



2024 LAVCA Trends in Tech

Insights on the Venture Capital Industry in Latin America

Data as of 31 December 2023

Introduction

LAVCA's 2024 Trends in Tech builds on extensive past reporting to offer a timely perspective on the state of the VC ecosystem in Latin America.

This year's report provides an updated perspective on Latin America VC metrics verified by LAVCA Research, including sector and country-specific breakdowns, average rounds sizes across investment stages and the current role of global investors co-investing alongside local fund managers.

This edition also offers a new view on how venture investors are deploying capital as they seek to de-risk their portfolios amidst limited sources of follow-on financing.

As investors and entrepreneurs continue to navigate market challenges, this report also highlights emerging trends, particularly local innovations aligned with global investment themes. Select bright spots include the rise in nearshoring driven by global supply chain restructurings, the emergence of a regional cleantech startup ecosystem and the early signs of local AI-enabled startups successfully securing venture financing.

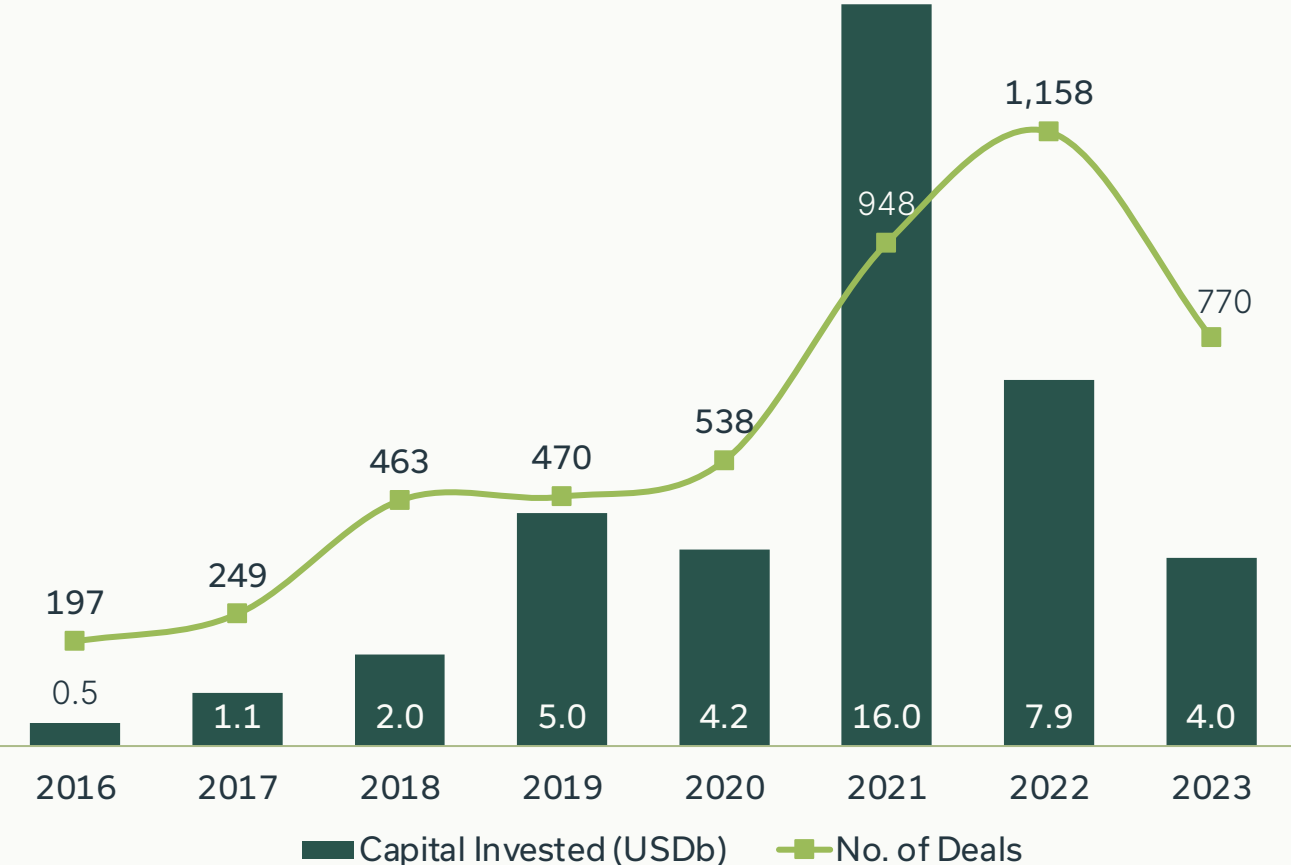
- Carlos Ramos de la Vega, Director of VC

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VC investment stabilized through a global market reset: Investors deployed USD4b across 770 transactions in Latin America

Annual VC Investment in Latin America, 2016-2023



After a period of rapid growth, VC investment in Latin America entered a period of consolidation in 2023 amidst a continued global market downturn.

While total investment was in line with pre-pandemic levels, the total number of disclosed deals increased by 43% when compared to 2020 – the year with the third most transactions on record, propelled by steady participation from seed stage investors.

As valuations continued to adjust since their peak in 2021, venture investors became increasingly selective on their participation in new opportunities.

As stories take a back seat to realized performance, investors are prioritizing the ability of startup founders to engineer a clear path towards profitability and preserve cash on the face of limited follow-on financing.

Source: LAVCA. Data as of 31 December 2023.

