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Venture Capital in the Caribbean

A Study of the Ecosystem in Five Countries

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Inter-American Development Bank
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VENTURE CAPITAL IN THE CARIBBEAN: A STUDY OF THE ECOSYSTEM IN FIVE COUNTRIES



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ACRONYMS AND ABBREVIATIONS

| | |
|---------|--|
| ACS | Association of Caribbean States |
| AGF | Africa Growth Fund |
| AI | Artificial Intelligence |
| AUM | Assets Under Management |
| BIGEE | Boosting Innovation, Growth and Entrepreneurship Ecosystem project |
| CAF | Development Bank of Latin America and the Caribbean |
| CARICOM | Caribbean Community |
| CCIC | Climate Change Innovation Center |
| CDB | Caribbean Development Bank |
| CVCF | Caribbean Venture Capital Fund |
| DBJ | Development Bank of Jamaica |
| ECCU | Eastern Caribbean Currency Union |
| ECLAC | Economic Commission for Latin America and the Caribbean |
| EGFL | Enterprise Growth Fund Limited |
| EMM | Ecosystem Maturity Model |
| FM | Fund Manager |
| FX | Foreign Exchange |
| GDP | Gross Domestic Product |
| GDEI | Gender, Diversity, Equity and Inclusion |
| GLI | Gender Lens Investing |
| IDB | Inter-American Development Bank |
| IFC | International Finance Corporation |
| IP | Intellectual Property |
| IPO | Initial Public Offering |
| IV | Investment Vehicle |
| JASMEF | Jamaica Small and Medium Enterprises Fund |
| JBDC | Jamaica Business Development Corporation |
| JIPO | Jamaica Intellectual Property Office |
| LAC | Latin America and the Caribbean |
| LAVCA | Latin American Private Equity and Venture Capital Association |
| MIF | Multilateral Investment Fund (IDB) |
| OECS | Organization of Eastern Caribbean States |
| PE | Private Equity |
| R&D | Research and Development |
| SBDC | Small Business Development Centre |
| SME | Small and Medium-sized Enterprises |
| SWOT | Strengths, Weaknesses, Opportunities, and Threats |
| UWI | University of the West Indies |
| VC | Venture Capital |
| VCEFL | Venture Capital Equity Fund Limited (Tobago) |
| VCIP | Venture Capital Incentive Programme (Trinidad & Tobago) |

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I. SETTING THE STAGE: THE CARIBBEAN AS AN EMERGING FRONTIER

Venture Capital has emerged as a key driver of innovation and private sector development in Latin America, particularly over the past decade. As a form of equity financing characterized by high-risk/high reward strategies, VC focuses on investments in seed and early-stage tech or tech-enabled companies with high growth potential. VC is often a follow-on investment from an angel investment round, as part of the financing framework for startups beyond the market entry stage, when the company is at the point of rapidly scaling operations.

The Latin American region experienced unprecedented growth in VC activity between 2015 and 2021, with investment volumes increasing nearly 20-fold—from approximately US\$500 million in 2015 to a record US\$15.7 billion in 2021, before falling to approximately \$4.5 billion with the impact of COVID, according to the Latin American Private Equity and Venture Capital Association (LAVCA).¹ The 2015-2021 surge was fueled by enabling factors such as the rise of digital platforms, fintech innovations, supportive policy reforms, increased participation by global and regional investors, as well as the support of international donors such as the Inter-American Development Bank (IDB). However, this growth trend in VC activity has essentially bypassed the Caribbean.

The first systematic attempt to establish equity investing in the Caribbean occurred in 1991, when the Jamaica Venture Fund was launched to provide both equity and quasi equity investments in medium and large companies, with funding from the Development Bank of Jamaica. The most significant investment made by the Fund was in Jamaica Money Market Brokers (JMMB) in 1992, now a major financial institution in the country.²

1 LAVCA - Industry and Data analysis.

2 JMMB was launched with investments from the Jamaica Venture Fund, Jamaica Producers Group, and the National Development Bank. <https://www.caricris.com/rating-releases/jmmb-group-limited-5/#:~:text=COMPANY%20BACK-GROUND&text=The%20Group%20was%20initially%20established,Venture%20Fund%20and%20Antrim%20Limited.>

From the late 1990s into the early 2000s, the Caribbean saw multiple efforts to establish venture capital mechanisms, with more than half of the approximately fifteen funds across the region being initiated by development or state-led institutions, all premised on the belief that VC could spur entrepreneurship.³ The Caribbean Investment Fund was launched in 1999 with the support of a US\$10 million investment from IDB Lab (then, the Multilateral Investment Fund). Managed by Caribbean Equity Partners in Jamaica, it was touted as the first VC/PE fund in the CARICOM region targeting SMEs. However, despite its pioneering scope, the initiative struggled with limited deal flow, weak equity-friendly regulatory frameworks, and managerial inexperience. In Trinidad & Tobago, the Dynamic Equity Fund, which was also backed by IDB Lab in 2002, alongside CAF and Guardian Caribbean Holdings, mobilized US\$3.4 million into a US\$35 million fund. This fund made seven investments, and faced challenges in terms of pipeline quality and low investment returns, underscoring the structural challenges facing early VC efforts in the region.⁴

Since then, countries in the region have seen little penetration of VC investment relative to their Latin American counterparts. Currently, the Caribbean represents less than 1% of total VC deal volume in the Latin America and Caribbean (LAC) region and remains heavily reliant on traditional debt financing mechanisms to support small and medium-sized enterprises (SMEs). The relatively limited options for VC as an asset class in the Caribbean and the focus on debt financing is one of the barriers to increasing access to finance for start-up and early-stage companies. Furthermore, the gap between the Caribbean and the Latin America highlights critical structural barriers and underscores the need for targeted ecosystem development.

Nevertheless, the current gap in VC activity between the Caribbean and the rest of the LAC region presents a significant opportunity. For example, the rising urgency of climate resilience and sustainable development in the Caribbean has generated interest among public and private stakeholders in both green and blended finance solutions. These priorities align well with VC and impact investing models, which can catalyze innovative, high-impact business solutions. With the right ecosystem investments, venture capital could play a transformative role in closing the financing gap for SMEs and startups across the Caribbean.

It is against this background that IDB Lab has commissioned this study to highlight the challenges and assess opportunities for the development of a vibrant VC ecosystem in the Caribbean, focusing on 5 countries: Barbados, Jamaica, Suriname, The Bahamas, and Trinidad & Tobago. The findings are meant to inform IDB Lab's strategy for VC ecosystem-building in the region, building both on previous work by the Bank as well as current efforts underway.⁵ Based on the research, this Report should also serve as a guide to investors interested in the Caribbean region.

3 Judith Mark, *Revisiting Venture Capital: The Case for a Caribbean Model*. Caribbean Centre for Money & Finance Newsletter, Vol. 6 No. 11, November 2013.

4 A 2004 survey by the Caribbean and Latin American Venture Capital Association found low levels of VC activity and minimal economic impact, noting that Caribbean VC firms had raised a total of US\$238 million by 2004 but invested less than half that amount into startups. Caribbean and Latin American Venture Capital Association (2004). *Revisiting Venture Capital*. CERT Newsletter, 6(11).

5 Examples include efforts in Jamaica i.e. the JVCapital Program (JA-M1033) supported by the MIF (IDB Lab) 2014-2018; the BIGEE program (JA-G1006) (2020-present), both implemented by the Development Bank of Jamaica; and the CaribEquity regional program (RG-T4019) currently in implementation.



II. APPROACH AND ANALYTICAL FRAMEWORK

The analysis for this study is conducted at two interconnected levels to provide comprehensive understanding of the Caribbean venture capital ecosystem. The regional level examines the broader Caribbean landscape for VC development, identifying common patterns, shared challenges, and opportunities for regional cooperation. The country level provides detailed analysis for each of the five territories (Jamaica, Trinidad & Tobago, The Bahamas, Barbados, and Suriname), recognizing that while these markets share regional characteristics, each has distinct institutional, regulatory, and economic contexts that influence VC ecosystem development.

This dual-level approach is particularly important, given the small size of individual Caribbean markets relative to other VC ecosystems globally. The regional perspective highlights opportunities for cross-border collaboration, resource sharing, and coordinated development initiatives, while country-specific analysis helps to ensure that recommendations are tailored to local contexts and development priorities.

Both quantitative and qualitative data collection and analysis techniques are utilized to capture the full VC ecosystem development picture in the region. Quantitative analysis includes a systematic assessment of the key characteristics of ecosystem development using a standardized rating system, comparative benchmarking across territories, and analysis of survey and other data from founders and investors. Qualitative analysis includes encompasses analysis of stakeholder interviews, focus group discussions, and a document review to understand contextual factors, stakeholder perspectives, and development dynamics. The data has been validated by cross-referencing stakeholder interview and focus group insights with survey data. This mixed-methods approach ensures both analytical rigor and practical relevance of findings.

| Approach to the study | |
|---|--|
| Qualitative | Quantitative |
| <p>60 Interviews</p> <p>5 Territories Multiple Stakeholders</p> <hr/> <p>Stakeholder Groups:</p> <ul style="list-style-type: none"> → Founders/Entrepreneurs → Investors → Ecosystem Support Organizations → Government Officials/Regulators → Donor Organizations <hr/> <p>Focus Groups in Each Country</p> | <p>Founder Surveys</p> <p>44 Received</p> <hr/> <p>Stakeholder Network Analysis</p> <hr/> <p>Analysis of Founder/Fund Manager Applications to IDB Lab</p> |

+Analytical Framework

The analysis is also being framed within the context of a Caribbean Ecosystem Maturity Model (EMM), which provides a structured approach to assess the region, as well as each of the five countries, and which shapes the recommendations. The EMM framework consists of two integrated components that work together to provide comprehensive ecosystem analysis: Level of Ecosystem Maturity and VC Ecosystem Dimension-specific ratings. Overall, the EMM establishes five distinct and progressive levels of ecosystem development, from **Nascent** to **Advanced** stages, providing a macro-level classification of each territory’s overall VC ecosystem maturity.

Ecosystem Maturity Levels



In addition, the EMM assesses venture capital ecosystem development across twelve dimensions that collectively capture the essential components of functioning VC ecosystems - **VC/PE Activity, Funding Sources, Deal Flow, Support Organizations, Professional Services, Talent Pools, Exit Mechanisms, Entrepreneurial Culture, R&D and Innovation, Regulatory Frameworks, International Connections, and Investor Networks**. Each dimension is scored Scale on a granular 5-point assessment system (1.0 to 3.0 with half-point increments) to evaluate individual ecosystem dimensions, facilitating detailed analysis of specific strengths and development needs within each territory.

Table 1. Dimension-Specific Rating Scale Structure

| Rating Score | Description | General Characteristics |
|--------------|--------------|--|
| 1 | Basic | Fundamental elements are absent |
| 1.5 | Early Stage | Fundamental elements are in early formation; limited activity, infrastructure, or support mechanisms |
| 2 | Developing | Key elements are established but not yet comprehensive |
| 2.5 | Intermediate | Key elements firmly established; functioning systems, but, with notable gaps or inconsistencies |
| 3 | Advanced | Comprehensive, well-functioning elements; robust systems with evidence of sustainability and effectiveness |

This framework serves multiple purposes: providing a standardized approach to ecosystem assessment, enabling meaningful comparisons between territories, identifying specific strengths and weaknesses within ecosystems, guiding strategic interventions based on evidence-based assessment, and tracking ecosystem development progress over time. For a more detailed description of the EMM and the analytical framework, see Appendix I.

