August 2024

Kirchner Fellowship Costa Rica

Analysis of the National Impact Investment Ecosystem within the Bioeconomy Sector.

[k] KIRCHNER IMPACT FOUNDATION

CRUSA

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Acknowledgments

Acknowledgment is extended to all the individuals and institutions that have contributed to the completion of this report. Firstly, we thank the Kirchner Impact Foundation and their entire team for their invaluable guidance and support throughout all phases of the first Kirchner Fellowship (KF) program in Costa Rica. Special recognition is also extended to the CRUSA Foundation as the main local partner and to the philanthropic donations from the Donovan Family Fund for making this program possible.

We also wish to acknowledge the collaboration of the students selected as fellows to participate in the KF: Celestina Brenes, Itnan Vargas, and Sianny Chavarría, whose hard work enabled the collection of critical information on the Costa Rican bioeconomy ecosystem for this report. Additionally, special recognition goes to the leading team of the program, Abigail Napsuciale, Eduardo Garay, Charles Higgenbotham, Priscilla Morera, Steve Dauphin, and Rod Parker, whose mentorship were fundamental to the success of this project.

Index

1. Description

This report is the culminating result of the efforts made by the first Costa Rican generation of the Kirchner Fellowship (KF), the flagship program of the Kirchner Impact Foundation (KIF) in partnership with the CRUSA Foundation. It contains information about the impact investment ecosystem at the local level in Costa Rica, with particular emphasis on the Bioeconomy sector.

The objective of this report is to share the team's findings based on data gathered throughout their fellowship program tenure, extending from January 27 to December 12, 2023, so that they may serve as a basis for taking action aimed at further strengthening the Costa Rican impact investment ecosystem.

The report is structured as follows: the first section includes introductory information related to local company development, attraction of private capital to the region, as well as traditional and impact investment data in the context of the Bioeconomy. In the second section, the methodologies of both the KF program itself as well as the data collection practices for this particular report are described. Lastly, the final conclusions drawn from these activities are listed.

1.1 Important Disclaimer

Neither KIF nor any materials produced by KIF are intended to be or act in any way as an investment advisor or as investment advice. From time to time and in furtherance of KIF's tax-exempt purposes, information and analysis regarding companies is shared with the public free of charge; however, no investment opportunity is being recommended or offered.

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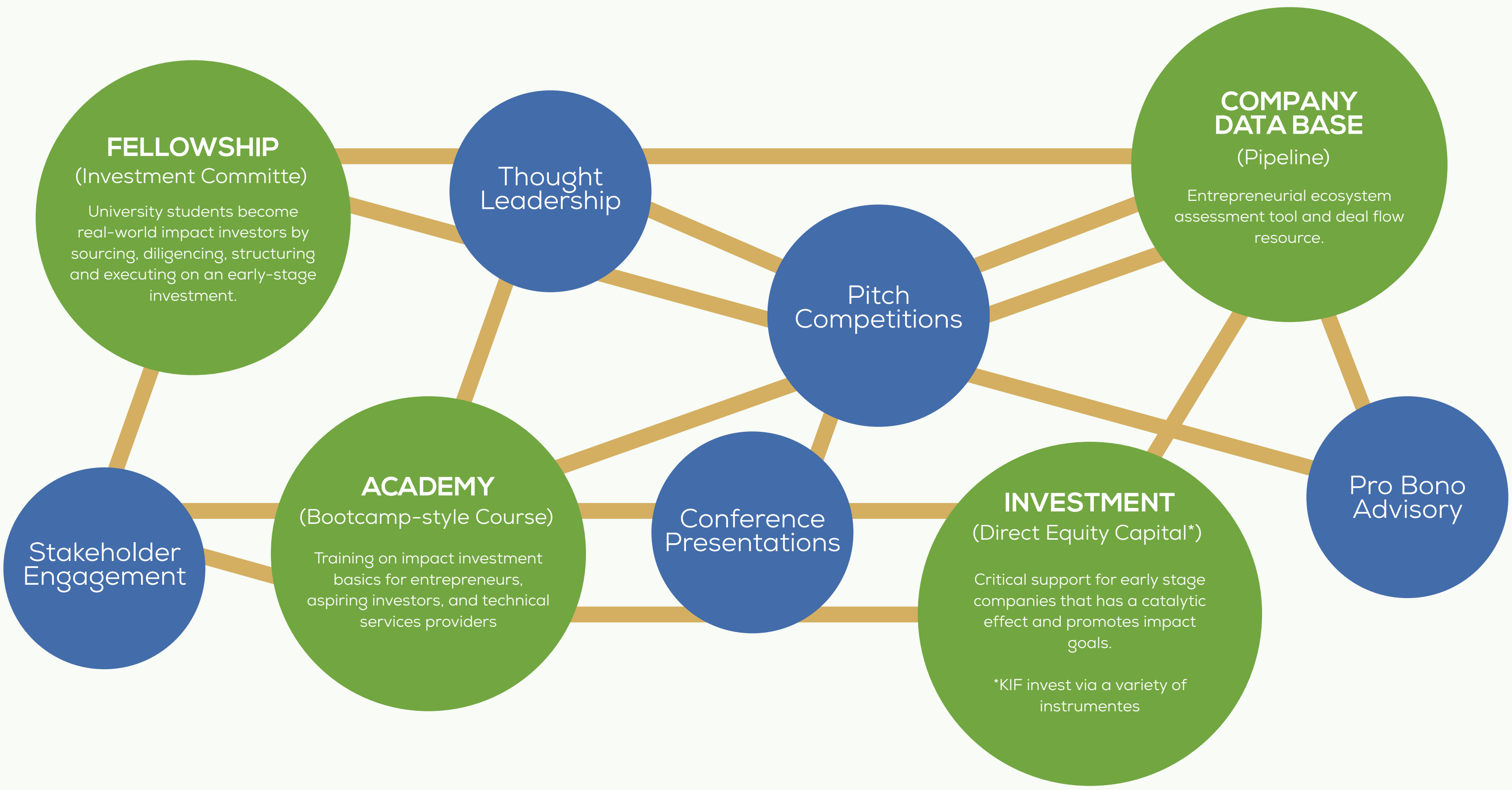
2. About the Organizations

2.1 Kirchner Impact Foundation

The Kirchner Impact Foundation (KIF), is a non-profit organization that serves as one of the "returning" arms of Kirchner Group a boutique, values based traditional merchant bank. KIF harnesses the positive power of enterprise to make a difference in addressing some of the most important issues of today and reflects their belief that every business should contribute to a positive human future. Through its three integrated components of contribution, the Foundation promotes efficient deployment of impact capital and the growth of sustainable enterprises.