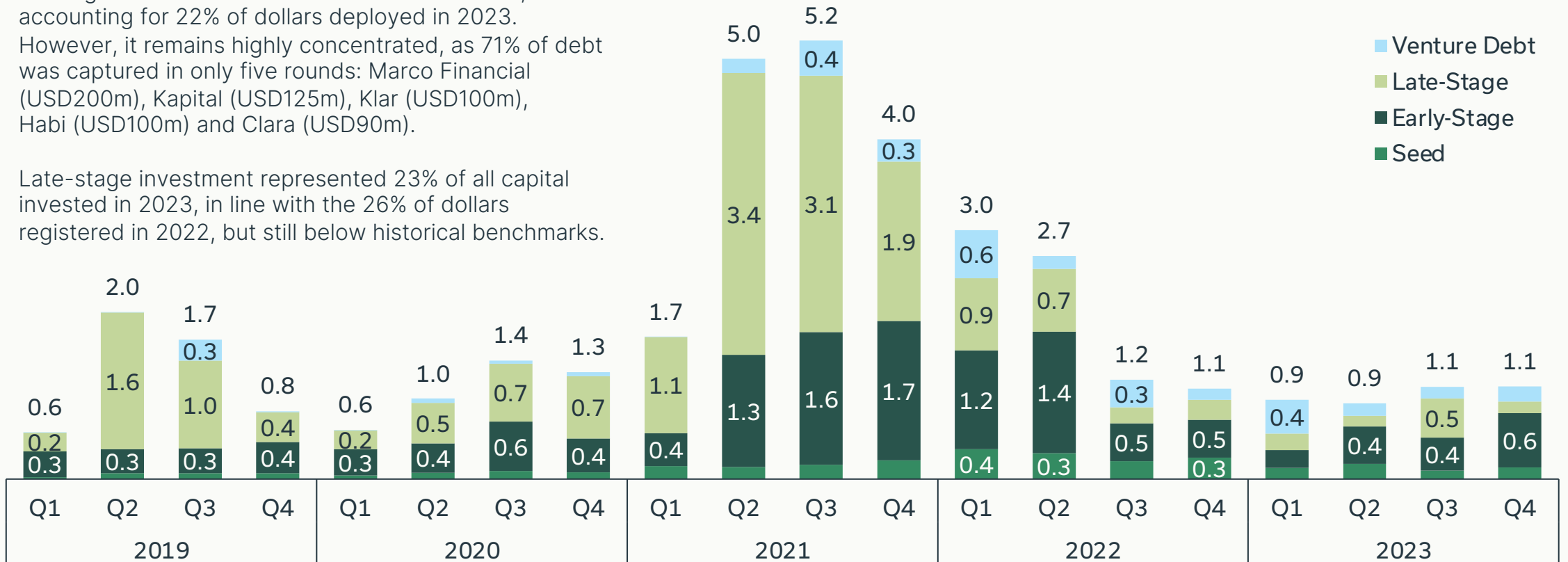


Early-stage sustained investment activity in Latin America: Capital invested in early-stage rounds accounted for 42% of venture dollars deployed in 2023

Quarterly VC Investment in Latin America by Stage (USD\$b), 2019-2023

Venture debt continues to be an available source of funding since the onset of the market correction, accounting for 22% of dollars deployed in 2023. However, it remains highly concentrated, as 71% of debt was captured in only five rounds: Marco Financial (USD200m), Kapital (USD125m), Klar (USD100m), Habi (USD100m) and Clara (USD90m).

Late-stage investment represented 23% of all capital invested in 2023, in line with the 26% of dollars registered in 2022, but still below historical benchmarks.



Source: LAVCA. Data as of 31 December 2023.

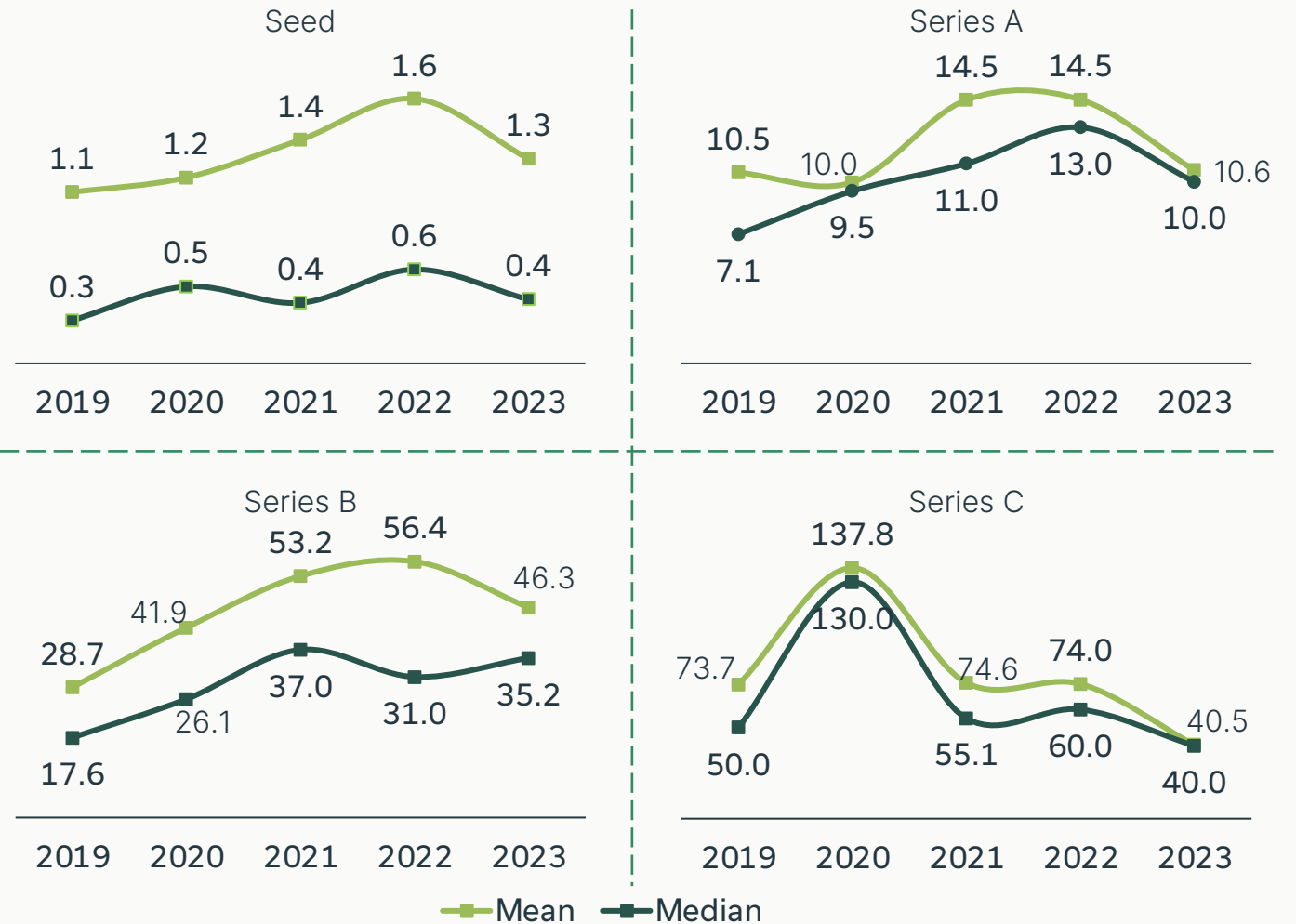
Resetting valuation expectations: Average ticket sizes across all venture stages continued to pull back from all-time highs

Valuation expectations between founders and investors continued to improve after a significant misalignment at the onset of the market correction.

Early-stage investors reverted to sustainable funding practices in 2023, in line with historical figures. After recording unprecedented highs driven by increased capital availability and global market momentum, seed, Series A and Series B checks in 2023 shed 23%, 27% and 18% on average respectively, when compared to 2022.

Late-stage tickets continued to adjust downward, with the average round falling by 45% compared to 2022. Global investors, who have historically provided the majority of late-stage financing in the region, have scaled back from participating in mega rounds globally. In Latin America, global investors participated in 21 late-stage financing rounds in 2023, down from 67 rounds in 2021.