III. KEY ECOSYSTEM PLAYERS AND MARKET DYNAMICS

A. Ecosystem Dynamics




In essence, six interconnected stakeholder groups form the foundation of the VC landscape in the Caribbean. These stakeholders and their roles are identified in **Table 2** below.

Table 2. Key Ecosystem Stakeholders



| Stakeholder Category | Examples | Key Roles / Interactions |
|----------------------------|--|---|
| Entrepreneurs | Founders, growth-oriented SMEs | Drive innovation, demand capital, participate in accelerators/incubators |
| Capital Providers | Angel Investors, VCs, Family Offices, Development Banks | Provide funding, strategic guidance, governance participation |
| Support Organizations | Incubators, Accelerators, Tech Hubs | Provide mentorship, training, and market readiness support |
| Policy & Regulatory Bodies | Ministries of Finance, Central Banks, Securities Commissions | Set legal frameworks, tax and investment policies, and compliance requirements |
| R&D Institutions | Universities, Think Tanks | Contribute research, talent development, and ecosystem insights |
| Regional Organizations | CARICOM, CDB, IDB | Enable cross-border collaboration, harmonization of investment policies, & cross-border investment flows. |

More specifically, **Tables 3 and 4** below map some of the key ecosystem stakeholders in each of the 5 countries and the interactions between them. **Appendix III** provides profiles of some of the stakeholders in each country.

Table 3. Indicative Stakeholder Mapping Across Caribbean Countries

| Indicative VC Ecosystem Stakeholder Map across the 5 Caribbean Countries | | | | | | |
|---|---|---|--|--|--|--|
| Country | Entrepreneurs | Capital Providers | Support Organizations | Policy & Regulatory | R&D Institutions | Regional Organizations |
| <p>Jamaica</p>  | <ul style="list-style-type: none"> • Young entrepreneurs who have IPOs • Active tech founders • Other SMEs | <ul style="list-style-type: none"> • Development Bank of Jamaica • First Angels Jamaica • Caribbean Venture Capital Fund • FirstRock Private Equity • Commercial Banks (NCB, Scotiabank, CIBC) • Alpha Angels | <ul style="list-style-type: none"> • JBDC • UWI MECC • UTECH TIC • RevUp • Innova10X • JAMPRO • Branson Centre | <ul style="list-style-type: none"> • MICF • JIPO • Jamaica Stock Exchange • Companies Office of Jamaica • TAJ • FSC • BOJ | <ul style="list-style-type: none"> • Scientific Research Council • UTech • UWI | <ul style="list-style-type: none"> • Caribbean Development Bank • IDB • CARICOM |
| <p>Trinidad & Tobago</p>  | <ul style="list-style-type: none"> • Tech founders • Community • Energy sector entrepreneurs • Creative industries startups | <ul style="list-style-type: none"> • Agricultural Development Bank • Development Bank (Republic Bank Citizens Bank) • Trinidad and Tobago Unit Trust Corporation | <ul style="list-style-type: none"> • NEDCO • Trinidad and Tobago Coalition of Service Industries • CreativeTT • Youth Business Trinidad and Tobago • St Augustine Centre for Innovation • ScaleUp TT | <ul style="list-style-type: none"> • Venture Capital Incentive Programme • Intellectual Property Office • Securities and Exchange Commission • Trinidad and Tobago • Ministry of Finance • Ministry of Trade, Industry and Investment • ExporTT • TTSE | <ul style="list-style-type: none"> • Caribbean Agricultural Research Institute • Caribbean Institute of Research • Institute of the West Indies • National Institute of Higher Education, Research Science and Technology • University of Trinidad and Tobago | <ul style="list-style-type: none"> • CARICOM • Organization of Eastern Caribbean States • Caribbean Development Bank • IDB |
| <p>Barbados</p>  | <ul style="list-style-type: none"> • Fintech startups • Tourism tech entrepreneurs • Green tech founders | <ul style="list-style-type: none"> • Anorop Bank and Trust Limited • CIBC Caribbean • Capita Bank & Trust Ltd • Williams Caribbean Capital • Enterprise Growth Fund Limited | <ul style="list-style-type: none"> • FutureBARBADOS • BIORE Foundation Incubator • Bloom Cluster Innovation Incubator • Barbados Small Business Association • UWI Cave Hill Student Entrepreneurial Development | <ul style="list-style-type: none"> • Companies & Intellectual Property Office • National MSME Development Plan • Ministry of Industry, Innovation, Science & Tech | <ul style="list-style-type: none"> • UWI Cave Hill • Barbados Community College • CERMES | <ul style="list-style-type: none"> • Caribbean Development Bank • IDB • Organization of Eastern Caribbean States • CARICOM |

Indicative VC Ecosystem Stakeholder Map across the 5 Caribbean Countries

| Country | Entrepreneurs | Capital Providers | Support Organizations | Policy & Regulatory | R&D Institutions | Regional Organizations |
|---|--|--|--|--|---|--|
| <p>The Bahamas</p>  | <ul style="list-style-type: none"> • Tourism entrepreneurs • Fintech founders • Blue economy startups | <ul style="list-style-type: none"> • Deltec Bank & Trust Limited • EFG Bank & Trust (Bahamas) Ltd • Commonwealth Bank Ltd • Bahamas Development Bank • AIC Caribbean Fund • Bahamas Entrepreneurial Venture Fund | <ul style="list-style-type: none"> • SBDC Bahamas • Tourism Development Corporation • Grand Bahama Agricultural and Industrial Corporation • Crypto Isle • Association for Creative Industries | <ul style="list-style-type: none"> • Ministry of Economic Affairs • Securities Commission of The Bahamas • Ministry of Finance | <ul style="list-style-type: none"> • University of The Bahamas – Centre for Entrepreneurship and Innovation • Ministry for Grand Bahama: Research and Planning Unit | <ul style="list-style-type: none"> • Caribbean Development Bank • IDB • Organization of Eastern Caribbean States • CARICOM |
| <p>Suriname</p>  | <ul style="list-style-type: none"> • Local SMEs • Resource sector entrepreneurs • Agricultural ventures | <ul style="list-style-type: none"> • National Development Bank of Suriname • Finabank • Trustbank Amanah • Hakrinbank N.V | <ul style="list-style-type: none"> • Suriname Business Development Centre • Association of Small Medium Sized Enterprises in Suriname • Suriname Growth Enterprises Program • BACDements Management and Advies N.V. • Association of Surinamese Manufacturers • ActionInvest | <ul style="list-style-type: none"> • Chamber of Commerce and Industry • Ministry of Economic Affairs, Entrepreneurship and Technological Innovation • Ministry of Finance and Planning • Suriname Investment and Trade Agency • Competitiveness Unit Suriname | <ul style="list-style-type: none"> • Anton de Kom University of Suriname • University of Applied Sciences and Technology Suriname | <ul style="list-style-type: none"> • Caribbean Development Bank • IDB • CARICOM |

Caribbean Venture Capital Ecosystem Stakeholder Analysis | Based on Interview Data and Ecosystem Assessment

Table 4. Indicative Stakeholder Interaction Matrix

| From ↓ To → | Entrepreneurs | Capital Providers | Support Organizations | Policy & Regulatory Bodies | R&D Institutions | Regional Organizations |
|---------------------------------------|--|---|--|--|--|---|
| Entrepreneurs | | <ul style="list-style-type: none"> • Pitch decks • Business plans • Equity stakes | <ul style="list-style-type: none"> • Program participation • Mentorship requests • Progress updates | <ul style="list-style-type: none"> • Compliance documents • Tax disclosures • Business registrations • Permit applications | <ul style="list-style-type: none"> • Talent recruitment • Research partnerships • IP licensing • Funding requests | <ul style="list-style-type: none"> • Regional assistance plans • Market entry proposals • Partnership requests |
| Capital Providers | <ul style="list-style-type: none"> • Funding rounds • Strategic mentorship • Board participation • Network access | | <ul style="list-style-type: none"> • Deal flow referrals • Co-investment opportunities • Due diligence support • Event participation | <ul style="list-style-type: none"> • Investment compliance • Regulatory filings • Tax documentation • Policy consultation | <ul style="list-style-type: none"> • Due diligence expertise • Innovation scouting • Market research | <ul style="list-style-type: none"> • Cross-border deals • Regional fund participation • Market intelligence |
| Support Organizations | <ul style="list-style-type: none"> • Training programs • Incubation/acceleration • Networking events • Mentorship matching | <ul style="list-style-type: none"> • Investment-ready ventures • Demo day access • Portfolio support • Success metrics | | <ul style="list-style-type: none"> • Program accreditation • Operating licenses • Grant applications • Impact reports | <ul style="list-style-type: none"> • Curriculum development • Joint programs • Research collaboration • Student placements | <ul style="list-style-type: none"> • Regional programs • Best practice sharing • Joint capacity building |
| Policy & Regulatory Bodies | <ul style="list-style-type: none"> • Business incentives • Regulatory frameworks • Tax benefits • Market protection | <ul style="list-style-type: none"> • Investment frameworks • Tax incentives • Licensing requirements • Investor protections | <ul style="list-style-type: none"> • Operating licenses • Accreditation standards • Reporting requirements • Grant funding | | <ul style="list-style-type: none"> • Research funding • Innovation policy • IP frameworks • Education policy | <ul style="list-style-type: none"> • Policy harmonization • Regional standards • Trade agreements • Investment treaties |
| R&D Institutions | <ul style="list-style-type: none"> • Talent pipeline • Research outputs • Innovation support | <ul style="list-style-type: none"> • Technology commercialization • Spin-off ventures • Patent valuation | <ul style="list-style-type: none"> • Curriculum design • Program content • Technical mentorship • Facility access | <ul style="list-style-type: none"> • Grant proposals • Research compliance • Policy recommendations | | <ul style="list-style-type: none"> • Joint research • Regional studies • Knowledge exchange • Resource sharing |
| Regional Organizations | <ul style="list-style-type: none"> • Market access • Regional funding • Trade facilitation • Capacity building | <ul style="list-style-type: none"> • LP participation • Co-funding programs • Regional deals • Market intelligence | <ul style="list-style-type: none"> • Regional networks • Program funding • Best practices • Technical assistance | <ul style="list-style-type: none"> • Policy recommendations • Harmonization support • Regional frameworks • Trade facilitation | <ul style="list-style-type: none"> • Research grants • Regional studies • Knowledge platforms • Academic exchanges | |

Interaction Strength Legend:

- **Strong:** Critical, frequent interactions essential for ecosystem function
- **Moderate:** Important periodic interactions that enable growth
- **Weak:** Occasional or indirect interactions
- **N/A:** Same stakeholder or no direct interaction