KIF has a 10-year history of delivering programs that help build and strengthen entrepreneurial ecosystems, with a special sector focus on food and agriculture and the enabling infrastructure. The Kirchner Impact Investment Initiative includes:

Impact Investment Initiative



Summary of Impact to date:

- **53 Kirchner Fellows** trained as part of 13 Investment Committees.
- **US$350,000** in investment capital deployed into early-stage companies.
- **20+ countries** represented by program alumni.
- Gender parity of program alumni (**51% identify as women**).
- **72% of program alumni** identify as BIPOC/Latin.
- **US$415+ million deployed** (directly or indirectly) post-program by alumni.
- **2,000+ hours** of pro-bono consulting and TA provided to early-stage entrepreneurs in the deal pipeline and through pitch events.
- **1,500+ early-stage companies** in pipeline.
- **67% of portfolio company founders** identify as BIPOC/Latin.
- **50% of portfolio company founders** identify as women.
- **Over 1,000 participants** trained at 25+ Academies.
- **Over 99% satisfaction** with the Academy training, based on participant feedback.

2.2 CRUSA Foundation

The CRUSA Foundation is a private, independent, non-profit organization dedicated to transforming people's quality of life and promoting sustainable development in Costa Rica. Since its creation in 1996, CRUSA has been a catalyst for change, establishing local co-investments and strategic alliances to finance sustainable development projects throughout the country, with an emphasis on innovation and positive impact.

Throughout its history, the Foundation has collaborated with more than 520 organizations, promoting 969 projects and channeling investments of more than US$89 million. These actions have helped build a legacy of opportunities and progress for Costa Rica, reaffirming CRUSA's commitment to a prosperous and sustainable future for all Costa Ricans.

Under the 2022-2027 strategic plan, entitled "Nuestra Costa Rica Soñada" (or "Our Dream of Costa Rica"), CRUSA focuses its efforts on four key impact areas or pillars: the Entrepreneurial Ecosystem, Climate Action, Supporting Local Talent and Technological Innovation.

In the Entrepreneurial Ecosystem pillar, CRUSA is dedicated to strengthening and energizing the country's entrepreneurial environment, fostering the creation and scaling of innovative companies. These companies have the potential to create significant impact by closing social and environmental welfare gaps, promoting economic growth and generating local employment.

Since 2020, CRUSA's programs and projects have supported the following beneficiaries:

350 companies

48% led by women

43% located in relatively under-resourced or marginalized areas

259 have received specialized advice

99 have received access to financing

3. Introduction

3.1 Global Context

Society is facing a series of events that have environmental and social repercussions. Regarding the climate, the last four years were the warmest in recorded history, being at least one degree Celsius above pre-industrial levels. [1] Despite international agreements such as the Paris Accords, billions of tons of CO2 are released every year from human activities. Without a deceleration of such emissions, increased temperatures could cause irreversible damage to ecosystems, such as more frequent natural disasters, food and water insecurity, economic disruption and ocean acidification, among many other effects that add to the current climate crisis. [2]

In the social sphere, developing countries are facing a huge financing deficit, exacerbated by external factors such as the COVID-19 pandemic and the war between Russia and Ukraine. This has resulted in increased food and energy prices due to supply chain disruptions, which has put pressure on many populations who cannot afford the significant increase in cost of living. In addition to this, global society's efforts towards the fulfillment of the Sustainable Development Goals (SDGs) have suffered setbacks relative to their 2015 baseline. [3]

1 State of the Global Climate 2023, World Meteorological Organization
2 The climate crisis - a race that we can win, United Nations
3 The Sustainable Development Goals Report 2023: Special Edition

3.2 The Bioeconomy Offers a Different Way to Grow Production

Technology and innovation have enabled the development of scalable solutions that contribute towards combating climate change and stimulating economic development. Within this context, the Bioeconomy has emerged as an alternative path that still promotes the growth of production in business ecosystems. The Bioeconomy is defined as "the production, utilization and conservation of biological resources, including related knowledge, science, technology, and innovation, to provide information, products, processes and services across all economic sectors aiming toward a sustainable economy."[4] In addition, the Bioeconomy is considered capable of contributing directly to the fulfillment of at least 7 of the 17 SDGs. This is why more and more countries are formulating long-term national strategies to promote the development the Bioeconomy in their countries.[5] According to the Global Bioeconomy Policy Report,[6] in 2010, Germany was the only country to adopt a national Bioeconomy strategy. A few years later, other countries such as the United States, Finland and South Africa, joined in among others. In Latin America, it was not until 2020 that Costa Rica became one of the first countries in the region to adopt a strategy dedicated to this sector. [7]

In the specific case of Central America, and Costa Rica in particular, the Bioeconomy can play a key role in rural areas and the agricultural sector due to the value chains that originate in these regions.[8] In Costa Rica alone, more than 100 bioeconomy companies are reported at different stages of development.[9]

3.3 Entrepreneurship as a Key to Economic Development and Recovery

Entrepreneurship is defined as the act of creating and running a new business, which is considered a key catalytic element for economic development.[10] Its role in driving the innovation that fuels the development of industries and employment highlights the importance of entrepreneurship as an engine of economic recovery in the face of external shocks, in particular for small businesses, which are vital for economic activity. [11]

Business can be categorized based on a variety of characteristics, including revenue model, size and sector, among others. Many categories of businesses and entrepreneurship have evolved over time, such as tech entrepreneurship, digital entrepreneurship, franchises and most relevant to this report, social or impact entrepreneurship.[12] We defined social or impact entrepreneurship as any private activity carried out in the public interest, organized with a business strategy, whose main purpose is not only to maximize financial profit, but also to fulfill certain economic, environmental, or social objectives. In recent decades, we have increasingly observed emerging enterprises that are seeking, through the goods and services they offer, to contribute to solving major challenges we face as a global society, such as the climate crisis, lack of educational opportunity, lack of healthcare or social services for underserved populations, as well as water and sanitation challenges.

4 Global Bioeconomy Summit, 2018.
5 The Bioeconomy on the agenda of Latin America and the Caribbean, FONTAGRO, 2023.
6 Global Bioeconomy Policy Report, GBS, 2020.
7 National Bioeconomy Strategy Costa Rica 2020-2030
8 Bioeconomy in Latin America and the Caribbean, ECLAC, 2017.
9 Biobusinesses participating in competitions held from 2021 to 2023 by the Inter-American Institute for Cooperation on Agriculture.
10 Global Entrepreneurship Monitor
11 Entrepreneurship and Socioeconomic Indicators in Latin America. Latin American Research Review 51(4), 186-201. https://doi.org/10.1353/lar.2016.0055.
12 Types of Entrepreneurship in Mexico, ASEM, 2023.