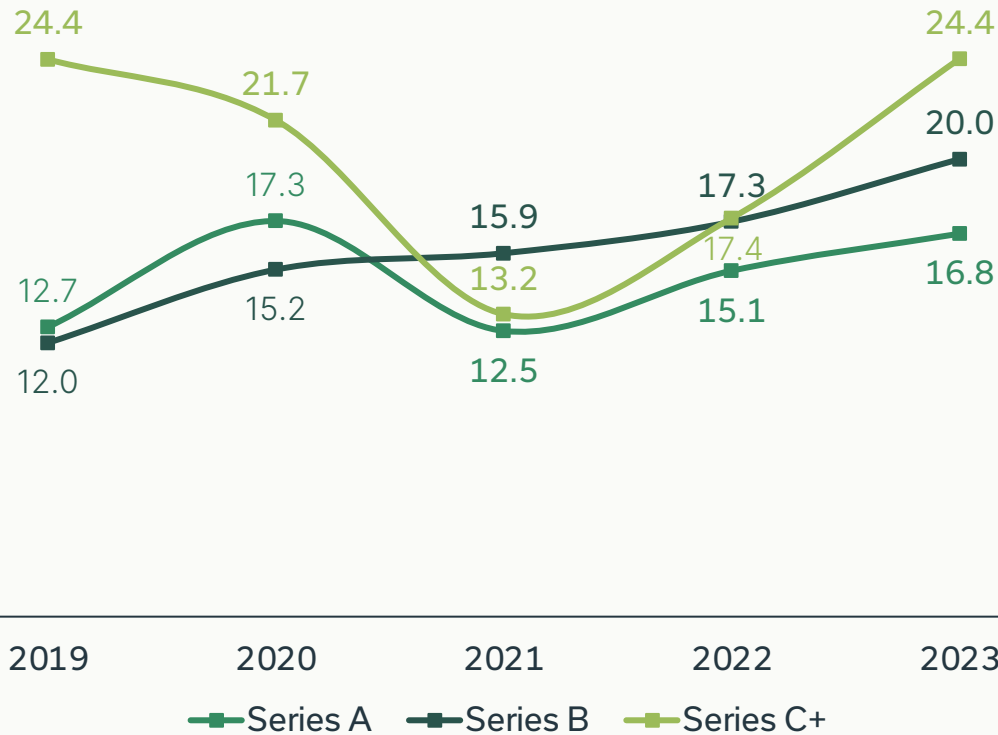
Average and Median VC Round Size in Latin America (USDm), 2019-2023



Source: LAVCA. Data as of 31 December 2023.

Back to market and playing defense: A record number of early-stage startups are likely to begin fundraising in 2024 while investors focus on strengthening their current portfolio

Time to Close a VC Round in Latin America
Average no. of months since previous VC round, 2019-2023



Note: Estimates based on known disclosed rounds. For example: Startups that raised a Series A round in 2021 closed the round 12.5 months after their previous disclosed financing, on average.

Source: LAVCA. Data as of 31 December 2023.

Estimated No. of Latin American startups, based on investments in the last five years (2019-2023)

1,547	Startups raised a seed round and have not raised a Series A
231	Startups raised a Series A round and have not raised a Series B round
81	Startups raised a Series B round and have not raised a Series C round
46	Startups raised a Series C round and have not raised a Series D round

More than 1,700 companies have raised seed and early-stage VC funding in Latin America since 2019. With longer times to close financing, founders may be faced with stark choices depending on the current health of their business – raise new sources of dilutive capital in a potential down round, turn to venture debt, pursue a sale process, or wind down operations.

Venture investors participating in early-stage rounds in Latin America prioritized support of their existing portfolios with follow-on capital over committing to new startups. Follow-on transactions accounted for 47% of all early-stage checks in 2023, compared to an average of 36% from 2019-2022.

Fewer mega rounds: Six Latin American raised rounds over USD100m in 2023, compared to 19 in 2022 and 35 in 2021

Disclosed VC Investments in Latin America Over USD50m, 2023

Investor (s)	Company	HQ	Tech Vertical	Inv. Type	Round	Inv. Size (USDm)	Date
Across Capital, General Atlantic	QI Tech	Brazil	Fintech	Early-Stage	Series B	200.0	Oct-23
Castlelake, MidCap Financial	Marco Financial	Latin America	Fintech	Venture Debt	-	200.0	Feb-23
Accial Capital	Kapital	Mexico	Fintech	Venture Debt	Series B	125.0	Dec-23
Victory Park Capital	Klar	Mexico	Fintech	Venture Debt	-	100.0	Aug-23
ADQ, Altimeter Capital, Andreessen Horowitz, Baillie Gifford, BTG Pactual, Cercano Management, Citi Ventures, CPP Investments, D1 Capital Partners, DST Global, Fifth Wall, GIC, monashees, QED Investors, Silver Lake, Valor Capital Group	Loft	Brazil	PropTech	Late-Stage	-	100.0	Aug-23
Victory Park Capital	Habi	Colombia	PropTech	Venture Debt	-	100.0	Apr-23
Accial Capital	Clara	Mexico	Fintech	Venture Debt	Series B	90.0	Mar-23
EQT, General Atlantic, Moore Strategic Ventures, Neuberger Berman	Gympass	Brazil	HRtech	Late-Stage	Series F	85.0	Aug-23
Vostok Emerging Finance	Creditas	Brazil	Fintech	Late-Stage	Series F	75.0	Aug-23
Acrew Capital, KASZEK, Next Play Capital, NFX	La Haus	Colombia	PropTech	Late-Stage	Series C	62.0	Jun-23

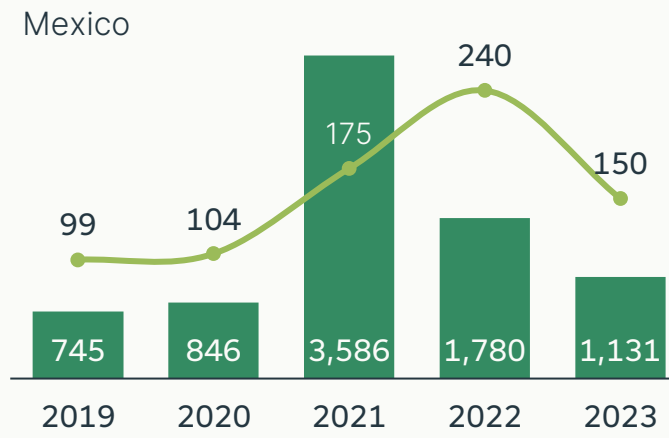
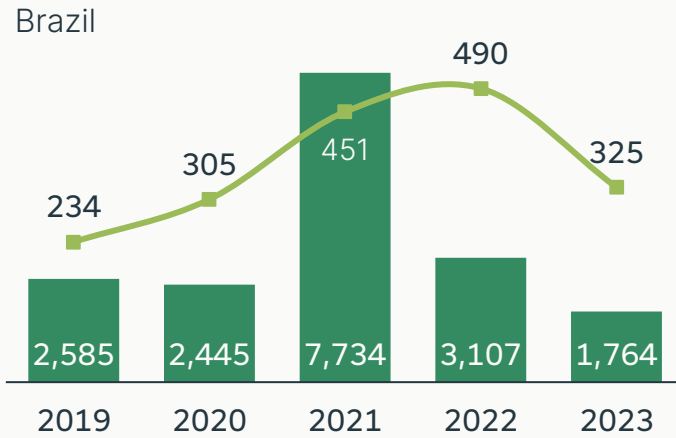
Fewer mega rounds: Six Latin American raised rounds over USD100m in 2023, compared to 19 in 2022 and 35 in 2021

Disclosed VC Investments in Latin America Over USD50m, 2023 (cont.)