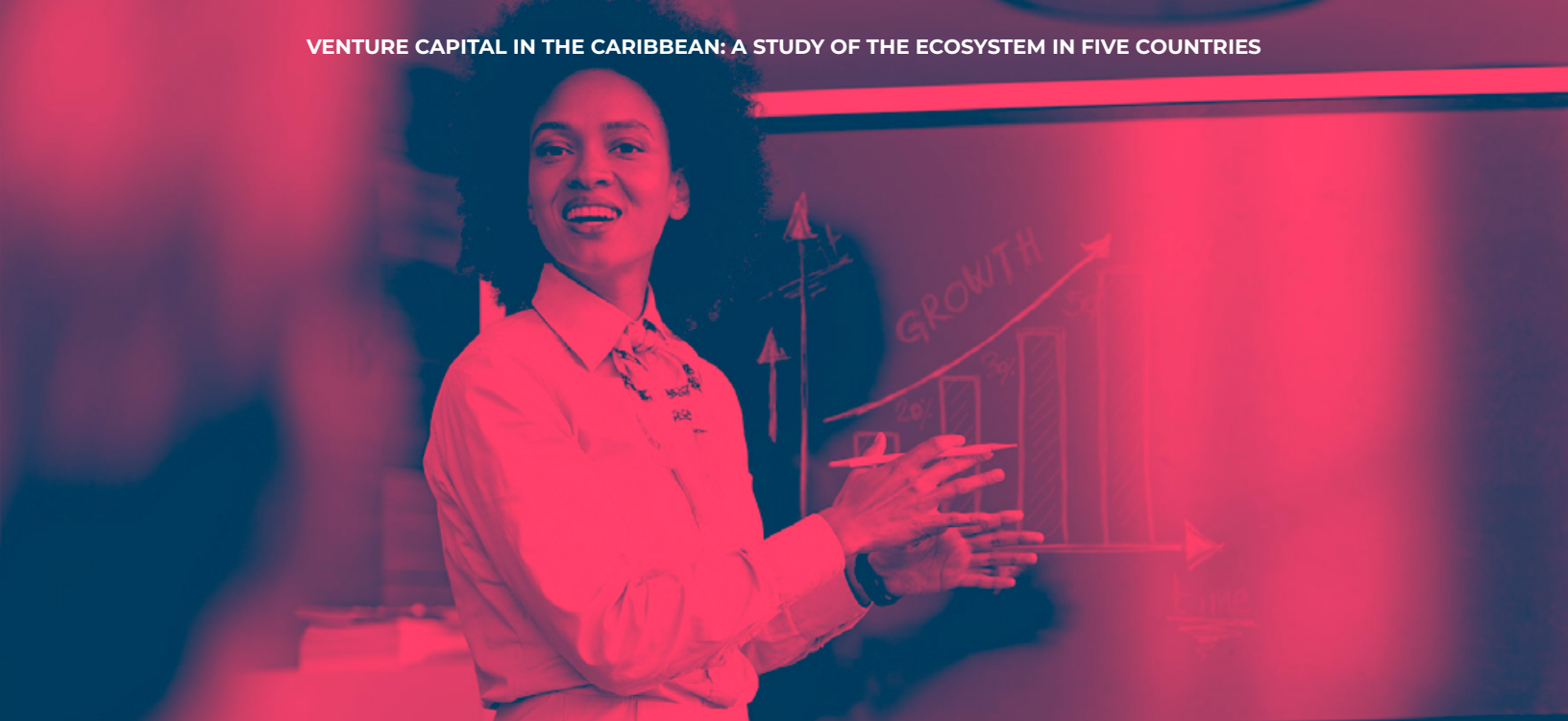
A robust ecosystem for VC requires close collaboration and coordination between these stakeholders, with each one able to contribute to the process in a significant way. Relatively speaking as **Table 4** shows, there are few strong interactions between ecosystem players in the region. This fragmentation, which is characteristic of the broader access to finance environment as well, has a negative impact on VC ecosystem development.

B. SWOT Analysis

A SWOT analysis of the VC ecosystem in the Caribbean region reveals important gaps and weakness affecting the development of VC both at the country and regional level. In addition, as will be seen in the Regional and Country Assessments (**Appendix II**), there are significant variations in ecosystem maturity that exist across the five territories. These gaps and variations seen in the SWOT analysis are highlighted in more detail across the 12 dimensions in **Appendix II**.

Figure 1. SWOT Analysis Framework for the Caribbean VC Ecosystem



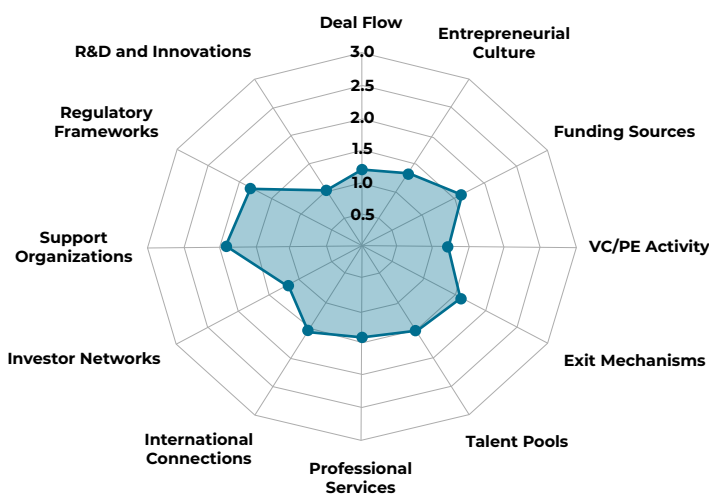


IV. ECOSYSTEM STAKEHOLDER INSIGHTS

The venture capital ecosystem in the Caribbean offers a compelling mix of nascent opportunities and enduring structural constraints. Data collected in the study reveal a multifaceted landscape, with varying levels of maturity across different territories. At a regional level, common barriers persist: insufficient deal flow, scarce exit opportunities, regulatory gaps, entrenched risk-averse attitudes, and significant market fragmentation. While venture capital and early-stage funding is often accessible to founders, access is uneven, with women entrepreneurs reporting heightened hurdles, including gender bias, smaller networks, and reduced investor confidence, which curtails both opportunity and returns in this demographic.

Overall, a regional assessment of the 12 ecosystem dimensions shows a stage between **Nascent** and **Emerging stage**, as seen in **Figure 2**.

Figure 2. Regional EMM Assessment



Overall Regional Average: 1.43
 Maturity Level: Between Nascent and Emerging

This scoring was determined by averaging the scores for the 5 countries across the 12 dimensions. For reference, **Table 5** shows the relationship between the dimensions at ecosystem maturity levels for the **Nascent** and **Emerging** ecosystem stages.

Table 5. Ecosystem Maturity Level and the EMM Dimensions

| Dimension | Level 1: Nascent | Level 2: Emerging |
|--|---|--|
| VC/PE Activity | Minimal or no formal VC/PE activity | Presence of at least one government-backed fund or initiative |
| Funding Sources | Heavy reliance on traditional bank financing with no dedicated VC funds or angel networks | Limited government-backed funds and emerging angel investor activity |
| Entrepreneurial Culture | Limited entrepreneurial culture and risk appetite | Small but growing community of startups |
| Deal Flow | Minimal deal flow and investment-ready ventures | 3-5 investment-ready ventures annually |
| Research & Development (R&D) and Innovation | Limited R&D investment with minimal commercialization | Some R&D activity but limited commercialization pathways |
| Regulatory Frameworks | Underdeveloped regulatory frameworks for alternative investments | Initial regulatory frameworks being established |
| Support Organizations | Few support organizations for startups | Early-stage business support organizations |
| Investor Networks | Minimal investor presence | Nascent investor networks with limited experience |
| International Connections | Limited diaspora engagement, and few cross-border partnerships or market access opportunities | Fragmented support ecosystem |
| Professional Services | Absence of specialized legal and financial expertise | Basic legal and accounting services with limited VC transaction experience |
| Talent Pools | Limited specialized talent in technology, business development, and management for high-growth ventures | Developing talent pools with gaps in specialized skills |
| Exit Mechanisms | No successful exits with limited acquisition activity and no IPO capability | Limited exit examples primarily through acquisitions with underdeveloped exit pathways |

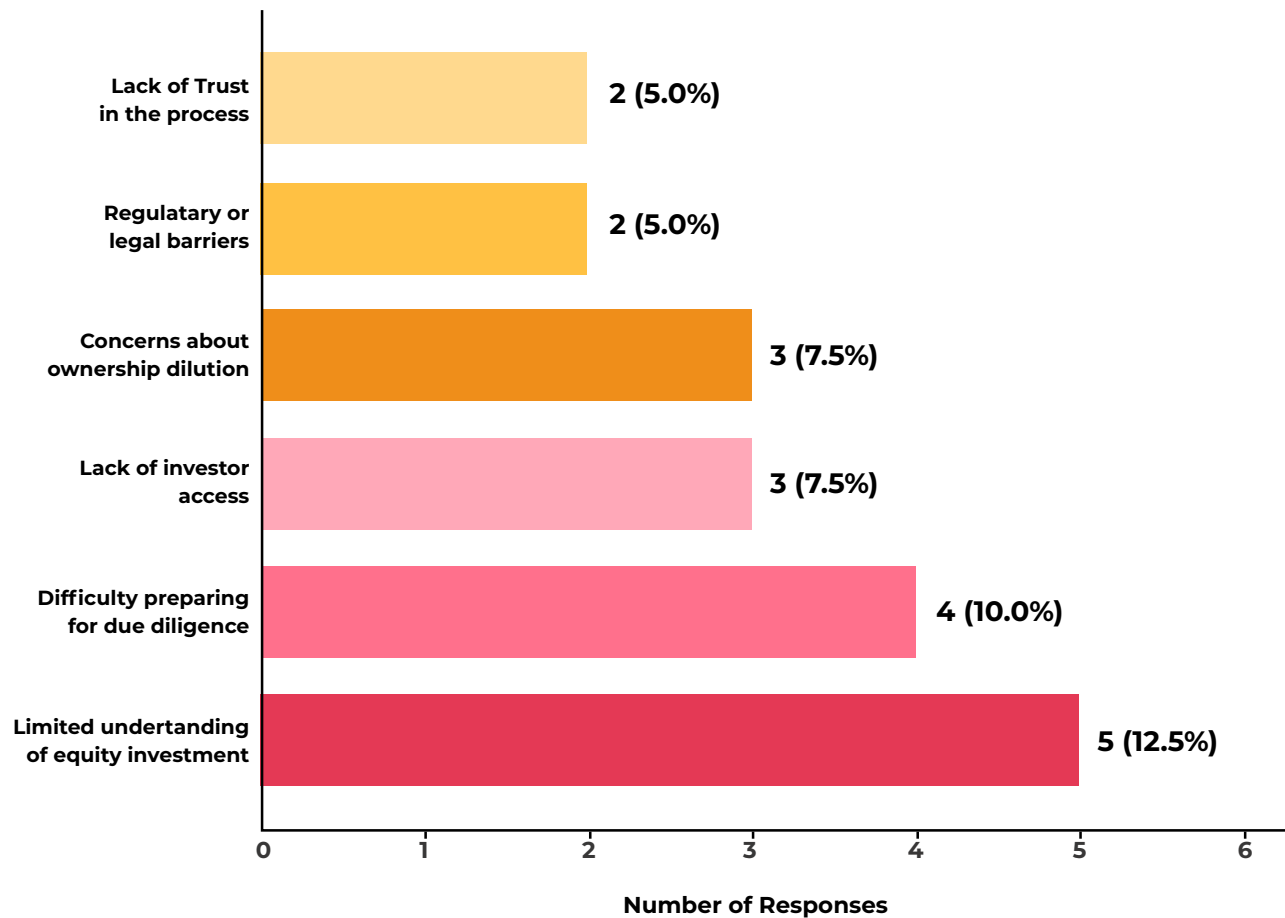
A. Dimensional Analysis for the Region

The following is a brief evaluation of the region against the 12 critical dimensions that collectively determine ecosystem maturity, based on the research. This supports the overall assessment stated above in **Figure 2**. For the more detailed analysis, including the regional scores for each dimension, See **Appendix II**.

> Dimension 1: VC/PE Activity

Angel investing and PE deals exist, but no VC funds. Two PE funds exist – one in Jamaica (the Caribbean Venture Capital Fund, backed by the Development Bank of Jamaica) and the other in Trinidad & Tobago (Aspire Fund Management), each with carveouts for VC. Jamaica is the most active market for angel investing. Founders responding to our questionnaire highlight several barriers to equity funding, as seen in **Figure 3** below.