3.4 Investment as a Key Element in Impact Company Development

To effectively develop an entrepreneurship ecosystem, it is necessary to have an enabling environment for the creation of companies, which includes technical assistance providers such as incubators, accelerators, public or institutional non-reimbursable funding, venture capital funds and angel investors. It is essential to ensure that impact companies have access to appropriate financing at all stages of their development to enable and accelerate their market entry and growth, which in turn would enhance their ability to create positive economic, social and environmental impact. It is even globally reported that to achieve the Sustainable Development Goals (SDGs), there is a financing gap of 4.2 trillion dollars.[13]This need drives the emergence of impact investment ecosystems that could be considered higher risk compared to traditional investment opportunities.

Impact investments are investments made with the intention to generate positive, measurable social and/ or environmental impact alongside a financial return.[14]In recent years the impact investing ecosystem has grown significantly. By 2022 it was estimated that the size of this market amounted to US$1.164 trillion and it had become increasingly sophisticated, primarily in how impact investments are measured and tracked.[15]

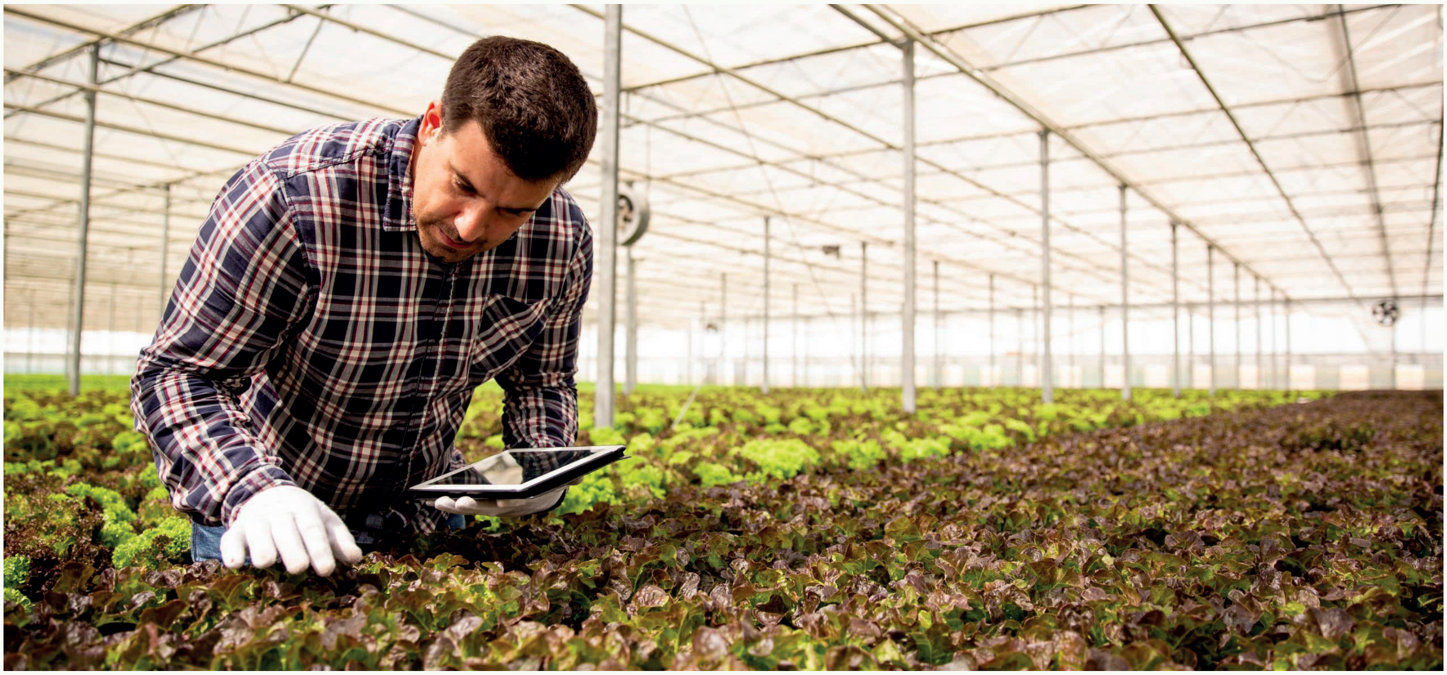
Latin America and the Caribbean (LAC) plays an extremely important role at the global level, being the third highest region in attracting capital globally, following the United States and Canada (first place) and the Sub-Saharan Africa region (second). [16]

The impact investment market in LAC achieved a CAGR of 26% between 2013 and 2015, as well as an AUM at the end of 2016 totaling US$6.97 billion. It increased to US$36.5 billion in 2018, representing 16% of impact investments globally. It is worth noting that information reported about the Latin American market, while communicating important overall trends and information, is usually concentrated in its sources from larger countries with greater influence, such as Mexico, Brazil and Chile. If we analyze the Central American sub-ecosystem on its own, we discover that while growth trends have also strengthened in recent years, they are still far below the rates of larger neighboring nations.

13 Sizing the Impact Investing Market, GIIN, 2022.
14 What are impact investments, GIIN, 2023.
15 GIIN, 2022.
16 The Impact Investing Ecosystem in Central America, RABCA, 2019.

The impact investment ecosystem in Central America is largely nascent, primarily due to a smaller and more fragmented market, which is considered one of the main obstacles to the growth of impact investment in the region. In addition, the supply of capital is predominantly managed by family offices and angel investors,[17]resulting in low diversification of the capital sources available in the ecosystem.

With those caveats stated, the Latin American region has demonstrated positive trends in terms of attracting investment, peaking in 2021. However, from mid-2022 to 2023 it decreased significantly, marking 2023 as the lowest level of funding in five years. In Central America, the lowest year was 2020 and reached its highest in 2022.[18]Unfortunately, the most recent data that exists for Costa Rica on the amount and percentage of impact investment entering the country was for the period of 2014-15 and 2016-17 where the country had a drop of 10.4% from one period to the other.[19,20] Recently, it was reported that Costa Rica has been leading in total venture capital investments for the last 6 years (2018-2023) with a total of $55.9M, only after Belize ($67.3M) however, it does not specify if this comes from Impact Investors.[21]



The capital available for the Central American market is concentrated in Family Offices and individual investors. Other actors in the ecosystem such as cooperation agencies and governments tend to focus more on the development of broader entrepreneurship ecosystems rather than on impact investment specifically. It is also the case that currently available capital is concentrated in its targeting of businesses in more advanced stages of growth and expansion.[25] For this reason, it is important to implement investment mechanisms focused on earlier business stages, facilitating the allocation of more capital towards positive social and environmental impact.

17 ibid
18 Cuantico VC, 2023.
19 The Impact Investing Landscape in Latin America 2014-2015, ASPEN & LAVCA, 2016.
20 The Impact Investing Landscape in Latin America 2016-2017, ASPEN & LAVCA, 2018.
21 Central America Venture Capital Report, Cuantico, 2023.
25 The Impact Investing Ecosystem in Central America, RABCA, 2019.