Investor (s)	Company	HQ	Tech Vertical	Inv. Type	Round	Inv. Size (USDm)	Date
Abstract Ventures, Globo Ventures, monashees, Propel Venture Partners, Spark Capital, Stripes, Tiger Global	Nomad	Brazil	Fintech	Early-Stage	Series B	61.0	Aug-23
Acrew Capital, Alter Global, Bayhouse Capital, Citi Ventures, Citius, Coatue, Commerce Ventures, DST Global, Endeavor Catalyst, Ethos VC, Fluent Ventures, General Catalyst, GGV Capital, Goanna Capital, monashees, Picus Capital	Clara	Mexico	Fintech	Early-Stage	Series B	60.0	Apr-23
G2D Investments, Goldman Sachs, K Fund, Kinea Investimentos, Vivo Ventures	Digibee	Brazil	Other Enterprise Software	Early-Stage	Series B	59.8	May-23
Lendable	Solvento	Mexico	Fintech	Venture Debt	-	50.0	Dec-23
Balderton Capital, Convivialité Ventures (Pernod Ricard), G Squared, GGV Capital, Greycroft Partners, Lombard Odier Group, monashees, Tiger Global	JOKR	Brazil	Logistics Tech	Late-Stage	Series D	50.0	Sep-23
Bicycle Capital, Caravela Capital, Endeavor Catalyst, QED Investors	Mottu	Brazil	Mobility	Late-Stage	Series C	50.0	Sep-23
G Squared, GGV Capital, HV Capital, Tiger Global	JOKR	Brazil	Logistics Tech	Late-Stage	Series C	50.0	Feb-23

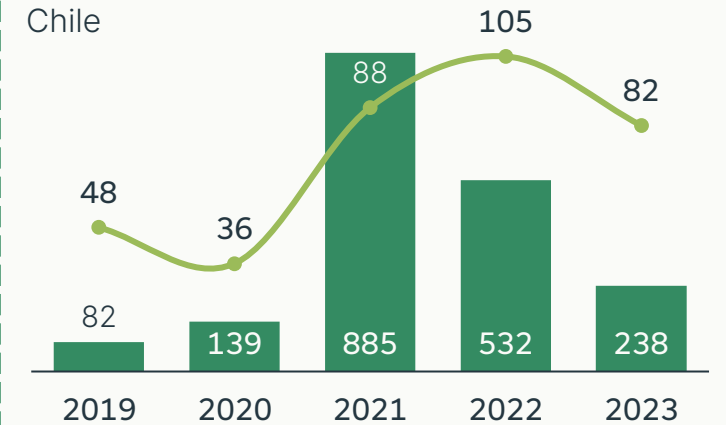
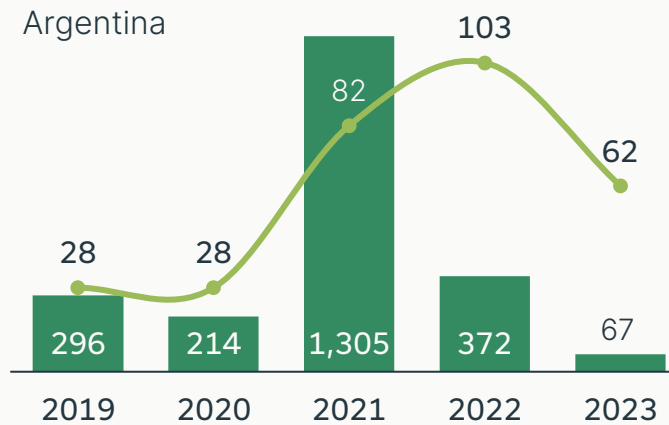
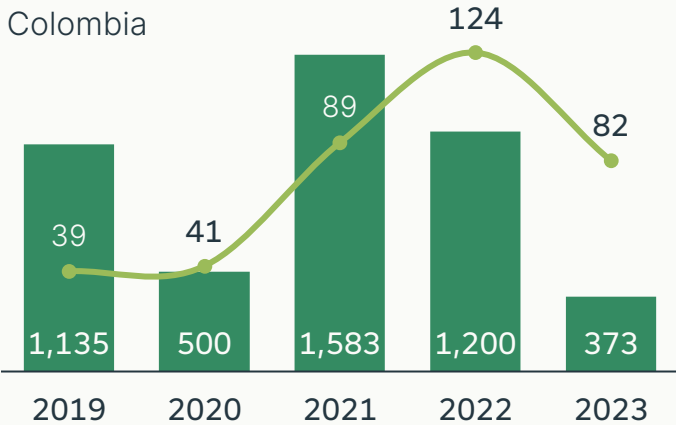
Brazil consolidates its lead: Brazil-based startups have raised USD17.6b in the past five years – 47% of total VC dollars invested in Latin America

VC Investment in Latin America by Country, 2019-2023



Mexico-, Colombia- and Chile-based startups together captured 43% of VC dollars in 2023, consistent with the 45% raised by entrepreneurs in these markets during 2022.

Sustained deal activity continues driving regional development. Spanish-speaking Latin America accounted for 58% of all transactions in 2023, on par with 2022.

