

IGNIA

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IGNIA is the first and largest impact investing fund in Latin America. IGNIA was founded in 2007 and has US\$102 million to invest in the expansion of high-impact commercial social enterprises that serve the base of the socio-economic pyramid (BoP) in Latin America. By providing to the disadvantaged access to goods and services such as healthcare, housing, education, water and telecommunications, IGNIA believes it can achieve a more equitable world. By seeking to do so via business models yielding superior financial returns, IGNIA aims to ultimately foster industries that will ensure the best alternative of high-impact interventions reach all those that need it, at the lowest cost and in the shortest time possible.

IGNIA is headquartered in Monterrey, Mexico and has an office in Mexico City.

The BoP

BoP stands for Base of the Pyramid. This phrase encompasses the largest segment of the population in Latin America, comprised of people who earn less than US\$3,000 per year who often constitute approximately 70% of a nation's inhabitants. There are 360 million people, out of the region's 550 million, at the Base of the Pyramid. While the purchasing power of any one family at the BoP may be low, in aggregate the market is estimated to be at least US\$510 Billion a year. In Mexico, where IGNIA is headquartered, the BoP market is projected at US\$130 billion. Multiple reasons, often present for various generations, have resulted in a population at the BoP that accesses goods and services at a significant disadvantage. This is the case whether the low-income person is acting as a consumer of goods and services (including for essential items such as healthcare, housing and water) or as a productive agent (where the need may be for credit, equipment, logistics or technical know-how). Many factors cause, and then help perpetuate, the disadvantages faced by low income people, among these: lack of complete information, lack of perfect competition, entry barriers, lack of property rights, high transaction, search or switching costs.

This has resulted in two signature characteristics at the BoP: goods and services reach the poor with extremely deficient value propositions, and the poor pay prices that are often substantially higher than in conventional markets. This is also known as the "market premium".

History

From extensive experience in microfinance - the business of providing financial services to low-income sectors of the population - IGNIA is deeply familiar with the needs of the BoP. IGNIA believes the major opportunity now is to apply this knowledge and expertise at the BoP to other high-impact areas that, like microfinance, are essential to the population but which currently are characterized by deficient value proposals. These include healthcare, housing, education, basic services (including water, energy, technology and telecommunications.) By investing in these areas, IGNIA seeks to relieve the key constraints limiting the potential of the majority of the people while generating superior financial returns.

IGNIA's founders, Alvaro Rodriguez Arregui and Michael Chu, are pioneers in the fields of microfinance and impact investing. Both bring over 50 years of collective experience in the application of market-based solutions to the constraints limiting the potential of the underserved majority of the population. Leon Kraig and Fabrice Serfati join them as Managing Directors, infusing the IGNIA team with additional operational and strategic know-how.

IGNIA was incorporated in 2007, and IGNIA Fund I closed in June 2010. The Fund's investors include the Omidyar Network, The Rockefeller Foundation, The Soros Economic Development Fund, the International Finance Corporation, Multilateral Investment Fund, the Inter-American Development Bank, and J.P. Morgan, among others.

Investments

The Fund seeks to invest in enterprises that meet three basic criteria:

First, the enterprise must be based upon an innovative business model that serves BoP markets, and that is scalable and capable of reaching the "last mile" of the value chain.

Second, the enterprise should be led by skilled entrepreneurs that are ambitious, experienced, of high integrity, committed to a vision and with a strong capacity

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for execution.

Lastly, the enterprise must be capable of fundamental systemic change that can generate substantial economic value (to support expansion on a massive scale and attract new industry entrants to the BoP market) and deliver a good or service that has an appreciable positive impact on those at the BoP (to accumulate assets, increase their income and improve their quality of life).

IGNIA prioritizes sectors that have a disproportionate impact on improving the welfare of the poor, such as healthcare, housing, telecommunications, education, nutrition, and basic utilities.

To date, IGNIA has made 10 investments in Mexico, totaling commitments of US\$44 million. IGNIA's investments include:

- Agua Natural en Red: 24x7 access to high quality low-cost water in BoP housing developments through dedicated pipe systems and mini processing stations.
- Barafon: Public telephone booths in retail stores (such as groceries, pharmacies and kiosks) deeply inserted in low income communities, leading to a future internet-connected transaction platform at the BoP.
- Chiapas Farms: Exporter of agricultural products to the United States, integrating fragmented small and medium producers into a consolidated supply chain.
- Finestrella: Value-added reseller (VAR) that, through proprietary systems, shifts BoP mobile telephone users from high-cost prepaid cards to otherwise unattainable lower-cost post-pay programs.
- Jardines del Grijalva: Extension of successful housing development in Chiapas, enabling higher supply of affordable housing to the BoP.
- Mexvi: Integrated solutions for self-construction of affordable high quality homes.
- Primedic: Unlimited access to primary healthcare clinics via affordable membership model, with access to secondary and specialist care at deeply discounted rates. Additionally, for corporate accounts, health management data and programs to reduce rising health insurance costs.
- Pro-Organico: Supplier of organic produce to the developing Mexican retail market and, primarily, an exporter with strong relationships with leading distributors serving the fast-growing United States organic market.
- Provide: Company that buys foreclosed homes, furnishes them and resells them in an effort to revamp communities.
- Ver De Verdad: Mini ophthalmological centers that offer free consultations and low cost lenses in 45 minutes or less.

IGNIA's Theory of Change

IGNIA believes that the commercial success of these businesses will foster the development of new industries. Profits are not only the best engine to catalyze growth and therefore scale, but they are also the most effective way to attract new entrants into an industry. While individual firms may not exist in the long term, industries transcend generations and are the best way to secure a sustained social impact. Industries are capable of driving scale, sustainability, continuous efficacy and efficiency – which are important characteristics to ensure that consumers can have access to the best value proposition possible. This means the largest number of people will benefit, at the lowest price, in the shortest amount of time.

IGNIA Shared Services

IGNIA Shared Services (ISS) a subsidiary of IGNIA Fund I that provides for the administrative, transactional processing and back-office needs of IGNIA's portfolio companies allowing IGNIA's entrepreneurs to focus on what they know best: their core business.

ISS' portfolio of professional services includes: accounting, treasury, tax, payroll management and financial planning. It also includes value-added strategic services such as corporate finance, tax and legal advisory as well as strategic planning.

The goal of ISS is to establish an efficient administrative and support platform that can sustain dramatic growth.