Figure 3. Barriers to Equity Funding – Response Frequency



> Dimension 2: Funding Sources

By and large, funding sources for founders are limited to grants and loans (including credit guarantee programs), with no specialized products for innovative firms. Jamaica has multiple sources – equity, SAFEs, Convertible notes, factoring. There is no comprehensive funding continuum for early-stage ventures.

> Dimension 3: Entrepreneurial Culture

An emerging entrepreneurial community exists, particularly in Jamaica and Trinidad but a risk-tolerant culture is still developing. Gaps exist in financial education across the region, with few tailored programs for innovative founders.

> Dimension 4: Deal Flow

Deal flow is a challenge, due in part to lack of investment readiness on the part of founders. Some sectors show promise – agritech, fintech and healthtech – but the challenge is to meet VC scalability standards, while addressing the small regional market constraint.






> Dimension 5: R&D and Innovation

Weak linkages exist between the Universities in the region and the entrepreneurial ecosystem. IP commercialization is not yet developed, although IP frameworks exist in some countries – Barbados, Jamaica and Trinidad & Tobago, thanks to the support of the IDB and the World Bank. Limited funding is available for prototyping and proof-of-concept activities.

> Dimension 6: Regulatory Frameworks

Some progress has been made, especially in fintech. Regulatory sandboxes by the Central Bank in Barbados are a positive sign. The Bahamas has regulations in place for digital assets, while Trinidad has a legislative framework for VC. No common foreign investment framework exists across the 5 countries. See **Table 6** below for a summary of regulatory frameworks in the 5 countries.

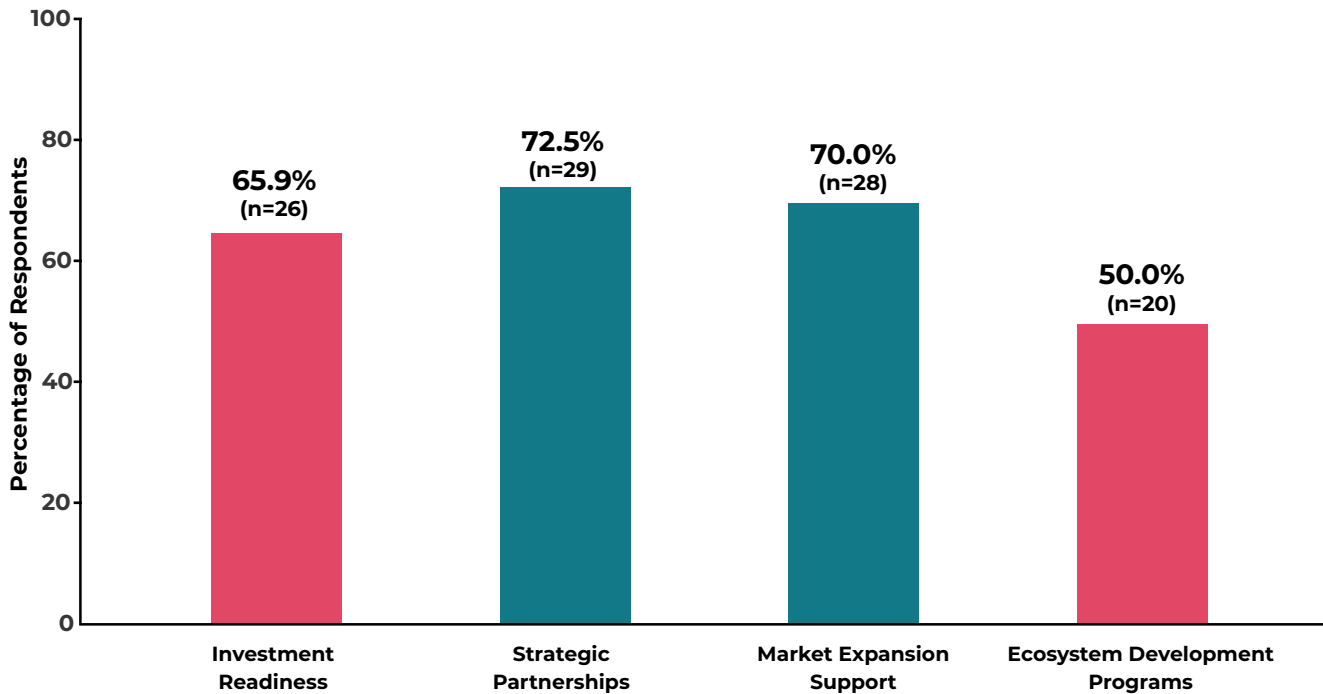
Table 6. Country Regulatory Frameworks

| Country | Relevant Laws | Tax Incentives | Foreign Investment Rules | IP Protection | Start-up Policies | Reforms Planned/ Completed |
|---|--|---|---|--|---|--|
| Barbados  | Financial Services Commission Act (2010); Companies Act (Cap. 308) | Barbados offers general corporate tax harmonization under OECD reforms, but no targeted VC tax relief schemes are in place. | The Central Bank and Exchange Control Department regulate foreign capital flows. No restrictions on foreign ownership of VC or PE funds, though capital repatriation requires approval. | Corporate Affairs and Intellectual Property Office (CAIPO); governed by the Trademarks Act (Cap. 319) and Patents Act (Cap. 314). | Absence of a dedicated VC or innovation financing framework. Entrepreneurial support is delivered via traditional SME support schemes. | IDB-supported development of an innovation sandbox and complementary risk capital facility |
| Jamaica  | Securities Act (1993); Companies Act (2004); Financial Services Commission Act (2001); Junior Market Rules (JSE) | The Junior Market of the Jamaica Stock Exchange provides significant tax holidays (up to 10 years) for SMEs accessing public equity markets. | No equity limits for foreign investors Liberalized capital market facilitates VC entry/exit SEZ regime allows repatriation of capital | Governed by the Jamaica Intellectual Property Office (JIPO); recent IP modernization includes the Patents and Designs Act (2020). | Development Bank of Jamaica (DBJ) operates JVCP (Venture Capital Programme) IGNITE, BIGEE, and DBJ Sidecar Angel Fund National Entrepreneurship Policy (2015, revised 2023) | Exploring a microstock market for small firms. JVCP Phase II (2020–2024) focuses on fund-of-funds, regulatory enablement. legislation to allow pension fund participation up to 5% of their portfolio in equity or debt of private companies |
| Suriname  | Limited documentation of formal VC-related legislation; Companies Act (Handelsregisterwet) and Investment Code (2001) apply generically. | No VC-specific tax policies or instruments identified. | The Investment Code encourages FDI but lacks tailored provisions for venture funds or startup capital inflows. | Intellectual property is administered by the Bureau for Intellectual Property (BIE), under the Ministry of Justice and Police. | No structured startup or VC development program identified in public or regional sources. | Policy gaps remain. Suriname has not yet undertaken substantial legal or institutional reforms targeting startup capital or VC attraction. |
| The Bahamas  | Securities Industry Act (2011); Investment Funds Act (2019); Exchange Control Regulations; Companies Act (1992). | The Bahamas provides various financial incentives for large-scale investors, but no startup- or VC-specific tax policy exists. | Exchange control regulations require approval for capital inflows and outflows by non-residents; Central Bank oversight. | Intellectual Property Unit under the Registrar General's Department; governed by Trademarks Act (2015) and Copyright Act (2000). | Bahamas Venture Capital Fund provides equity financing for SMEs and startups | The Investment Funds Act (2019) modernized fund formation but is more conducive to private equity than VC; innovation policies remain nascent.2023 government white paper proposes liberalizing capital markets |
| Trinidad & Tobago  | Venture Capital Act (1994; amended 2005); Securities Act (2012); Companies Act (1995); Special Economic Zones Act (2022). | VCIP offers 25% tax credit to investors in registered Venture Capital Companies; Budget 2022 introduced 5% corporate income tax reduction for digitization and innovation activities. | The Foreign Investment Act (1990) permits full foreign ownership, with notification requirements. SEZs further liberalize investment incentives. | IP is administered by the Intellectual Property Office (IPO) under the Ministry of the Attorney General. Governed by the Trademarks Act (2015) and Patents Act (1996). | Government-led VCIP allows approved VC firms to raise capital domestically. Additional support via exporTT, CreativeTT, and InvestTT. | 2022 reforms to SEZ legislation include startup-focused zones. Ongoing efforts to revise VCIP and link with public pension funds and fintech regulation (2024–2025) |

> **Dimension 7: Support Organizations**

Several business support organizations exist in each country, but there are challenges with respect to service quality, sustainability and limited specialized expertise. There are difficulties as well in measuring impact. Founders interviewed that are prospects for equity financing have identified several key areas in which they need support as seen below.

Figure 4. Founder Support Demands



> **Dimension 8: Investor Networks**

There are some angel investors in the 5 countries, but they are “under the radar”, except in Jamaica, where there is an organized network – First Angels Caribbean - now incorporating investors from other countries in the region. Cross-border investment activity is limited, partly due to the lack of a common investment framework.

> **Dimension 9: International Connections**

International linkages vary significantly across territories, often reflecting historical relationships dating back to the colonial experience, and diaspora patterns, as reflected through remittance flows. However, these ties have not been sufficiently leveraged for equity investment flows.

> **Dimension 10: Professional Services**

The availability of specialized professional services for venture capital and private equity transactions represents a significant constraint across most territories. Most lawyers in the Caribbean are trained in traditional corporate law and do not understand venture economics. Only Jamaica has begun to develop meaningful expertise in this area, through specialized training – equity, and IP commercialization supported by the Inter-American Development Bank and implemented by the Development Bank of Jamaica. Nevertheless, building this type of expertise is a slow process.

> Dimension 11: Talent Pools

The availability of specialized talent for both running venture-backed companies and managing venture funds remains a critical constraint. One Founder focus group revealed specific challenges, with one entrepreneur stating: *“Finding a CTO who understands equity compensation and startup dynamics is nearly impossible. Most tech talent either works for established companies or has already emigrated.”*⁶

Fund management talent is even scarcer. This one of the biggest challenge in backing new funds in the region. Most fund managers have traditional finance backgrounds but lack venture experience.” The IDB has recognized this challenge. In May 2025, IDB Invest hosted a three-day training covering the key elements of designing and launching an impact fund in the Caribbean.

> Dimension 12: Exit Mechanisms

Few exits so far, mostly through acquisitions. Limited pathways deter broader investor engagement. Jamaica’s stock exchange is the most active in the region, and the Junior Market provides a viable exit for equity investors. The [Jamaica Stock Exchange](#) (JSE) was the world’s best-performing stock market in 2015 and 2018,⁷ according to [Bloomberg](#), fuelled in part by government tax incentives provided to encourage small businesses to list. These incentives are still in place, and they include a full income tax exemption for the first five (5) years after listing and a 50% Income Tax exemption in years 6 – 10.⁸

Companies in all (Caribbean Community (CARICOM) countries can list on the JSE as long as they meet the necessary requirements.⁹ Companies can be cross listed, and such activity is taking place between the stock exchanges in Jamaica, Trinidad & Tobago and Barbados. Outside of Jamaica’s active stock exchange, exit options remain severely limited. Stock exchanges in The Bahamas, Trinidad & Tobago and Barbados remain small and dominated by large companies, as seen in the **Figure 5** below, which shows the number of listings on each exchange in 2024.