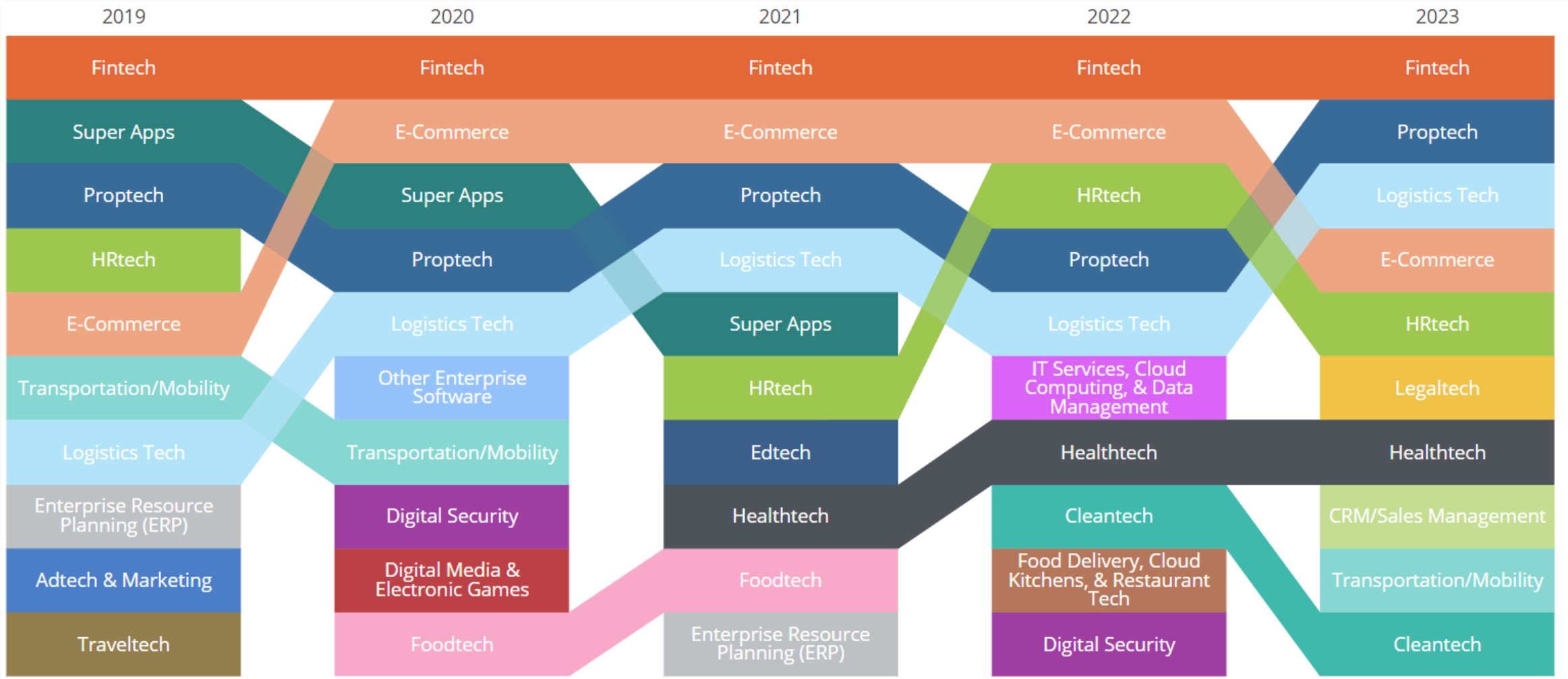


Note: Charts have varying scales. Compare within, not across. Data as of December 31, 2023.

■ Capital Invested (USDm) ● No. of Deals

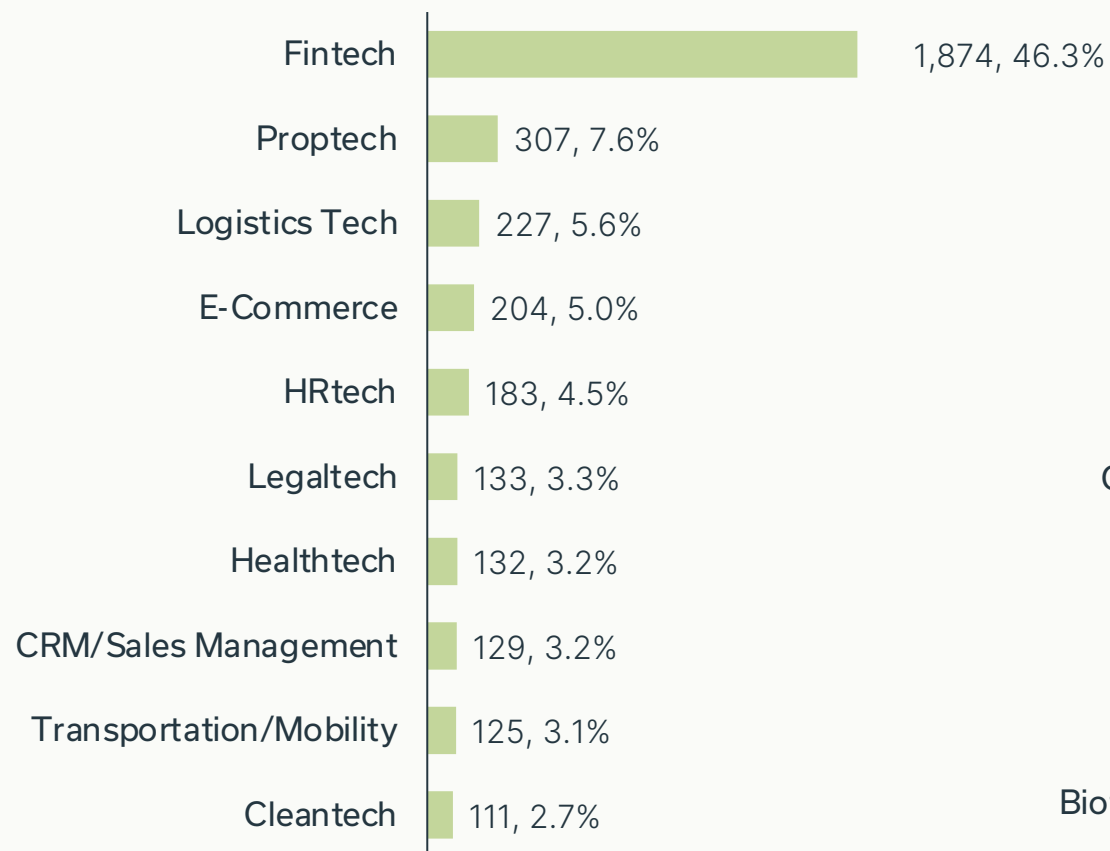
Fintech continues to reign in Latin America: Fintech startups attracted 46% of VC dollars in 2023, more than the next nine verticals combined

Top 10 Tech Verticals in Latin America, 2019-2023 (ranked by total USDm)