4. Methodology

4.1 Criteria for Company Selection and Data Collection

The information for this report was collected through the Kirchner Fellowship, which is a training program for university students (fellows) focused on impact investing with the objective of developing a new generation of capital allocators. During the program, participants build a pipeline, creating a database of potential companies, and conduct due diligence. The process culminates in an investment decision and a potential capital disbursement, over which the fellows have full autonomy within the time constraints of the one-year program. For more information on the KF, see section 2.1 or see **www.kirchnerfellowship.com.**

In the **first phase**, in order to establish the selection criteria for the companies, the fellows develop an investment mandate or thesis. The following investment thesis was defined for the first generation of Costa Rican fellows (CR1):

"CR1 is seeking to invest in a Costa Rican, revenue-generating company that leverages biological-based inputs in their products or services and creates a positive social and/or environmental impact in Costa Rica."

They then conducted a search for companies that meet this description through various channels, including search engines, virtual and in-person events at the national level, references from other organizations working in company development and public calls through social networks.

In the **second phase**, discussions were had with companies interested in learning more about the investment process with the intention of receiving investment from KIF. Only companies that met the following criteria were considered:

1. Generating revenue, with at least one year of sales history
2. Necessary roles filled for a functional team (management/operations, product creation and sales)
3. A scalable business model with intentional and measurable impact
4. A legal structure duly constituted in Costa Rica
5. Use of proceeds identified and specified, with clarity

In total, 102 companies were identified and categorized as the initial sample. Discussions with the companies focused on six main areas: team, market, impact, revenue stage, financial acumen and investment readiness (See Table 1 for illustrative example). Data was collected from February 21 to September 12, 2023.

13 Sizing the Impact Investing Market, GIIN, 2022.
14 GIIN, 2022
15 The Impact Investing Ecosystem in Central America, RABCA, 2019.
16 ibid
17 Quantum VC, 2023.
18 The Impact Investing Landscape in Latin America 2014-2015, ASPEN & LAVCA, 2016.
19 The Impact Investing Landscape in Latin America 2016-2017, ASPEN & LAVCA, 2018.
20 The Impact Investing Ecosystem in Central America, RABCA, 2019.

Team	Market	Impact	Revenue Stage	Financial Acumen	Investment Readiness
Product development, management and sales capabilities. Female participation in C-level.	Identification, segmentation, access and growth.	Intention, interest and progress in impact measurement, data collection and eventually third-party verification of impact.	Pre-revenue or post- revenue.	Financial proficiency and accounting literacy.	Capital needs identified and alignment to growth goals. Preparedness of infrastructure for due diligence from investors.

Table 1. Main areas assessed during conversations with companies in the second phase.

Subsequently, in the **third phase**, the information collected was processed in order to select those companies that met the criteria established by CR1 for further investigation. In addition to the defined investment thesis, CR1 took into account qualitative characteristics of the company and team, such as soft skills and team dynamics. The 27 selected companies that underwent a more in-depth analysis were categorized as an Advanced Sample, from which a "Data Room [26]" (DR) was requested. The information was collected from May 2 to October 10, 2023.

In a **fourth phase**, relevant information was extracted for each category (Table 1) from the advanced sample. These results are detailed in the section 5.2.

26 A data room is a secure space, most of the times virtual, where confidential documents can be kept and only read by people authorized to access them. These are used by companies to share due diligence materials asked by investors.

5. Results of Initial Sample and Advanced Sample.

5.1 Geographical distribution, sector and stage based on revenue from initial sample (102 companies)

A total of 102 Costa Rican companies were identified in the Bioeconomy vertical (see Figure 1, Figure 2, and Figure 3), where it was observed that:

I. Companies are heavily concentrated in the San José province.
II. There is a significant number of agricultural and food businesses.
III. There is a significant percentage of companies already generating revenue.

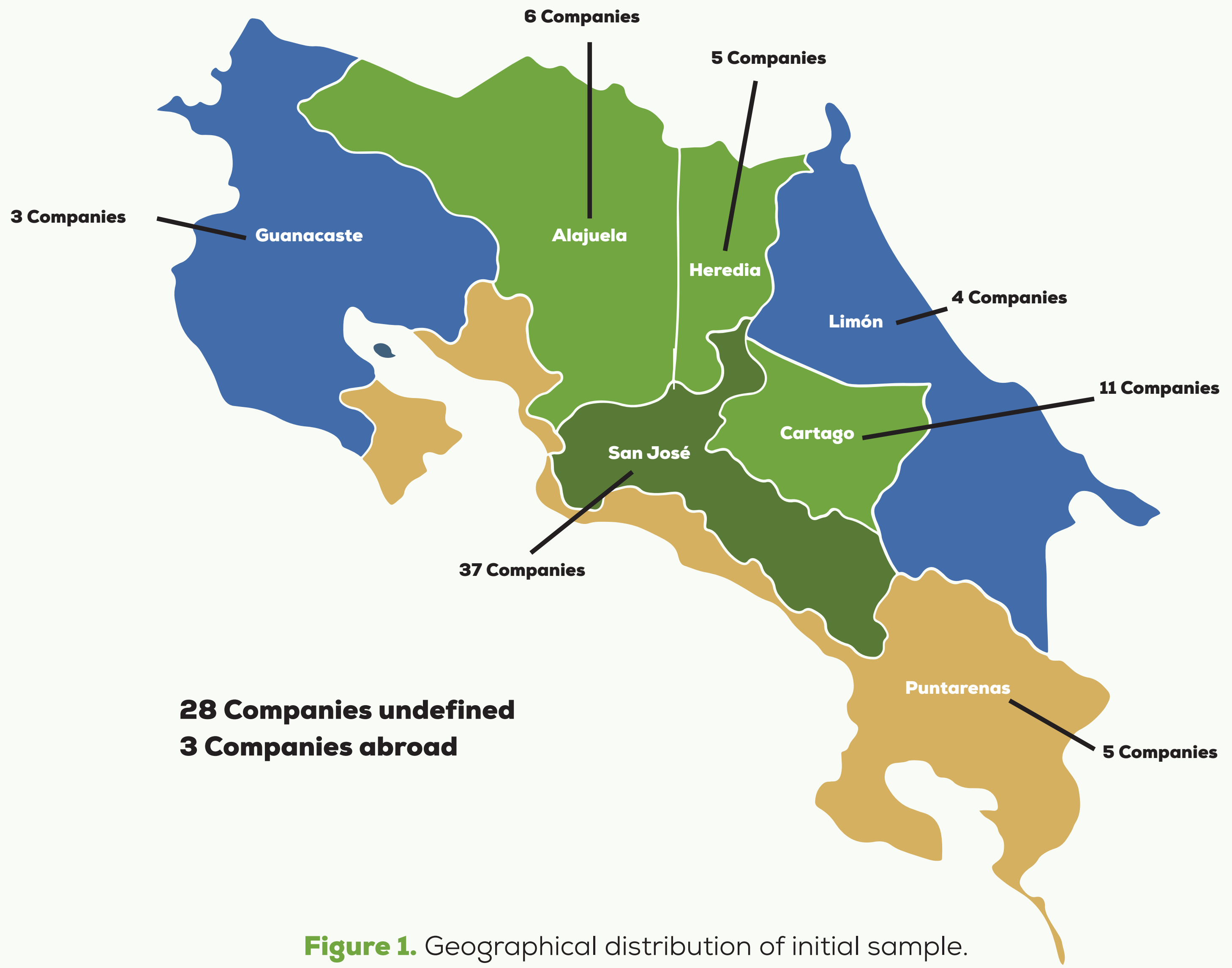


Figure 1. Geographical distribution of initial sample.

