

## ABSTRACT- FONDO INVERSOR (CO-M1077)

Fondo de Capital Privado Inversor (“Inversor” or “Fund”) will be the first vehicle in Colombia to target established companies that attempt to maximize social and environmental impact, while achieving financial returns. There is a new industry emerging for some time now, more focused on the sectors that can have higher probabilities to effect social impact, and many foundations and family offices are interested in this type of funds, creating de facto a sub-set within the VC industry that is being coined as “impact investments”<sup>1</sup>.

The general objective of this fund is to contribute to SME development while achieving social and environmental benefits in Colombia by supporting BOP<sup>2</sup> Funds. The specific objective is to invest in a BoP Fund targeting investments in 12 to 15 SMEs in order to demonstrate the attractiveness of a new segment within the VC industry and increasing the availability of VC financing to funds serving the BoP population in Colombia. Initial sectors targeted include: (i) agribusiness, (ii) basic infrastructure, (iii) provision of services and the development of technologies enabling access to services targeting vulnerable populations, (iv) productive businesses within the value chain, and (v) green technology with high social and environmental impact.

The MIF will invest up to USD 3 MM, conditioned to the Fund reaching a USD 20 MM capitalization.

The MIF will also provide non-reimbursable technical assistance of USD 100,000 to the Fund’s investees, to help them with their environmental and operating standards.

The Fund is an initiative launched by 14 institutions, comprising ten Founding Members and four Cooperating Partners that include recognized financial institutions and non-profit organizations in Colombia. The Founding Members include: *Estrategias Financieras y Corporativas* (a local investment bank); *Fundación Saldarriaga Concha* (related to grupo Mundial, one of the largest industrial groups in Colombia, which seeks to improve the life conditions of disabled populations); *Corporacion Mundial de la Mujer* (NGO that seeks to promote development through the support of social impact projects, particularly focusing on women microentrepreneurs); *Fundación Diego & Lia* (foundation that supports programs focusing on low income and vulnerable populations in Colombia); *Fundación Bavaria* (foundation linked to the beverage company Bavaria, owned by SABMiller, which has programs supporting entrepreneurship, education and community development); *Fundación Bolivar-Davienda* (a holding company from the Bolivar group, focused on the financial sector and that

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<sup>1</sup> Impact investments are investments intended to create positive impact beyond financial return. They provide capital to a business designed with the intent to generate positive social and/or environmental impact and expect financial returns. J.P.Morgan : “Impact investments: An Emerging Asset Class.” November 2010

<sup>2</sup> Base of the Pyramid (BoP) is defined by the World Resources Institute as people earning less than USD 3,000/yr. BoP Funds are vehicles that target the BoP population as beneficiaries of their investments.

supports education and entrepreneurship); the *Fomipyme* Program from the Ministry of Commerce, which has co-financing programs related to MSMEs, displaced populations and small productive chains; the *Avina Foundation* that supports sustainable development in Latin America through the support of a range of programs, including the BoP; and the *Colombian Stock Exchange*. The Cooperating Partners are: *Mckinsey & Company*, *Brigard & Urrutia*, one of the leading law firms in Colombia, the investment banking arm of Grupo Bancolombia, *Banca de Inversion Bancolombia*; and the social consulting organization *Compartamos con Colombia*.