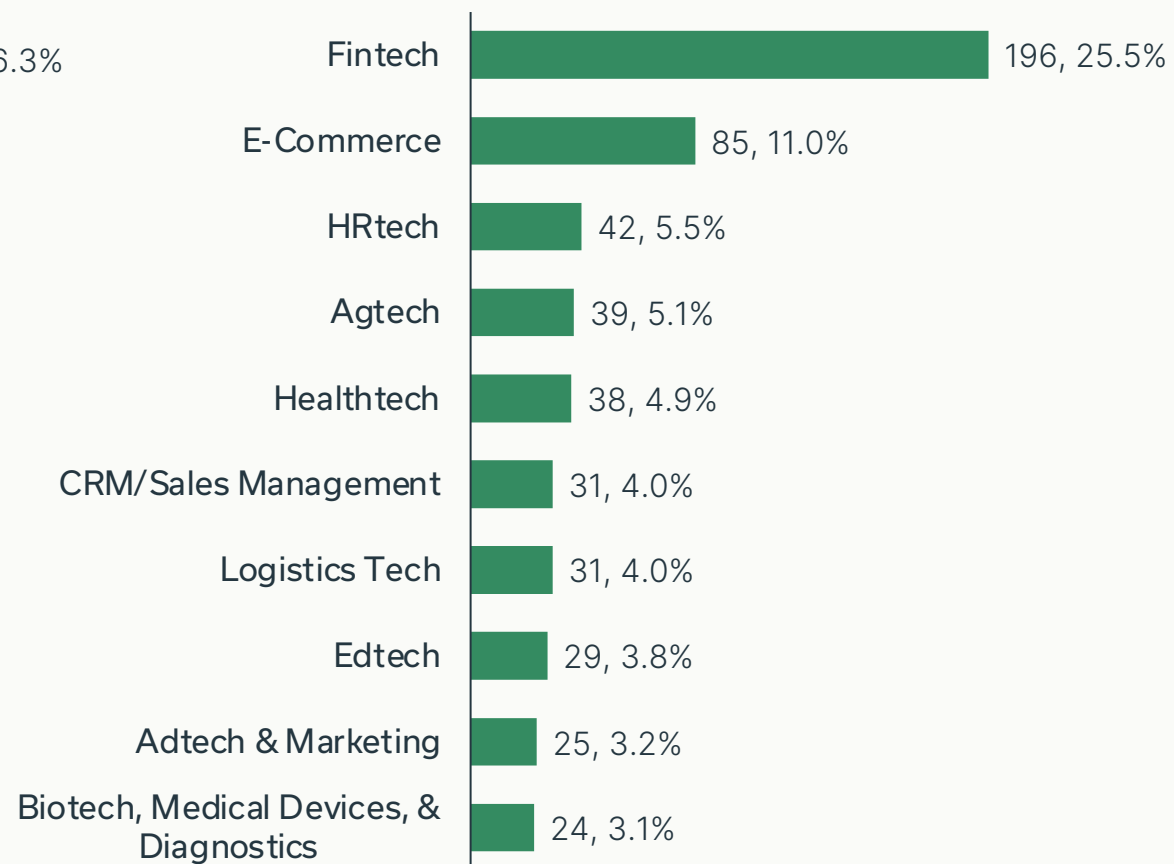


Fintech continues to reign in Latin America: Fintech startups attracted 46% of VC dollars in 2023, more than the next nine verticals combined

Top 10 Tech Verticals in Latin America Ranked by Total Capital Invested (USDm), 2023



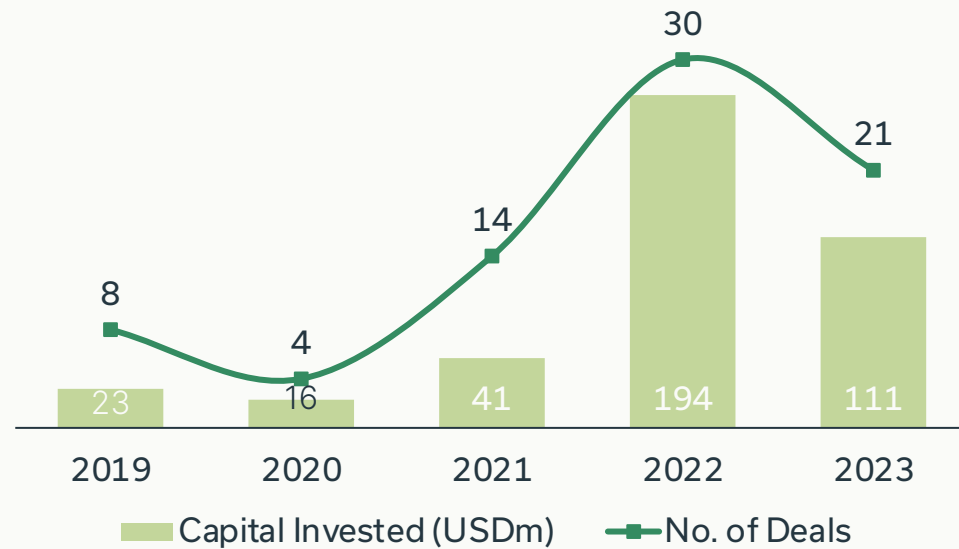
Top 10 Tech Verticals in Latin America Ranked by No. of Deals, 2023



Source: LAVCA. Data as of 31 December 2023.

Following through on climate commitments: Rising investor interest sparks investment in cleantech startups albeit from a low base, with cleantech representing 3% of VC dollars in 2023

VC Investment in Cleantech Startups in Latin America, 2019-2023



Increased investor appetite for startups developing solutions for carbon removal, renewable energy generation, environmental monitoring and sustainable mining drove founders to raise a combined USD111m across 21 rounds – a 2.7x dollar increase in cleantech funding over 2021.

Source: LAVCA. Data as of 31 December 2023.



Mexico | Late-Stage | USD31m | July 2023
Investment Fund for Developing Countries
Distributed generation solar financier



Chile | Early-Stage | USD30m | June 2023
Audley Capital, Aurus Capital, CoTec Holdings, Energy Impact Partners, Khosla Ventures, Orion Resource Partners, Pincus Green, Unearth Capital
Tech solutions for more sustainable mining



Argentina | Early-Stage | USD11m | May 2023
Base10 Partners, Giant Ventures, MCJ Collective, Transition Global, Y Combinator
Climate platform to measure, respond to and report on water risk



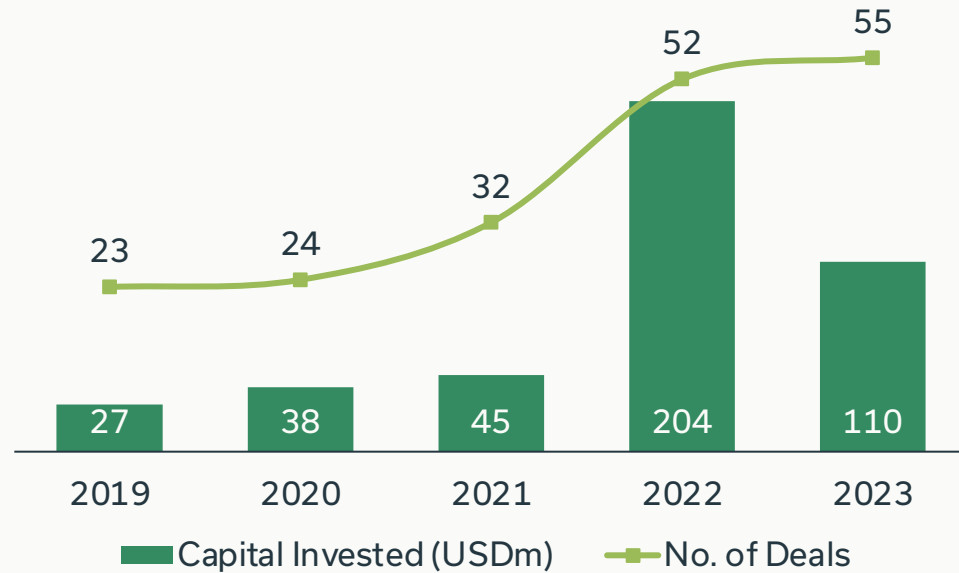
Colombia | Early-Stage | N/A | Oct. 2023
KASZEK, Wildsur, NAZCA, Ewa Capital
Smart meters and software for energy usage monitoring and management



Brazil | Early-Stage | N/A | July 2023
AXA Investment Managers, Bain Capital, KASZEK, USV
Carbon removal through large-scale native, biodiverse reforestation

Beyond the hype: AI-enabled Latin American startups closed 55 financing rounds in 2023, a new record for the nascent category

PE/VC Investment in AI & Machine Learning in Latin America, 2019-2023



In Latin America, investment in AI-enabled startups – businesses leveraging technologies ranging from LLMs and GPTs to proprietary sources of alternative data – reached USD110m in 2023, up 189% and 144% from 2020 and 2021, respectively.