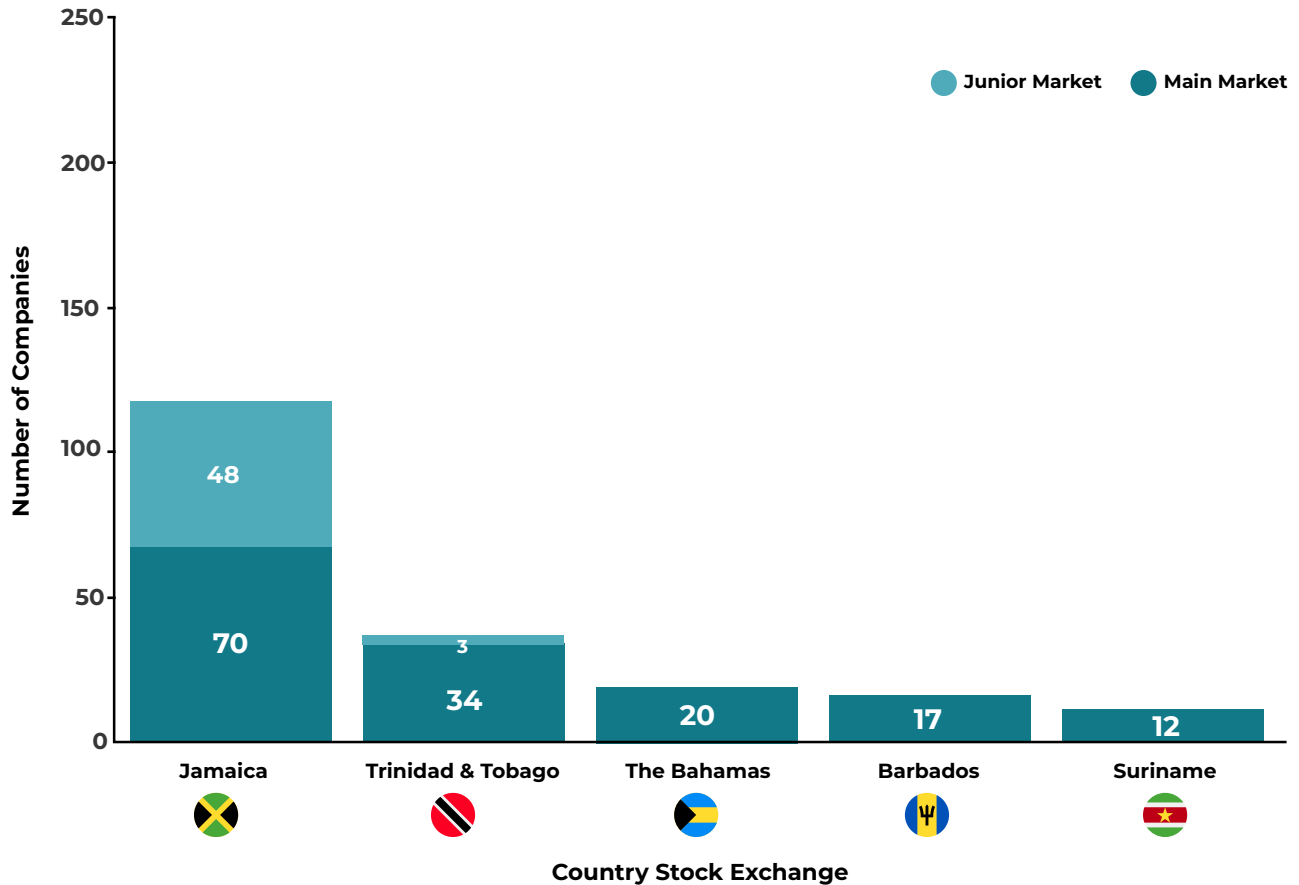
6 Focus Group Jamaica – March 27, 2025.

7 During this time, the Junior Market in particular saw massive growth, with a performance of up to 160% in 2015. <https://www.bloomberg.com/news/features/2019-01-18/the-jamaican-stock-exchange-is-the-world-s-best-performing-market>.

8 <https://www.jamstockex.com/investors/how-to-list-on-the-junior-market/#:~:text=Process%20for%20Admission,Capital%20and%20Number%20of%20Shareholders>.

9 The listing entity must be incorporated as a public company. It cannot be a subsidiary of any company currently listed on the Stock Exchange and must have participating equity capital of not less than J\$50m and not more than J\$500m following its Initial Public Offering (IPO) and during its life on the Junior Market. Ibid.

Figure 5. Listed Companies on the 5 Caribbean Country Stock Exchanges (2024)¹⁰



B. Cultural Influences

Deep-seated cultural attitudes toward risk, failure, and equity investment and perhaps most importantly, a lack of trust, create fundamental barriers to venture capital ecosystem development across the Caribbean. These cultural factors are cross-cutting and influence behavior at every level, from individual career choices to investor risk appetite and policy decisions.

The Nature of Risk Aversion: The interviews revealed multiple dimensions of risk aversion deeply embedded in Caribbean societies, which traditionally value *stability and security*. This comes from Caribbean history, where generations of economic uncertainty made a stable job the ultimate achievement. Entrepreneurship, especially the high-risk venture kind, goes against these deep cultural values. This manifests in family dynamics. One entrepreneur shared a telling story: *“When I left my bank job to start my company, my mother cried. She literally cried. To her, I was throwing away everything she had worked for - the education, the respectability, the security. Even now, after some success, she asks when I’m going to get a ‘real job’ again.”*¹¹

¹⁰ Looking at the Junior Stock Market, there are 17 companies listed per million people. If we look at the entire market, we get 41 companies per million people. This compares favorably with countries such as Brazil, which registers 1.62 companies. Sources: <https://data.worldbank.org/>; <https://www.jamstockex.com/listings/>; <https://tradingeconomics.com/brazil/listed-domestic-companies-total-wb-data.html>; <https://www.gov.br/secom/en/latest-news/2024/08/ibge-brazil-population-reaches-212-6-million>.

¹¹ Focus Group, The Bahamas – June 26, 2025.

The cultural attitude toward failure is particularly problematic for venture ecosystem development. In contrast to more mature markets where VC investors have a high tolerance for failure, the opposite is true in the Caribbean was seen as personal and a moral shortcoming.

Manifestations in Investment Behavior: Cultural risk aversion profoundly affects investor behavior. Even wealthy individuals who could become angel investors often choose safer options. A wealth manager observed, *“My high-net-worth clients have money to invest, but they want real estate or fixed deposits. The idea of investing in a startup that might fail is terrifying to them. They’d rather make 3% guaranteed than risk for 30% possible returns.”*¹² When investors do engage with startups, cultural factors shape their approach. The demand for collateral in equity deals illustrates this. An entrepreneur recounted, *“The ‘angel investor’ wanted my house as collateral for his equity investment. When I explained that defeats the purpose of equity financing, he said ‘Well, I need some security.’ He couldn’t separate equity investment from loan mentality.”*¹³

The focus on control reflects similar cultural patterns. According to one Founder from the Bahamas: *“Because they’ve put up the money, they want to dictate how the company should be run. This comes from a merchant tradition where the person with capital controls everything. They don’t understand the concept of backing a founder’s vision.”*¹⁴ Another entrepreneur recounted: *“An investor offered \$100,000 for 51% of my company. When I said no, he couldn’t understand why I wouldn’t want a ‘partner’ who could ‘help’ run the business. He genuinely thought he was being generous.”*¹⁵

Impact on Entrepreneurial Behavior: Cultural factors also shape how entrepreneurs approach financing and growth. The preference for bootstrapping often stems from cultural rather than strategic considerations. One founder explained, *“In my culture, debt is shameful and giving up equity is like selling your birthright. So, I bootstrap not because it’s strategically optimal, but because it’s culturally acceptable.”*¹⁶ Another added: *I built my company to \$5 million in revenue without taking any outside investment. It was slower, but I maintained control and learned the business deeply.”*¹⁷ This extends to growth ambitions. Many Caribbean entrepreneurs are uncomfortable with the venture capital growth model. They want to build solid, profitable businesses they can pass to their children, not rocket ships that might explode. This approach is incompatible with VC investor expectations.

Issues of trust are also paramount in relations between entrepreneurs and investors. Founders are suspicious of investors and fear not only losing control in the investment deal because of unfavorable terms, but also having their business idea “stolen” by the investor in the early stages of the process. Often one bad experience by one founder is used to justify this lack of trust, which manifests itself in a reluctance to share information not only with investors, but across the board. This is partly accounts for the lack of data on founders and indeed on MSMEs more broadly, in the region, as well as the lack of data on investment deals for this Study.

12 Interview, June 26, 2025.

13 Focus Group – Jamaica, March 27, 2025.

14 Interview, June 3, 2025.

15 Focus Group – Jamaica, March 27, 2025.

16 Focus Group – Bahamas, June 26, 2025.

17 Focus Group – Trinidad, July 30, 2025.

Recent Shifts and Generational Changes: Despite these deep-seated barriers, stakeholders identified emerging cultural shifts, particularly among younger entrepreneurs, who have grown up with stories of tech billionaires and startup unicorns in more mature markets. As a result, they are more relatively more comfortable with risk, more accepting of failure, more global in outlook. Social media and international exposure are accelerating these shifts. Young founders follow Silicon Valley influencers on Twitter, watch startup documentaries on Netflix, and participate in global online communities. They are developing different mental models than their parents.

Success Stories Within the Region Also Create Cultural Change: The positive impact of visible successes was highlighted by multiple stakeholders. One noted, *“When my company went public, it changed conversations in households across Jamaica. Suddenly, parents had a local example of startup success to point to.”*¹⁸

C. The Data Challenge

A pervasive challenge across all territories is the absence of reliable, comprehensive data on deal flow, investment sizes, valuations, and exits. This mirrors a similar challenge in the access to finance ecosystem more broadly across the Caribbean, where there is a lack of data on MSMEs and a lack of sex disaggregated data as well, on loan and grant portfolios.

This data scarcity in the VC space is a barrier to informed decision-making for both investors and policymakers and makes it difficult to track ecosystem progress accurately. Furthermore, a lack of market data, not only poses a challenge to due diligence for investors, but makes valuation difficult for Founders, since there is no reliable public information on comparable businesses against which to benchmark.

The lack of quantitative data has also had an impact on the research for this study.

Stakeholders on both the demand and supply side were reluctant to share any data that would in effect begin to build out a database on the VC ecosystem. Both Founders and Investors failed to complete surveys designed for the study. Only forty-four (44) Founder surveys and one (1) Investor Survey were submitted. In addition, participation was low in the Founder focus groups organized for the research. This lack of response is typical in the Caribbean, and it reflects in part the lack of trust issue previously discussed. In addition however, there is the issue of stakeholder fatigue. Certainly in the last two years, there have been several studies conducted in the areas of entrepreneurship and access to finance, surveying the same stakeholders. The impact of being “over-surveyed” has also affected qualitative data. While ultimately over 60 interviews were conducted across the 5 countries, there were challenges in securing interviews in some cases, with a lack of response in spite of several requests.

¹⁸ Interview, March 6, 2025.