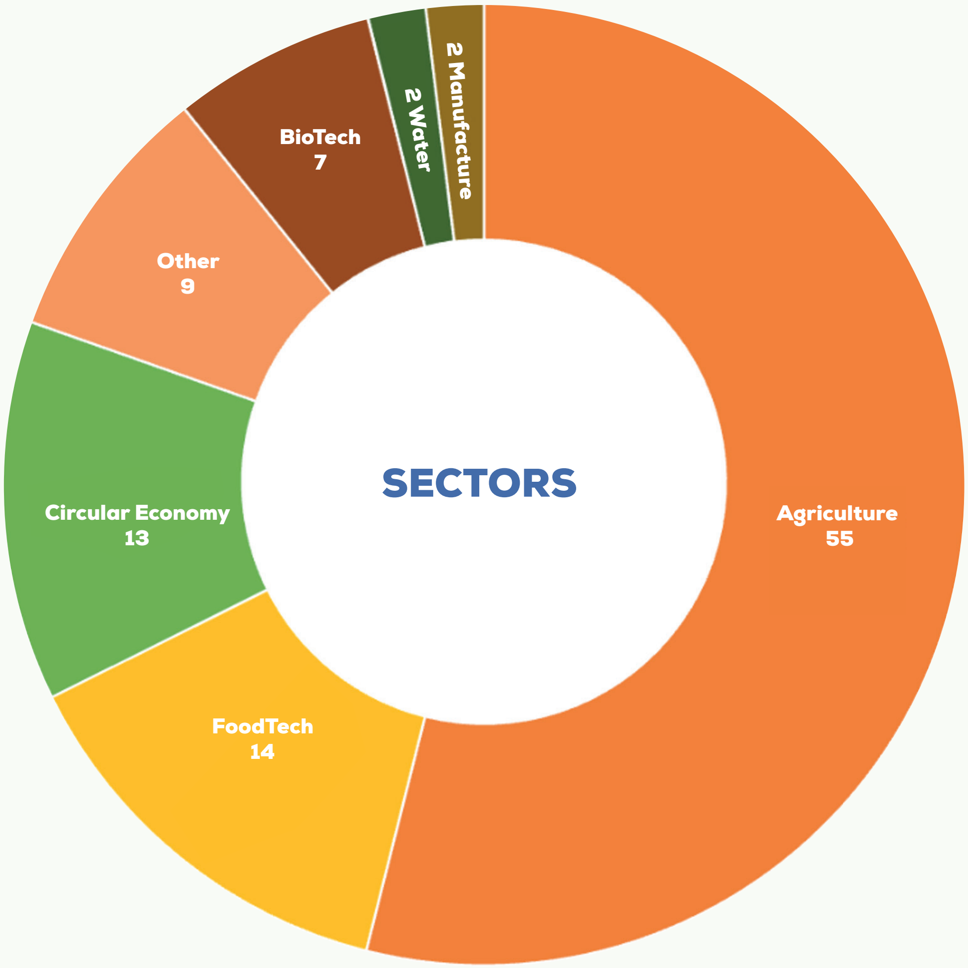


Figure 2. Distribution of companies in identified sectors.
The numbers indicate the number of companies.

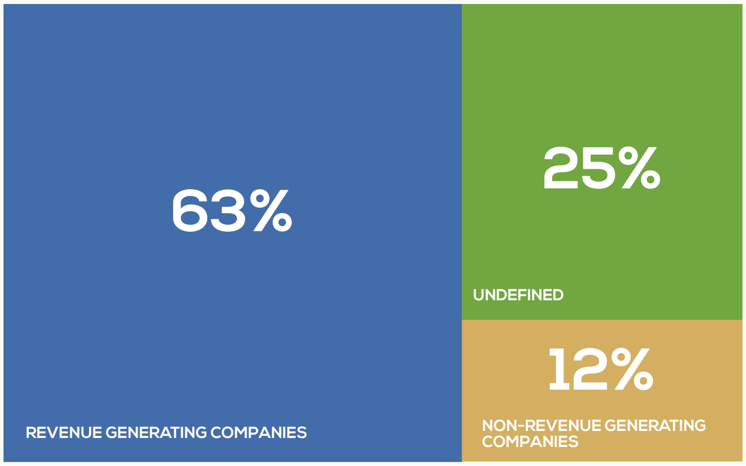


Figure 3. Companies categorized by revenue generation

5.2 Findings from Advanced Sample of Companies (27 Companies)

Of the 27 companies interviewed from the advanced sample, the following stands out:

81% of the companies are post-revenue, however, none have reached profitability. (See Figure 4)