Source: LAVCA. Data as of 31 December 2023.



Brazil | PIPE | USD100m | Aug. 2022
 Bradesco, Crescera Capital, FJ Labs, Innova Capital
 Ready-to-use AI applications for business



Brazil | Early-Stage | USD8m | May 2023
 Angel Invest, big_bets, RTP Global, TLF Ventures
 User experience (UX) automation with AI



Brazil | Early-Stage | USD6.9m | Sep. 2023
 Contrarian Ventures, DOMO, EDP Ventures, Headline
 Predictive management platform for renewable energy assets



Brazil | Seed | USD6m | Dec. 2023
 Atman, Clocktower Technology Ventures, Crestone VC, Latitud, Liquid2 Ventures, Norte, Soma, SV Angel
 Personalized banking user experiences through specialized foundation models



Uruguay | Seed | USD5m | Aug. 2023
 Factory HQ, Kalei Ventures
 Personal AI assistant on WhatsApp



Mexico | Early-Stage | USD6m | Dec. 2022
 Factory HQ, Kalei Ventures
 AI optimization for product pricing, promotions and inventory management

Rethinking local and international logistics: Logistics startups capitalize on continued investor interest in international trade and last-mile delivery



Mexico | Early-Stage | USD36m | June 2023
 Amador Holdings, HI Ventures, Magma Partners, MAYA Capital, NFX, One Way Ventures, QED Investors, Tiger Global, Tresalia Capital
 All-in-one platform for cross-border trade



Brazil | Early-Stage | USD34m | Nov. 2023
 Audley Capital, Aurus Capital, CoTec, Energy Impact Partners, Khosla Ventures, Orion Resource Partners, Pincus Green, Unearth Capital
 Software to plan, monitor and automate global trade



Brazil | Early-Stage | USD20m | July 2023
 Base10 Partners, Giant Ventures, MCJ Collective, Richard Branson, Transition Global, Y Combinator
 Fleet management intelligence platform

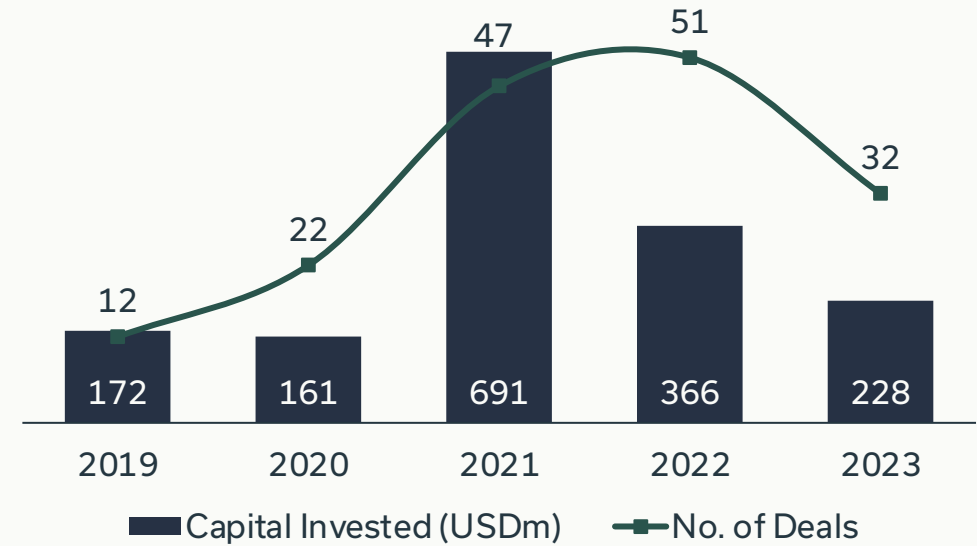


Argentina | Early-Stage | USD5m | June 2023
 Alaya Capital, Aybe Investments, FJ Labs, Grupo Financiero Galicia, Kalei Ventures, Toyota, Wayra
 Software for last-mile delivery



Colombia | Early-Stage | USD5m | April 2023
 Eduardo Castro-Wright, Grupo Pegasus, Innogen Capital Ventures, Redwood Ventures
 End-to-end platform to manage e-commerce end last-mile delivery

VC Investment in Logistics Tech Startups in Latin America, 2019-2023






VC investment into logistics startups reached USD228m in 2023 across Latin America. Mexico-based logistics startups have captured a cumulative USD499m since 2019 on the backdrop of the rise in nearshoring driven by the reorganization of global supply chains. Strong policy and economic fundamentals – including low labor costs and beneficial trade agreements – continue to provide tailwinds within the category.

Source: LAVCA. Data as of 31 December 2023.

Exits & industry consolidation: The looming opportunity for M&A-driven liquidity












Notable VC-backed exits and acquisitions

LAVCA recorded 32 strategic sales for VC-backed companies in 2023, led by Visa's acquisition of Brazilian fintech Pismo, reaffirming global corporate interest for partnering with local companies with a proven customer base and attractive distribution.

Acquiror	Target	Deal Value (USDm)
		1,000
		77
		Undisclosed
		Undisclosed
		Undisclosed
		Undisclosed