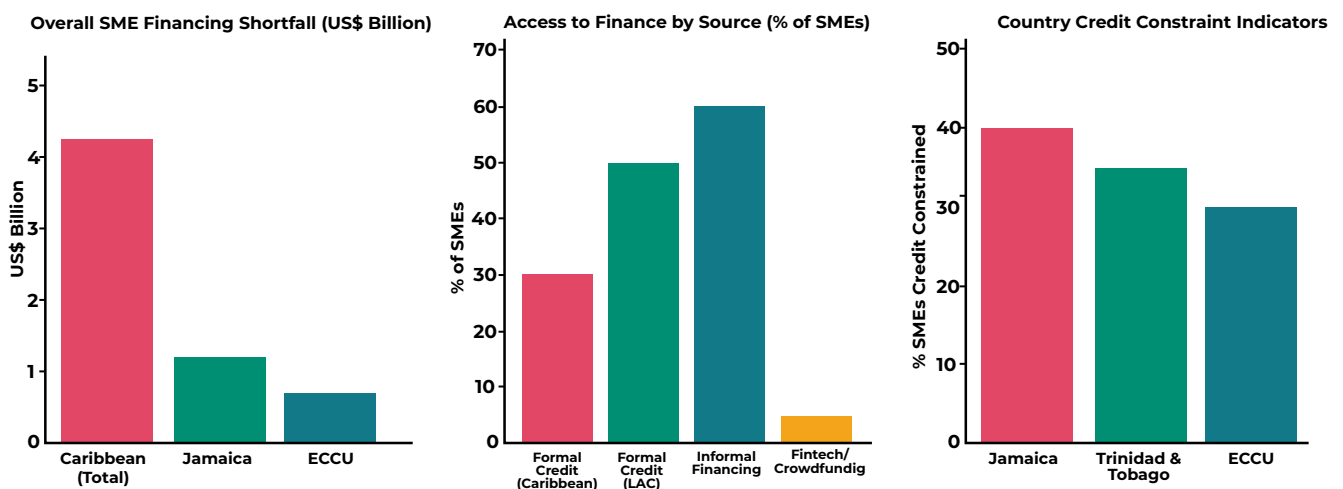
V. THE VC OPPORTUNITY

A. Venture Capital Funding in the Caribbean

Assessing the Financing gap for SMEs in the Caribbean may provide some insights in to the potential opportunity for VC funding that could be leveraged as a complementary funding mechanism to provide vital growth capital for high-potential startups and SMEs. Interestingly, the results of our Founder survey show a high level of interest in equity investment. While 79.3% of founders express genuine interest in pursuing equity investment, only 27.5% have actually raised equity capital, with 17% of respondents specifically targeting VC. This 52-percentage-point gap between interest and raising capital represents both a challenge and an opportunity facing the Caribbean VC ecosystem.

While quantifying the financing gap for startups and SMEs in the region is problematic due to limited data available, there are several studies and reports that can be referenced to frame the estimate. Below are key figures and sources that highlight the magnitude of the gap.

Figure 6. Estimated Financing Gap for Caribbean SMEs & Startups



Sources: World Bank. (2018). Caribbean Economic Overview: Access to Finance for SMEs; Caribbean Development Bank (2019); ECLAC (2021).

Venture Capital & Equity Gap

- Early-stage startups face an even larger gap, with less than US\$50 million in venture capital investments annually across the entire Caribbean (ECLAC, 2021).
- Active Angel investing networks are nearly nonexistent outside of Jamaica.

Synthesized Financing Gap Estimate

- The Caribbean's total SME financing gap is likely **US\$4–6 billion** per year, considering both debt and equity shortages.
- Startups face an even more severe gap, with <1% accessing venture capital.
- Women-led and youth-led businesses are disproportionately affected, with ~70% unable to secure formal loans (IDB, 2020).

Given the lack of data available, this market size estimate will focus on Jamaica and Trinidad and Tobago, given the presence of equity and some venture capital funding in these countries. These countries will therefore be used as a proxy for the potential for Venture Capital in the region.

a) Jamaica VC Market Size Analysis

Analysing the data on private capital supply and the deal flow of innovative ventures leads us to a multi-layered estimation of the Jamaican venture capital market size, i.e. the amount of **local** VC funding available currently as well as potentially in the future. The outlook is one of cautious optimism, where the success of newly established funds and programs will be the primary determinant of future growth.

Current Estimate of the VC Market Size (2024–2025)

It is important to distinguish venture capital funding from the emerging Private Capital Market, which includes vehicles that may straggle the full spectrum of private capital. **For this analysis we will focus on early-stage equity funding for scalable start-ups**, typically defined as venture capital financing. Even within the emerging venture capital ecosystem, there are developing opportunities which make it difficult to define a market size. As a result, a single data point fails to capture the nuances of the market. Therefore, a tiered assessment provides a more accurate picture of the capital available for high-growth ventures.

- **Tier 1: Dedicated, Active Venture Capital:** This tier is defined exclusively by the **Caribbean Venture Capital Fund (CVCF), managed by MScale, LLC.**, the only active, PE institutional fund in the market with a VC carveout.
 - » Committed & Deployable Capital (First Close): US\$15.4 million.
 - » Total Targeted equity Capital Pool (Full Fund Size): US\$50 million.
 - » **Total Market Size of institutional VC funding** available: **US\$15 million, which is the 30% VC carveout for the CVCF.** This represents the most direct and accurate measure of the current institutional venture capital market size in Jamaica.

- **Tier 2: SME Growth Equity Capital:** This has revealed the possibility of deploying private equity funds to provide growth capital to SMEs, which often includes tech-enabled businesses that might otherwise seek venture capital.
 - » **Stratus SME Private Equity Fund:** With a target size of J\$3 billion (approximately **US\$19.5 million**), this fund represents a significant pool of equity capital specifically targeting Jamaican SMEs.
 - » **JASMEF** private equity fund, with total target equity fund of **US\$10 million**.
 - » **The Market Size of equity growth funding** available: **US\$10 million to US\$20 million** range represents the most direct and accurate measure of the current institutional venture capital market size in Jamaica.
- **Tier 3: Annual Angel Investment Capacity:** This foundational layer provides the earliest seed funding.
 - » The data provided by First Angels Jamaica highlighted that **US\$3 million** was invested over a decade. Based on this insight, the estimated total annual local angel investment capacity is estimated to be **US\$500,000**.

Synthesized Market Size Estimate

Combining these tiers provides a holistic view of the market's current scale and near-term potential:

- **Immediate Deployable Private Equity & VC Capital:** The CVCF's US\$15.4 million first close, combined with a portion of the Stratus SME fund's capital, places the immediately deployable pool of institutional equity at approximately **US\$20 million to US\$25 million**.
- **Total Targeted Institutional Capital Pool:** The combined target size of the CVCF (**US\$50M**) and the Stratus SME Fund (**US\$19.5M**) creates a total targeted pool of nearly **US\$70 million** in institutional equity for Jamaican ventures.
- **Estimated Annual Market Activity:** Assuming a standard fund deployment rate of **15-20% per year**, the institutional funds could be expected to deploy **US\$3 to US\$5 million** annually once fully operational. Combined with the angel capacity, this suggests a total annual market activity level (new investments) in the range of **US\$4 million to US\$6 million** in the near term. This figure has the potential to grow toward **US\$10 million to US\$15 million** annually as the funds mature and become fully deployed.

Future Potential and Growth Vectors

The market's trajectory will be defined by several key factors in the coming years.

- **The Catalytic Effect of the CVCF:** The performance of the Caribbean Venture Capital Fund is paramount. A few successful, high-profile exits from its portfolio would provide the definitive proof-of-concept the market needs. This could dramatically increase the risk appetite of local institutional and high-net-worth investors, potentially attracting other international fund managers to establish a presence in Jamaica.

- **The DBJ’s Grand Vision:** The DBJ has articulated a long-term vision for private capital’s role in the economy, aiming for annual private equity and VC issuances to reach 1.5% to 2% of GDP. With Jamaica’s 2024 GDP estimated at over US\$20 billion, this translates to a long-term target market size of ~ **US\$300 million to US\$400 million** in annual private capital investment activity. This ambitious benchmark underscores the scale of the government’s aspiration and the potential for significant market expansion.

b) Trinidad and Tobago VC Market Size Analysis

Synthesizing the available data on capital supply and ecosystem maturity allows for a conservative estimate of the Trinidad and Tobago venture capital market. The outlook is heavily constrained by macroeconomic factors and the absence of a strategic, national-level push for ecosystem development.

Current Venture Capital Market Size Estimation (2024–2025)

The market size is best understood through the lens of publicly identifiable and committed capital pools.

- **Tier 1: Dedicated, Active Venture Capital:** This tier is defined solely by the Tobago House of Assembly Venture Capital Equity Fund Limited (VCEFL)¹⁹.
 - » Committed & Deployable Capital (Seed Fund): TT\$25million (approximately US\$3.7 million).
 - » Total Targeted VC Capital Pool (Full Fund Size): TT\$100million (approximately US\$14.7 million)²⁰.
 - » The **US\$3.7 million** in committed capital represents the most direct and verifiable measure of the current institutional venture capital market size. It is crucial to note this capital is restricted to Tobago-based enterprises.
- **Tier 2: Government-Backed Early-Stage Financing:** This includes other government funds that, while not pure VC, provide capital to startups and SMEs.
 - » A **TT\$50 million (approx. US\$7.4 million)** fund for business startups was announced in the 2014 budget, to be established under the Ministry of Planning. However, the status and deployment mechanism of this fund are unclear and hence will not be included in estimation of the market size.
 - » The **Grant Fund Facility** established by the Government of the Republic of Trinidad and Tobago, and administered by ExporTT Limited, provides matching grants of up to **TT\$250,000 (approx. US\$37,000)** for technology acquisition to SMEs engaged in the production of high value-added products and services that can compete in export markets.

¹⁹ <https://tobagoventurecapital.com/services/>

²⁰ <https://www.tha.gov.tt/news/tobago-house-of-assembly-venture-capital-equity-fund-limited/>

- **Tier 3: Private Equity & Angel Investment:**

- » **Aspire Fund Management Company Limited:** Founded in 2015, Aspire is one of the leading private equity firms in Trinidad & Tobago. It focuses on providing “patient capital” to established, aspiring Caribbean companies, helping to bridge the gap between entrepreneurs and investors. While its original investment thesis was to provide growth equity to more mature companies, it has recently started to offer VC funding to startups and internally created new ventures. It reports an AUM of approximately **US\$50 million**. One of the fund managers indicated that the typical investment size ranges from US\$250,000 to US\$1 million. The details of the Fund investment thesis were not verifiable.
- » **Angel Investment:** there is no formal angel investment network. Anecdotal reports indicate that angel investments do occur, however, it is likely relationship-driven. Hence, the size of the angel investment market is effectively unquantifiable, due to the lack of organized networks and public deal flow data.

Synthesized Market Size Estimate

Based on the available information, the venture capital market in Trinidad and Tobago is small and geographically concentrated.

- **Verifiable Institutional VC Market Size:** The market is limited to the **US\$3.7 million** seed fund of the VCEFL.
- **Total Targeted Institutional Capital Pool:** The Aspire Fund approximately **US\$50 million** AUM represents the total pool of private institutional equity for Trinidad and Tobago Ventures.
- **Estimated Annual Market Activity:** Given the VCEFL’s investment range of TT\$ 500k to TT\$5M (US\$74k to US\$740k), the fund can likely execute only a small number of deals per year. Total annual VC deployment in the country is therefore estimated to be in the **low single-digit millions of US dollars**, and potentially less than US\$1 million in some years.

Future Potential and Growth Vectors

The trajectory of the T&T venture capital market is contingent on addressing fundamental structural barriers.

- **The Overarching Challenge of FX:** The single greatest impediment to attracting foreign or even regional VC investment is the foreign exchange shortage. Until a clear and reliable mechanism for repatriating capital and profits is established, the market will remain unattractive to external fund managers and LPs.²¹
- **Need for a National Strategy:** The VCEFL provides a potential model, but a national strategy is required to support ventures in Trinidad, the country’s economic engine. A government-led initiative, modelling the Jamaica Venture Capital Programme led by DBJ and supported by IDB Lab, could act as a powerful catalyst by anchoring new funds, training stakeholders, and streamlining regulations.

²¹ The foreign exchange challenge in Trinidad is due to a combination of declining energy exports and price volatility, high demand for US dollars from import-dependent businesses and a fixed exchange rate.

