

ABOUT ACUMEN LATIN AMERICA EARLY GROWTH FUND

Acumen Latin America Early Growth Fund LP (ALEG) is a \$28 million private equity impact fund that invests in small and medium enterprises (SMEs) across Colombia, Peru, Honduras, El Salvador, and Guatemala, managed by Acumen LatAm Impact Ventures (ALIVE).

The John D. and Catherine T. MacArthur Foundation's \$5 million catalytic capital investment will help ALEG diversify and grow its portfolio of early-stage SMEs in agribusiness, education, and energy sectors. MacArthur is joining fellow investors including the Dutch Good Growth Fund, Inter-American Development Bank, Bancóldex, Fundación Bancolombia, Fundación SURA, and Fundación WWB Colombia.



Photo credit: SunColombia

WHY IT MATTERS

Latin America has made notable progress reducing poverty over the last decade. However, most efforts focus on urban areas, leaving many rural communities behind. For example, in Peru and Nicaragua, 43 percent and 38 percent of rural households lack clean water, respectively, and more than 10 million people lack access to electricity. While rural communities are seeing more business interventions enter the market, these same companies struggle to find the necessary resources to grow. Today, a majority of the available

capital in the region is reserved for early-stage startups and mature commercial companies, creating a missing middle for SMEs. The impact can be stark, leading to fewer jobs, a stunted economy, and, in rural areas, growing urban migration.

HOW IT WORKS

As a private equity impact fund, ALEG will invest in eight to twelve commercially viable companies that are providing innovative solutions to tackle inequality in Colombia, Peru, and countries in Central America. In addition to the private equity fund, ALEG has raised a \$1 million for a technical assistance facility to provide portfolio companies with post-investment support services and to conduct impact and gender research for the broader market.

ALEG will focus its investments on three sectors that help drive progress toward several of the 17 UN Sustainable Development Goals:

- **Agribusinesses** to improve their commercial viability and increase the net income of smallholder farmers.
- **Education** to provide young adults with the skills and training that can increase their salary over time.
- **Energy** to advance access to power in areas where municipal energy is not available.

Additionally, ALEG will advocate for gender equality within its portfolio companies through regular assessment and research.

ALEG's investments have the potential to impact the lives of 500,000 people and pave the way for increased private financing from conventional investors across Latin America, ultimately leading to more viable SMEs, products, and services for low-income people.

Acumen LatAm Early Growth Fund LP is a field partnership of the Catalytic Capital Consortium, which is an investment, learning, and market development initiative launched by the John D. and Catherine T. MacArthur Foundation, in partnership with The Rockefeller Foundation and Omidyar Network. The Consortium informs and inspires the use of catalytic capital globally to help enterprises and funds access the financing they need to innovate, scale, and sustain high-impact strategies that further the UN Sustainable Development Goals.

To advance the Catalytic Capital Consortium, MacArthur is investing in a series of funds or intermediaries that demonstrate a powerful use of catalytic capital across sectors and geographies.