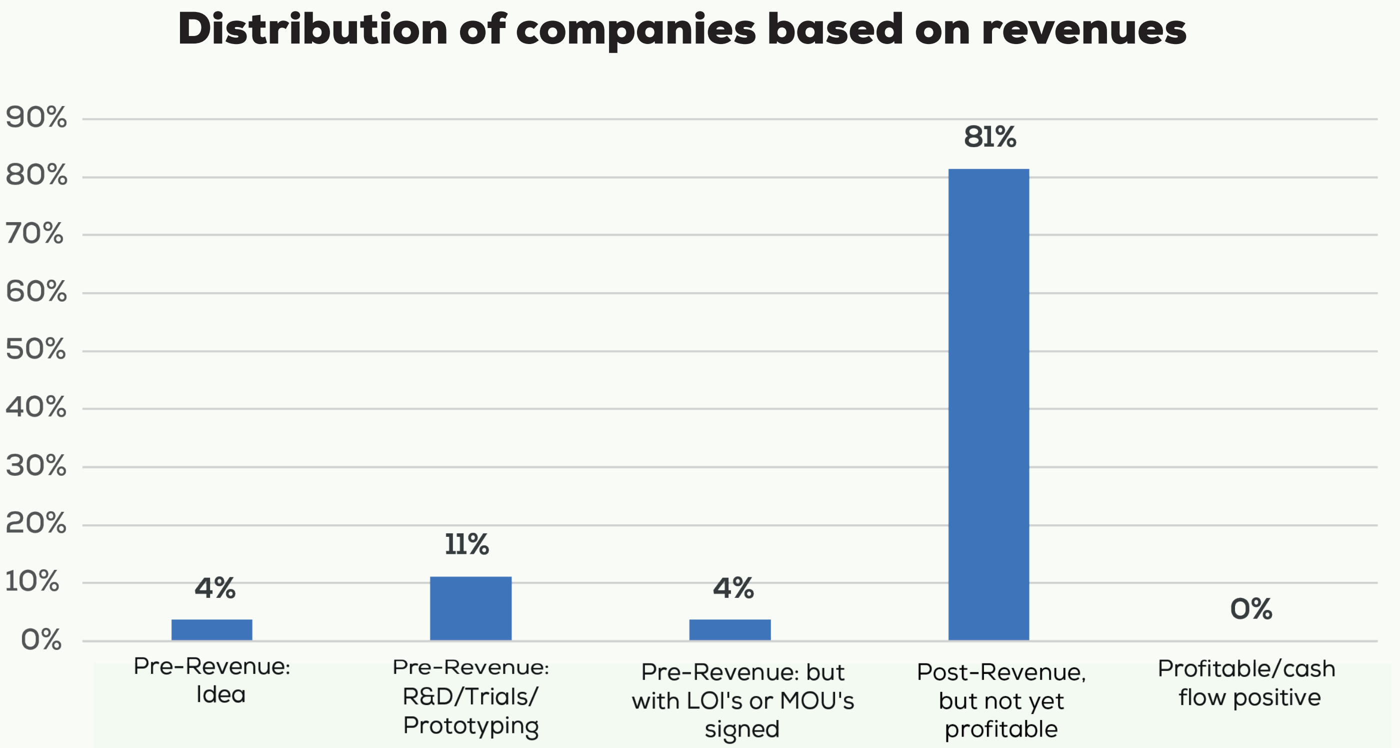


Figure 4. Distribution of advanced sample based on their revenue stage. The numbers represent the percentage of businesses in each stage.

It was found that 52% of the companies within the sample had female participation either as founders or at a management level (C-level), which was significantly higher than the 23% of technology-based companies led by women in Costa Rica, previously reported elsewhere.[27]

The difference between the two may relate to a variety of possible factors. In particular, previous reports do not focus specifically on companies in the Bioeconomy sector. Other reports mostly focus on IT companies and related sectors, while only 8% of these companies can be directly related to the Bioeconomy. Within this context, the report reveals rates of only 15% female founders in the IT sector globally, and 12.6% for Latin America specifically.[28]

27 Characterization of technology-based startups: drivers of economic growth and welfare, 2023, Hipatia.
28 Startup Genome, 2023.

Gender distribution in Bioeconomy companies

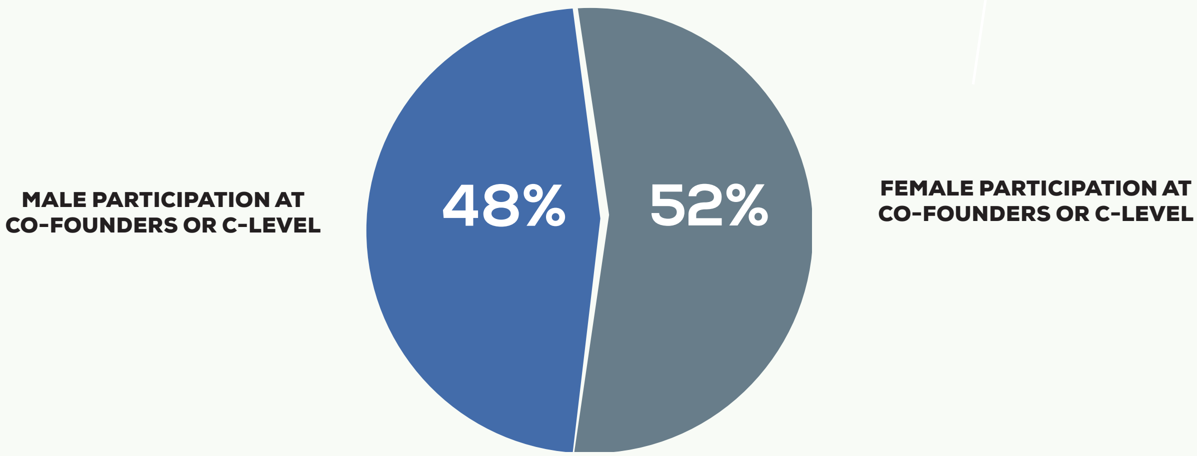


Figure 5. Participation of women in small sample companies

44% of the companies interviewed were already collecting information on the impact generated by their activities, and 33% had attempted to verify their impact by a third party in some way. However, only 7% had established defined Impact Measurement and Management (IMM) strategies (see Figure 6). It should be noted that the companies' verifications mostly come from obtaining third-party certifications of practices in their supply chains or obtaining brand identifiers such as ***"Essential Costa Rica".***