B. Current VC Investment Trends in the Region

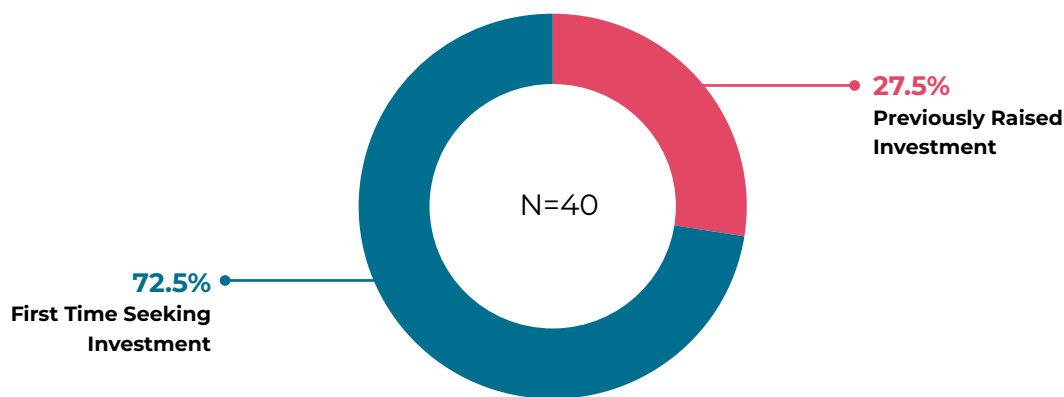
Estimates of market size for venture capital investing in the Caribbean must be balanced with a look at actual trends in VC investing. Given the lack of data, this analysis utilizes results from the Founders’ survey administered as part of the research, as well as information obtained from both Caribbean Founder and VC Fund Manager applications to IDB Lab for equity funding. The results are a proxy for the VC broader picture in the region.

FOUNDERS

Recipients of Financing

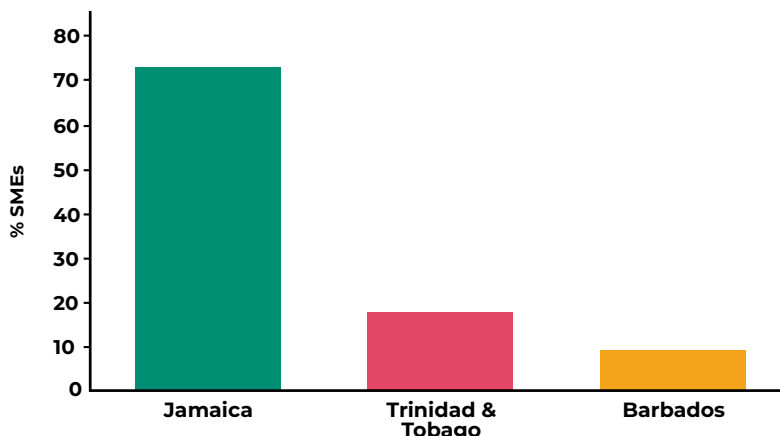
The IDB VC Ecosystem Study Founder survey (40 complete survey responses)²² identified 11 companies (27.5% of respondents) that have successfully raised equity investment, providing valuable insights into the profile of Caribbean entrepreneurs who have accessed venture capital. This analysis, based on these respondent surveys, reveals clear patterns in business characteristics, funding approaches, and success factors that can guide both investors and aspiring entrepreneurs in the region.

Figure 7. SME Investment Experience



Of the 11 companies that have successfully raised equity funding, the majority were from Jamaica, followed by Trinidad and Tobago and Barbados, reflecting Jamaica’s relatively more developed ecosystem.

Figure 8: Geographic Distribution of SMEs Receiving Investment



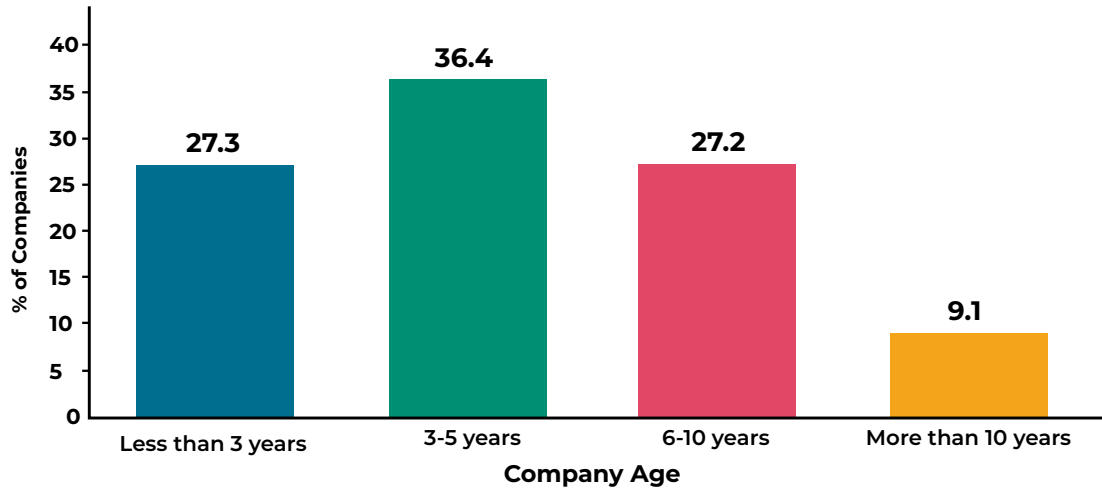
22 Appendix IV provides an overall profile of survey respondents by country, business development stage, and sector.

Company Age Patterns

Mature Business Focus: The distribution shows a predominance of established businesses:

- **36.4% are 3-5 years old** (sweet spot for growth-stage investment)
- **27.3% are 6-10 years old** (established businesses seeking scaling capital)
- **27.3% are less than 3 years old** (younger companies with strong traction)
- **9.1% are more than 10 years old** (mature businesses seeking expansion capital)

Figure 9. Company Age Patterns

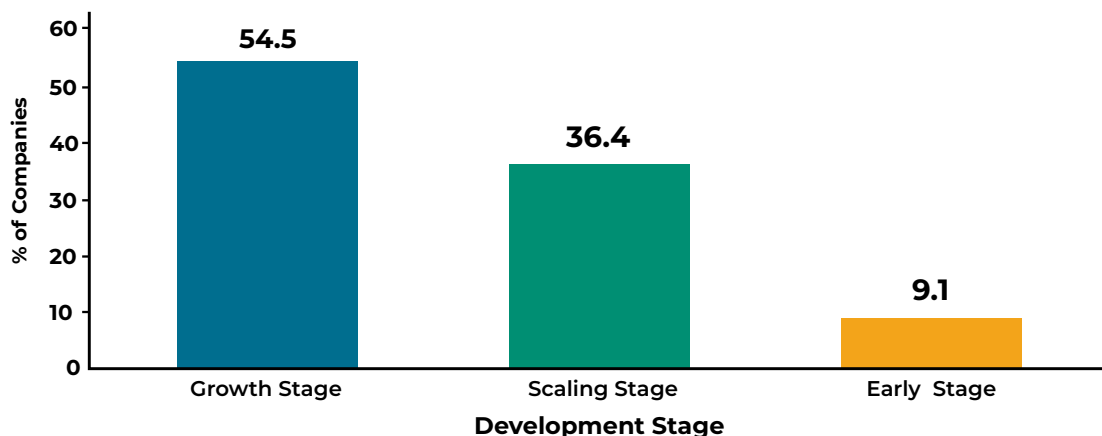


At the same time, few of these companies are in the early stage:

- **90.9% are revenue-generating or scaling** (10 out of 11 companies)
- **54.5% are in growth stage** with established revenue streams
- **36.4% are in scaling stage** with rapid expansion focus
- **Only 9.1% are early-stage** (prototype/proof of concept)

This reflects in the Caribbean context the tendency for local investors to finance more established companies with a clear presence in the market.

Figure 10. Companies by Stage of Development



While specific industry data is limited in the survey responses, the detailed company profiles of companies receiving financing reveal strong representation in:



This suggests that successful equity fundraising occurs across both technology and traditional sectors, with innovation and scalability being key factors.

Table 7 below reflects the indicative valuations for the companies funded in each of these sectors. **Appendix V** highlights sectoral opportunities for VC funding in the 5 countries.

Table 7. Sector Performance

| Sector | Companies | AVG Valuation | Stage Focus | Key Characteristic |
|----------------|-----------|-----------------|-----------------|---|
| EdTech | 1 | \$25M | Scalling | Highest valuation, government contracts |
| Transportation | 1 | \$12M | Scalling | Asset-heavy, tourism-driven |
| E-Commerce | 1 | \$8M | Growth | Commission model, logistics focus |
| Fintech | 2 | \$5M avg | Growth/Scalling | Alternative lending, market data |
| Environmental | 2 | \$2M avg | Early/Scalling | Impact-focused, B2G potential |

Valuation Preparedness

Strong Valuation Discipline: 63.6% of equity-funded companies have formal business valuations, indicating:

- Professional approach to fundraising
- Understanding of investor requirements
- Preparation for due diligence processes

The valuation methods used by Founders include:

- Self-determined valuations
- Market-based comparisons
- Discounted cash flow analysis
- Professional assessments

Rationale for Equity Funding

Business expansion is the primary motivation for seeking an equity investment, as companies seek funding to extend geographic reach and penetrate new markets essential for success in the region’s fragmented landscape. Technology upgrades, which will improve competitiveness, and talent acquisition, a “pain point” for many Founders, are also a priority. These issues are similar to the applicants for IDB funding.

Table 8. Primary Funding Motivations

| | |
|-----------------------------|--------------|
| Business Expansion | 27.3% |
| Technology Upgrades | 27.3% |
| Product/Service Development | 18.2% |
| Improving Cash Flow | 18.2% |
| Hiring Key Talent | 9.1% |

Funding Ranges

Based on available data, **USD \$100,000–\$499,999** is the common range for initial equity rounds, with equity stakes typically 10-30%, with most in the 20-30% range.

Figure 11. Funding Range Distribution

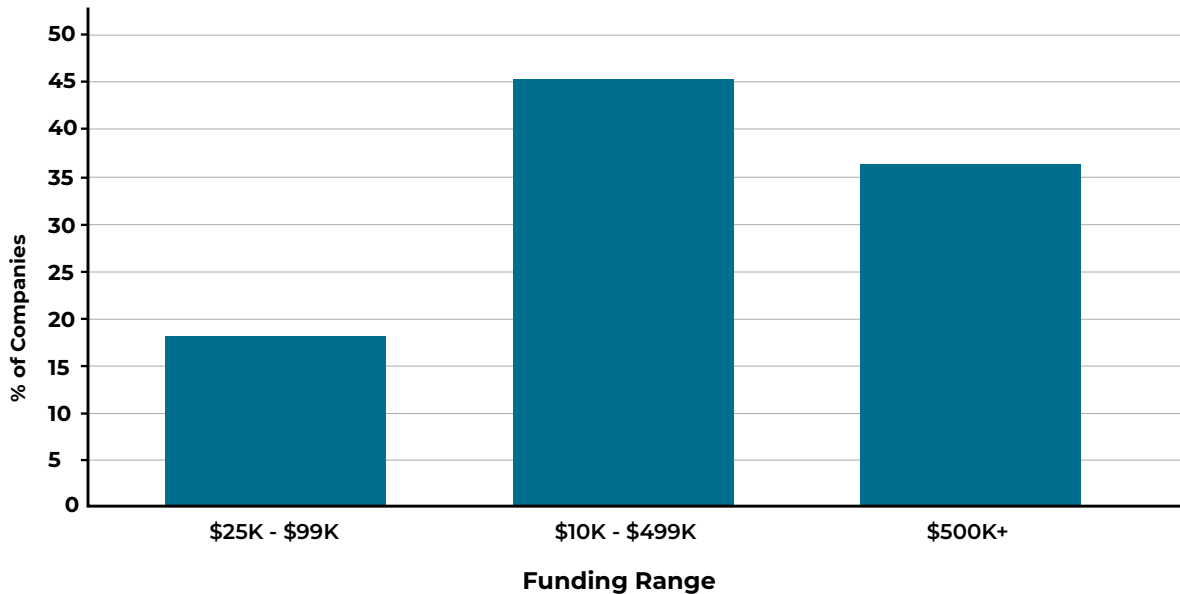


Table 9. Profiles: Companies Receiving Equity Financing

1. Company A (Jamaica)

Industry: Financial Services (FinTech)
Stage: Growth Stage (Revenue-Generating)
Age: 3 to 5 years
Size: Micro (1 to 5 employees)
Product: Stock market companion app for portfolio management and market tracking
Target Market: All stock market and potential stock market participants
Business Model: Freemium model with curated market data and tools
Amount Raised: USD \$100,000–\$499,999
Valuation Status (pre-money): No formal valuation

2. Company B (Jamaica)

Industry: Retail / E-Commerce
Stage: Growth Stage (Revenue-Generating)
Age: 9 years
Size: Small (6 to 15 employees)
Product: Online platform for e-commerce and logistics for restaurants and stores
Target Market: B2C professionals (27-49) and B2B SMEs in retail/restaurant
Business Model: Commission-based sales and delivery fees
Amount Raised: J\$94.5 million (US\$591, 000)
Valuation Status (pre-money): Yes (US\$8 million - self-determined valuation)
Funding History: Prior to the equity investment, funding came from family and friends and an angel investor.

