN LAC IS KEY

- Best investment opportunities often founding funds with regional or cross-industry focus. The region is going global, and investors like to invest in scalable projects.

ECOSYSTEM IS KEY:

- Without a conducive investment ecosystem, the financing chain fades continuity (Angels, Seed, Early VC, Growth Capital, PE) and SMEs cannot maximize their potential.

FOR FUNDS – SIZE MATTERS

- In LAC a fund needs enough resources to provide several rounds of financing to the key companies, since the number of funds in the region is small. The minimum critical mass for a VC fund capitalization ranges between $20MM (Seed) - $50MM (VC). We have seen businesses with great growth potential not make it because the Fund was unable to provide further financing rounds.
THANK YOU!

Information on MIF:

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