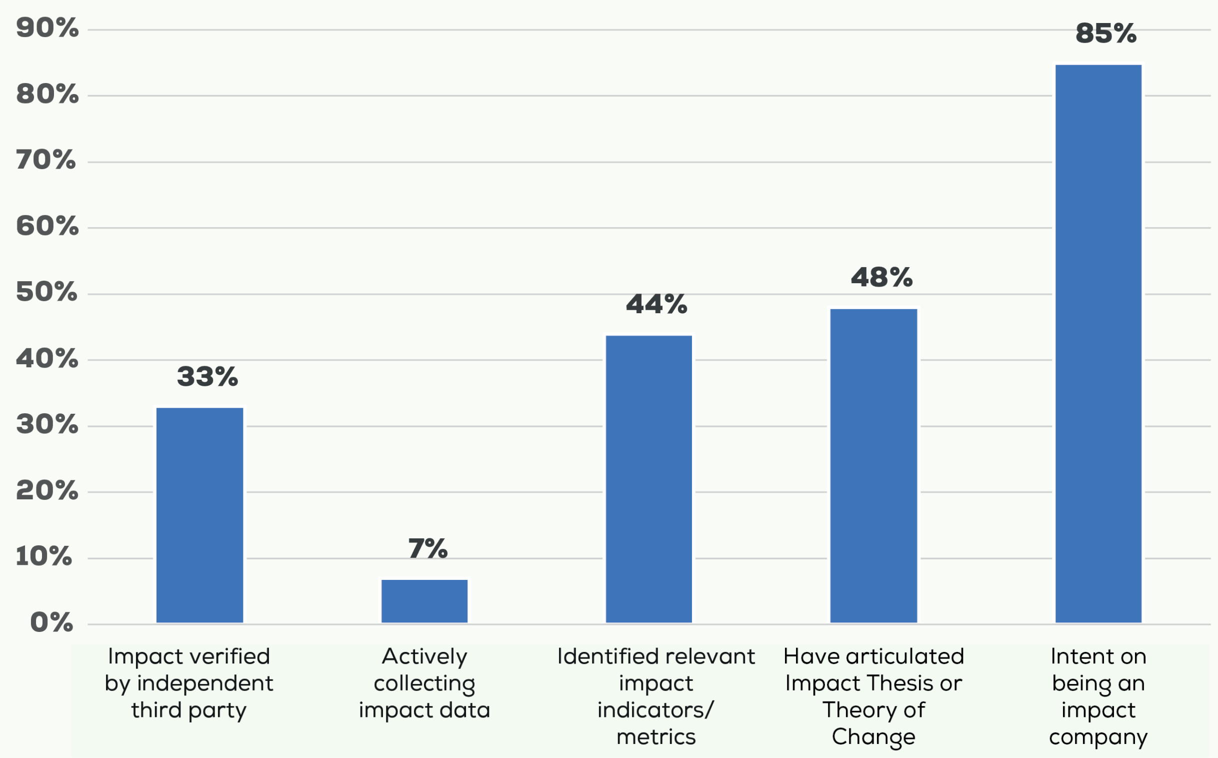


Figure 6. Distribution of advanced sample based on the stage they are in impact measurement

Only 63% of the companies were able to present information on Unit Economics. This type of knowledge is considered critical due to its influence on decision making in terms of financial viability and strategic planning. Likewise, only 56% of the companies were able to share data regarding their Cash Position (how much cash they have), Burn Rate (how much money they are spending per month) and Runway (how much time does the company have left before it runs out of cash), and only 37% were able to present a justified valuation. Strengthening the ability to identify, record, and communicate critical company financial information stands out as one of the main areas of opportunity for the country's companies to improve (see Figure 7). Along the same lines, only 56% of the companies had identified their Capital Need and defined their Use of Funds, only 7% had a secured a lead investor or identified potential exit strategies, and only 4% of the companies had a Data Room (see Figure 8). This contrasts with previous characterizations where it is reported that 83% of technology-based startups (including those in the Bioeconomy area) received technical support and specifically 24.8% have received support in the form of investment resources.[29] It could be expected for the companies to have financial proficiency and accounting literacy related to previous support received, however, this highlights an important topic to be addressed in future technical assistance efforts.

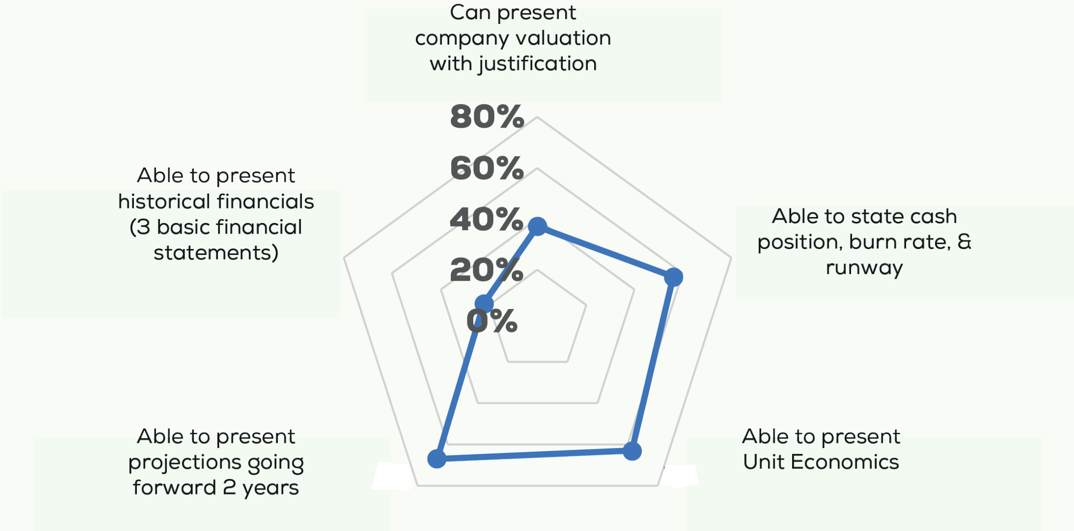


Figure 7. Distribution of positive responses to queries on status of advanced sample financial information.

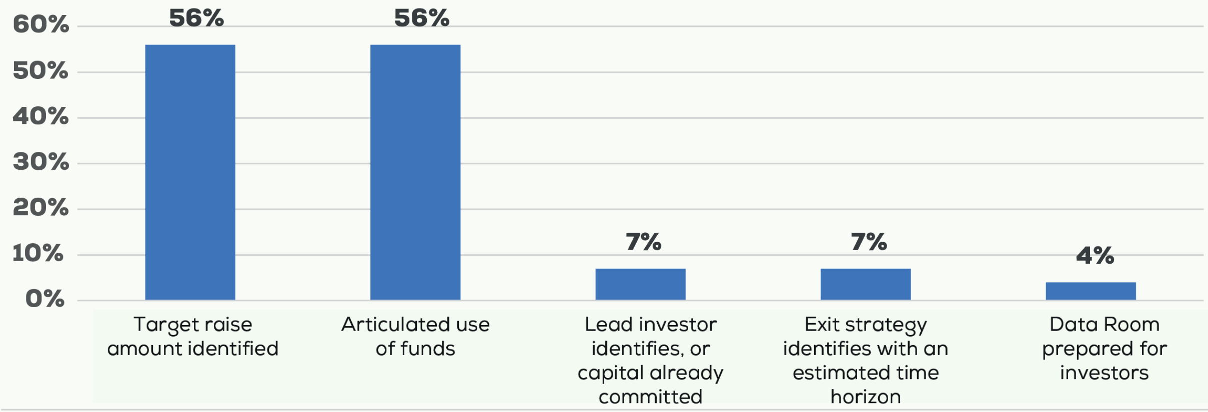


Figure 8. Distribution of advanced sample on investment readiness

29 Characterization of technology-based startups: drivers of economic growth and welfare, 2023, Hipatia.

5.3 Opportunities to Improve the Bioeconomy Ecosystem in Costa Rica

According to the fellows' findings, the three main areas of opportunity for improvement within the Costa Rican impact investment ecosystem are: Impact Measurement and Management, Financial Literacy and Investment Readiness.

The following are suggested follow-up points for the benefit of the national ecosystem, based on the information and analysis gathered from the advanced sample of 27 companies.

5.3.1 Implementation of Standardized Impact Measurement and Management Strategies

A gap has been identified between the intention and the ability to quantitatively measure impact. While 85% of the companies from the advanced sample have the intention to generate impact, only 7% have a Theory of Change or impact strategy in place. No recent data was found on company-side impact measurement in Central America, however, it has been reported that at least on the investor side, impact measurement is not common.[30]

For this reason, training may be needed in this area for both profiles: on the side of companies for the practical planning and implementation of impact measurement strategies (taking advantage of the ad hoc data collection that is already taking place in around half of them) and on the investor side, for the implementation of defining metrics for the facilitation of impact reporting.