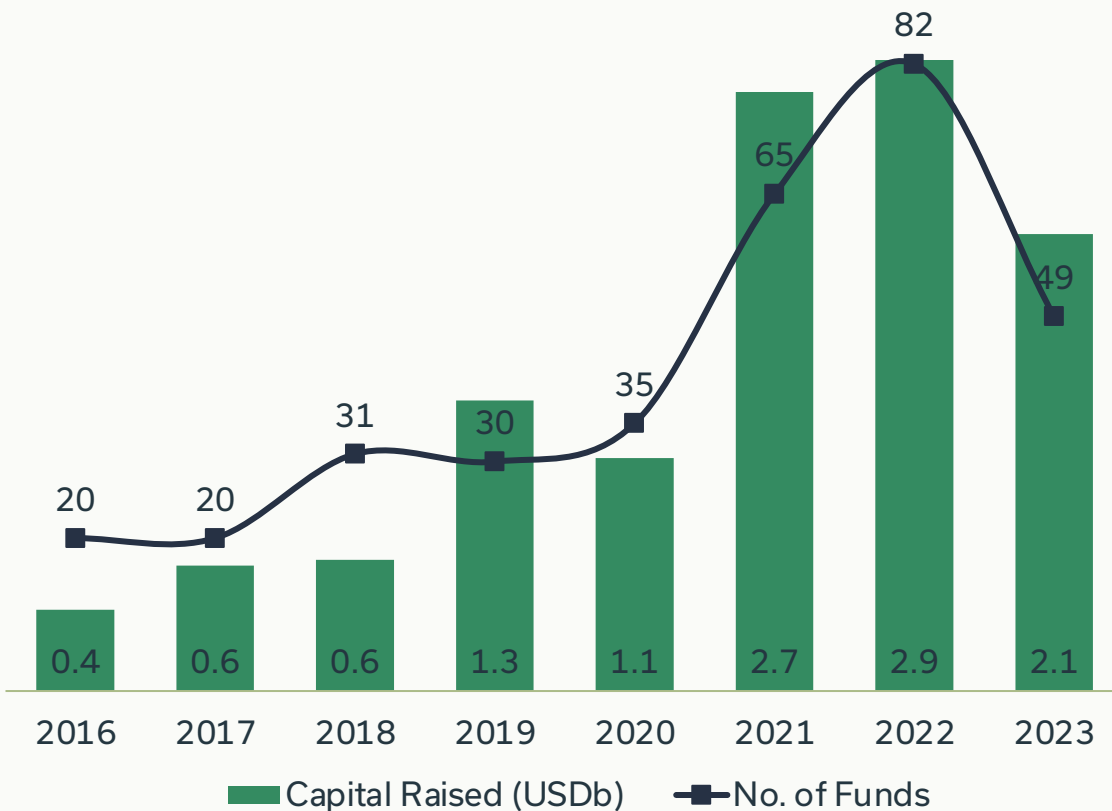
Nascent Signs of Consolidation Across Sectors

VC-backed startups with well-capitalized balance sheets pursued inorganic opportunities for horizontal consolidation to expand product offerings, reduce time-to-market in new geographies or complement core business models.

Startup	Startup	Sector
		E-Commerce
		HRtech
		Fintech
		Healthtech
		Logistics
		Transportation

Committed for the long run: Fund managers secured USD2.1b in fresh capital against global fundraising challenges

VC Fundraising in Latin America, 2016-2023



Source: LAVCA. Data as of 31 December 2023.

Limited Partners (LPs) have committed ~USD7.7b to Latin America-dedicated VC funds since 2021. Amid a lackluster global fundraising environment, active fund managers remain capitalized to invest in opportunities in the next market cycle.

Fund managers raising a first, second or third fund secured a combined USD931m in committed capital in 2023 – the third highest figure on record. Notable fund closes include Bicycle Capital (USD440m), NXTP (USD98m), Indicator Capital (USD61m), ALIVE Ventures (USD43m) and Manutara Ventures (USD28m).

Established managers (those on fund IV or greater) raised a combined USD1.2b, predominantly led by KASZEK's USD975m secured across Kaszek Ventures VI and Kaszek Ventures Opportunity III.



Most Active VCs in Latin America

Most Active VCs in Latin America by Stage, 2023

Seed Stage	Early-Stage	Late-Stage
<ul style="list-style-type: none"> ▪ 500 Global ▪ ACE Startups ▪ Antler ▪ Bossa Invest ▪ Canary ▪ DOMO ▪ G2 Momentum Capital ▪ Latitud ▪ Newtopia VC ▪ Platanus Ventures ▪ Rockstart ▪ SF500 ▪ Y Combinator 	<ul style="list-style-type: none"> ▪ Alexia Ventures ▪ Carao Ventures ▪ Clocktower Technology Ventures ▪ Cometa ▪ DILA Capital ▪ DOMO ▪ Endeavor Catalyst ▪ FJ Labs ▪ KASZEK ▪ Kayyak Ventures ▪ KPTL ▪ MAYA Capital ▪ monashees ▪ NAZCA ▪ QED Investors ▪ Quona Capital ▪ Redwood Ventures ▪ Salkantay Ventures ▪ Scale-up Ventures ▪ Valor Capital Group 	<ul style="list-style-type: none"> ▪ G Squared ▪ GGV Capital ▪ KASZEK ▪ monashees ▪ QED Investors ▪ Tiger Global ▪ Valor Capital Group ▪ Vostok Emerging Finance ▪ Warburg Pincus

Note: LAVCA Members in bold. “Most active” firms by number of deals closed in 2023: at least 10 seed investments, at least 5 early-stage investments and at least 2 late-stage Investments. Source: LAVCA. Data as of December 31, 2023.

Local managers commanded the lion share of early-stage investment activity in 2023. Global investors with Latin America-dedicated funds and teams remained active co-investors albeit at a slower investment pace.

Global investors with an opportunistic thesis continued to balance their regional presence with a renewed focus on portfolio support in their core markets prompted by the ongoing market correction.

Latin American VC Ecosystem in Numbers

420 Unique GPs invested in Latin American Startups in 2023

999 Unique GPs invested in Latin American Startups since 2019

710 Unique Latin American Startups raised VC dollars in 2023

2,344 Unique Latin American Startups raised VC dollars since 2019

About

LAVCA

LAVCA is the Association for Private Capital Investment in Latin America, a non-profit membership organization dedicated to supporting the growth of private capital in Latin America and the Caribbean. LAVCA's membership is comprised of nearly 200 firms, from leading global investment firms active in the region to local fund managers to family offices, global sovereign wealth funds, corporate investors and international pension plans. Member firms control assets in excess of USD65b, directed at capitalizing and growing Latin American businesses

The mission of LAVCA is to spur regional economic growth by advancing private capital investment. This is accomplished through programs of research, networking, education, the promotion of best investment practices and the advocacy of sound public policy.

LAVCA was founded in 2002 with support from the Multilateral Investment Fund (MIF) of the Inter-American Development Bank.

Methodology

Statistics on fundraising, investments and exits presented in this report are obtained from the LAVCA Biannual Fund Manager Survey, which has been conducted since 2008. LAVCA publishes regular industry updates every quarter.

LAVCA collects most of the transactional information directly from fund managers and amounts have been confirmed whenever possible through information provided by the fund managers themselves.

VC transaction types include seed, early-stage (Series A-B), late-stage (Series C+) and venture debt. Note that venture debt only includes debt provided by closed-ended funds and does not credit lines or bank debt financing.

For our reporting purposes, Latin America includes Mexico, Central America, South America and the Caribbean (excluding Puerto Rico and other overseas territories and departments). Companies classified as "Latin America Regional" includes companies based in the U.S. with a significant footprint in Latin America or regional companies without a clear HQ in a single market.

Disclaimer: This information is intended to provide an indication of industry activity based on the best information available from public and proprietary sources. LAVCA has taken measures to validate the information presented herein but cannot guarantee the ultimate accuracy or completeness of the data provided. LAVCA is not responsible for any decision made or action taken based on information drawn from this report.



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