5.3.2 Understanding the Sources of Capital Available at Different Stages of a Company's Life Cycle

It is important for entrepreneurs to understand the different forms of funding that exist, as this allows them better meet their capital needs throughout the different stages of their growth. However, there are significant challenges in raising Venture Capital (VC) for the technology-based Bioeconomy entrepreneurship ecosystem in Costa Rica. On one hand, there are too few capital providers in this vertical, with previous reports showing only 6.9% of the financial products offered are from providers like VCs.

On the other hand, regional entrepreneurs lack familiarity with various types of financing and the typical dynamics of the relationship between investors and founders, in particular with VC investors. This could be attributed to the limited diversity of funding sources for these companies, where more than half of the regional financial products offered are debt (56.9% is debt compared to the 6.9% representing financial products from VCs) and most of the rest is considered public or non-recoverable funding.[31]

30 The Impact Investing Ecosystem in Central America, RABCA, 2019.
31 Characterization of technology-based startups: drivers of economic growth and welfare, Hipatia, 2023.

5.3.3 Preparation of Companies for Their Interaction with Investors

It is essential that entrepreneurs be proactive in their first meeting with investors, in order make a good first impression and invite continued bilateral communication. It is relatively standard that entrepreneur's presentation be given with an accompanying "Pitch Deck," a short summary set of slides about the business that typically covers the problem being solved, the solution, the size of the market, product or service offerings, business model, competitors, key team members and financial details. Depending on each potential investor, companies do not necessarily have to be profitable at this stage to be a successful candidate for investment.[32] They do, however, need to have an estimate of how much capital they need and a general breakdown covering how they plan to use that money, which must be clearly aligned with the growth goals of the company.

A crucial part of due diligence, as well as the ongoing development of the relationship between investor and company, is the ability for entrepreneurs to share information with investors in a secure, structured and intuitive way. Only 4% of the advanced sample had a Data Room available for investors, which could lead to delays in the diligence process and lower probabilities of closing the investment. Technical assistance focused specifically on due diligence preparation from the previously established programs in Costa Rica, along with others currently in the process of development, could help to address this common gap.

5.3.4 Identifying Aligned Investors

Just as investors seek out and analyze companies, it is important for entrepreneurs to conduct the same analysis and due diligence on potential investors. Entrepreneurs ought to look for investors with the values, culture and network connections that could help propel the business forward. They should also ask their own questions to be sure they understand investor expectations around time frames of financial returns, among other things.

5.3.5 Sharing Financial Information

Equity investors often strive to become partners and allies with founders for the betterment of the company, which increases their odds of achieving financial returns. For this reason, they often require in-depth financial reporting from founders as part of the due diligence process. It is standard for investors to request several years of financial statements (traditionally including annual balance sheets, income statements and cash flow statements) be shared with them in the data room, which allows them to conduct careful financial analysis, project financial returns, and estimate risk. Sharing these documents in established ecosystems typically does not require signing confidentiality agreements, though many new, inexperienced entrepreneurs think they should request them. To have accurate and organized financial information is not only a legal requirement, but also a crucial component for establishing relationships between investors and entrepreneurs.

32 This will be highly dependent on the thesis established by each funding source. There are several funders that offer capital for companies that are not yet profitable.

5.3.6 Importance of Company Governance and Corporate Structure

Throughout the decade of experience of the KF program, understanding company governance has taken an important position in the diligence process. Governance refers to the company's leadership structure, internal policies, form or philosophy of decision making and rights of shareholders or other stakeholders.[33]

It is necessary that companies show investors how their company is legally constituted, structured, and governed, as well as how their team is structured, their relevant skills and experience.

The relevant corporate structure must be put in place and the corresponding legal documents must be kept up to date, otherwise they may be identified as a potential risk in terms of future legal disputes. Establishing good governance and administrative practices within the company can generate confidence among investors as it reflects their experience and professionalism.

5.3.7 Due Diligence Time Management

entrepreneur (as well as investors and their analysts), which on average can take up to 90 days, depending on the complexity of the company. [34]

Entrepreneurs must be ready to make that commitment if they truly want to raise capital for their business.

33I FC, 2024.
34 Currently, funds are taking more time in due diligence than they have before. Cases are reported within the activities of KIF and Kirchner Group of due diligence processes of up to 1 year, due to the rigors and pressures from the "Limited Partners" or LPs of the funds.

6. Conclusions

Though the potential of the Costa Rican Bioeconomy sector has yet to be fully unlocked, it is encouraging that the number of existing companies (102) found within the country is 9 times higher than previously reported.[35] This could indicate a high number of undiscovered opportunities in the ecosystem, beyond the tech-focused segment that receives more regular attention. Research organizations and other actors in the region may consider broadening the types of companies they include in their searches outside of Tech-based in order to capture some of this hidden potential in their analysis. Bioeconomy advocates often propose a more geographically diverse approach, that is, to provide greater job opportunities outside of urban areas.[36] However, observations indicate that the companies in the Costa Rican Bioeconomy sector are concentrated in the metropolitan area, with most of them related to the agricultural sector and potentially having rural producers or farmers in their supply chains. Although most of the time, farmers are not directly responsible for the creation of these companies, the potential these companies have in creating employment or earning opportunities in marginal areas is evident. This suggests it is worthwhile that ecosystem actors continue their efforts to strengthen entrepreneurial capacity, both in metropolitan areas and in rural regions.

Much focus has been put on non-recoverable funding to support pre-seed, seed and early-stage startups to launch and develop prototypes.[37] These findings should encourage actors in the region to continue their work to diversify the types of capital available for each stage of development of companies in this vertical, with particular emphasis on venture capital (equity) for companies with more than 6 months in the market.

Three areas of significant opportunity for improvement were identified in Costa Rican Bioeconomy companies. First, in the measurement and management of impact, a gap was identified between founder intention (85%) and execution or implementation of IMM strategies (7%). It is important to develop the ability to select and monitor the appropriate metrics in order for entrepreneurs and investors alike to truly know the real impact of their work on the problems they are striving to address. Secondly, there is a strong need for technical assistance surrounding the understanding and reporting of financial information, where only 22% of the sample companies were able to present financial statements to investors. Thirdly, companies must better prepare to share appropriate information with investors through standard practices such as preparing Data Rooms, since only 4% of companies had a Data Room. Ideally, companies would be coached to construct a Data Room ahead of time, so that it would be ready to be shared with potential investors immediately upon request.

35 Characterization of technology-based startups: drivers of economic growth and welfare, Hipatia, 2023.
36 Hodson de Jaramillo, H & Cuy, H. (2021). https://agritrop.cirad.fr/597552/7/ID597552.pdf
37 Characterization of technology-based startups: drivers of economic growth and welfare, Hipatia, 2023.

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