3. Company C (Jamaica/Bahamas)

Industry: Education / EdTech

Stage: Scaling Stage (Rapidly expanding)

Age: 6 to 10 years

Size: Medium (16 to 50 employees)

Product: Comprehensive digital learning ecosystem with LMS and AI-powered tools

Target Market: K-12 education and corporate training

Business Model: SaaS-based licensing and subscription content marketplace

Amount Raised: J\$350 million (US\$2.2 million) (value of offer) in 2022. Actual amount raised J\$2.8 billion, via IPO which was oversubscribed. Transaction made the company the 100th listing on the Junior Stock Exchange.

Valuation Status (pre-money): Yes (undisclosed)

4. Company D (Jamaica)

Industry: Logistics / Delivery / E-Commerce

Stage: Growth Stage

Age: ~7 years (founded 2018)

Size: Small (app-based operations with driver partners)

Product: Delivery of food, groceries, and essentials

Target Market: B2C customers across Jamaica

Business Model: Commission and delivery fee model

Amount Raised: Undisclosed investment from Caribbean Venture Capital Fund (CVCF)

5. Company E (Trinidad & Tobago)

Industry: Health Services / Diagnostics / Hospital & Clinical Services

Stage: Growth / Scaling (Public offering)

Age: Founded 1993 (30+ years)

Size: Medium (hospitals & diagnostic centre)

Product / Service: Medical, surgical and diagnostic service

Target Market: Patients, insurers, and corporate client

Business Model: Fee-for-service healthcare delivery

Amount Raised / Investment Round: Raised TT\$16.8 million (US\$2.48 mil.) equity capital through an IPO on the Trinidad & Tobago Stock Exchange (2025). 350,000 ordinary shares offered for a price of TT\$48 per share

6. Company F (Jamaica/USA)

Industry: Restaurant Tech / SaaS

Stage: Early Growth

Age: ~6–7 years (Conceptualized 2018; Launched 2019)

Size: Small (10–15 employees)

Product: Interactive digital menu and visualization platform for restaurants

Target Market: B2B (restaurants & hospitality businesses)

Business Model: SaaS subscriptions

Amount Raised: Originally funded from private capital with investment to date currently estimated at US\$250,000; US\$150,000 investment in 2025 from New Vision Distributors, led by CEO Mark Lau.

7. One Great Studio (Jamaica)

Industry: Digital Marketing / Tech / Creative
Stage: Growth to IPO
Age: 10+ years (founded 2012)
Size: Medium (≈55 employees)
Product: SEO, web/app development, brand strategy
Target Market: B2B clients (SMEs & corporations)
Business Model: Fee-for-service & retainers
Amount Raised: J\$338.63 million (US\$2.1 million) in IPO (2023)
Outcome: Listed on JSE Junior Market; later acquired DRT

8. DRT Communications (Jamaica)

Industry: Marketing Communications / Media Monitoring / Technology
Stage: Growth Stage (Revenue-Generating)
Age: 15+ years (founded 2008)
Size: Small–Medium (15–20 employees pre-acquisition)
Product: Media monitoring, PR, digital communications services
Target Market: Local & regional brands needing media analysis and PR
Business Model: Subscription & project-based fees
Amount Raised: Undisclosed (2015)
Outcome: Acquired by One Great Studio (2025). Acquisition valued at J\$115 million (US\$715,362), with a J\$35 million (US\$218,282) performance-based earn-out over 3 years

9. Coral Vita (Freeport, Bahamas)

Business: For profit company focused on coral restoration, operating land-based coral farms that grow climate-resilient coral.
Amount Raised: US\$8 million (July 2025) – Total funding so far, US\$11.7 million in 6 rounds
Investors (July Round): Yale University, Sustainable Oceann Alliance, Climate Capital, Boost VC, Kayak Ventures

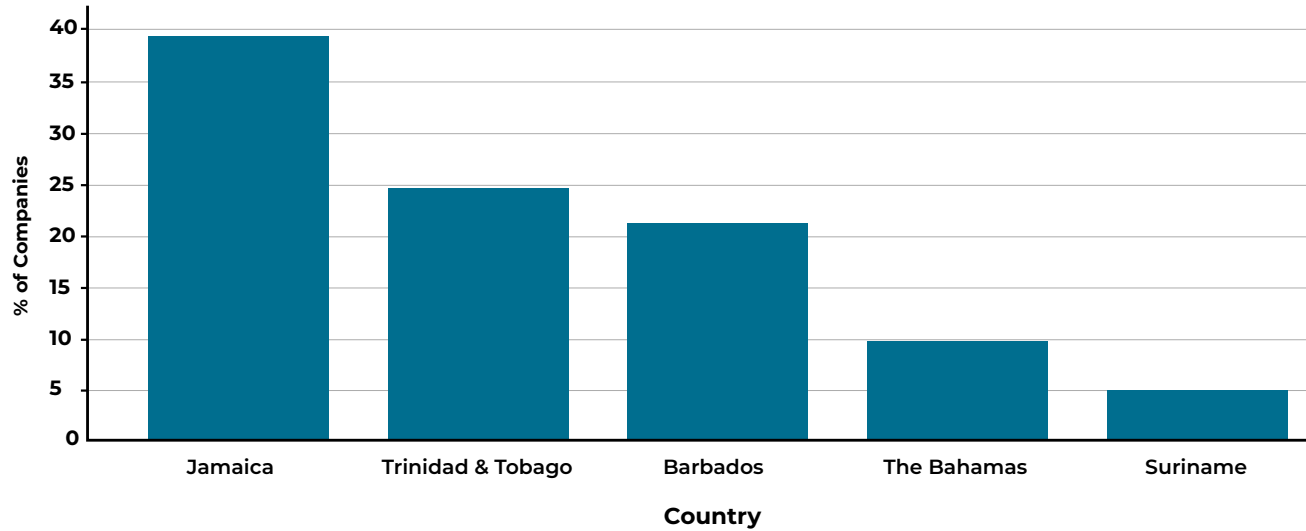
Table 10. Snapshot of Additional Companies Receiving Equity Financing

| Name of Company | Dev Stage | Company Age | Country |
|----------------------------------|------------------------------------|--------------------|--|
| Term Finance SME | Scaling stage | 3-5 years | Regional – Barbados, Guyana, Jamaica, Saint Lucia, T&T |
| Blue Action | Scaling stage | 3-5 years | Bahamas |
| TTServMe | Growth stage | Less than 3 years | Trinidad & Tobago |
| Graham’s Virtual Assist | Growth stage | Less than 3 years | Jamaica |
| Turner Innovations Ltd. | Growth stage | More than 10 years | Jamaica |
| CERES Labs | Early-stage environmental research | Less than 3 years | Jamaica |
| Sandside Farms Limited/Honey You | Growth stage agriculture | 3-5 years | Jamaica |
| Minute Car Rentals | Scaling stage transportation | 6-10 years | Jamaica |

Applicants for Financing

Geographic distribution of IDB Lab applications reveals concentration patterns across the five territories, with Jamaica representing the highest application volume, reflecting its Level 3 ecosystem maturity. Trinidad & Tobago and Barbados show secondary activity levels consistent with their Level 2 emerging ecosystem status.

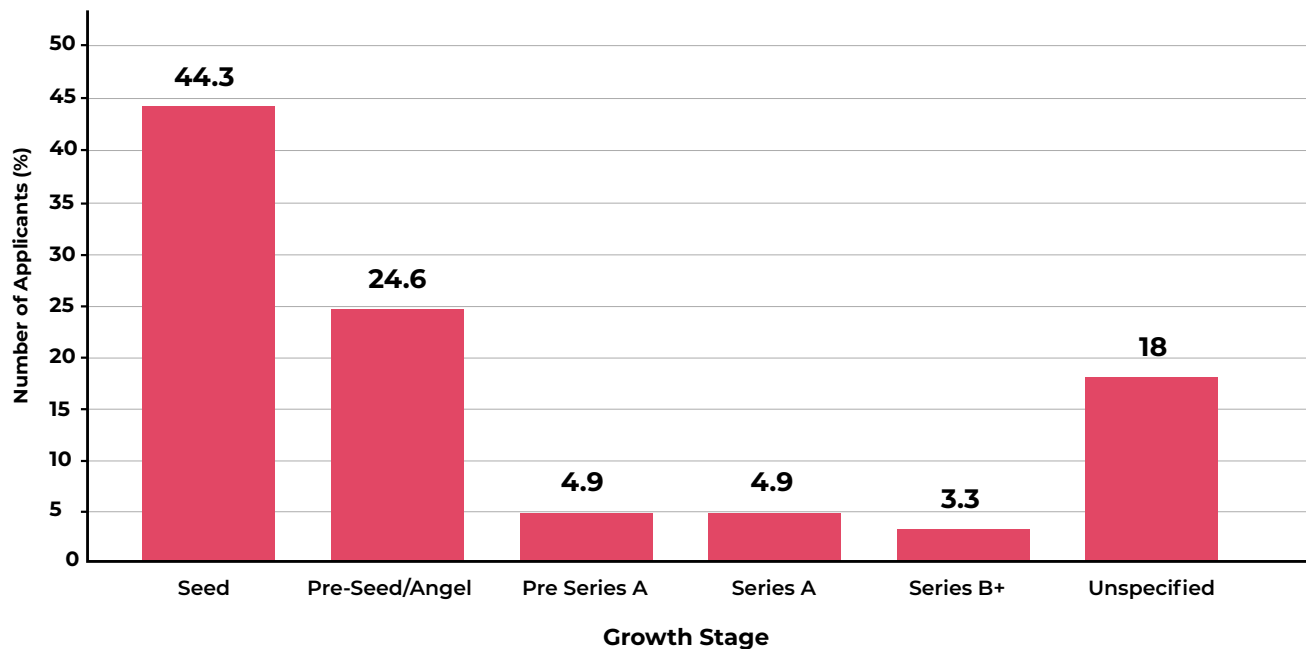
Figure 12. Geographic Distribution of Applicants



Company Stage

The pipeline is dominated by early-stage companies, with a significant number of ventures at the Seed and Pre-Seed/Angel stages.

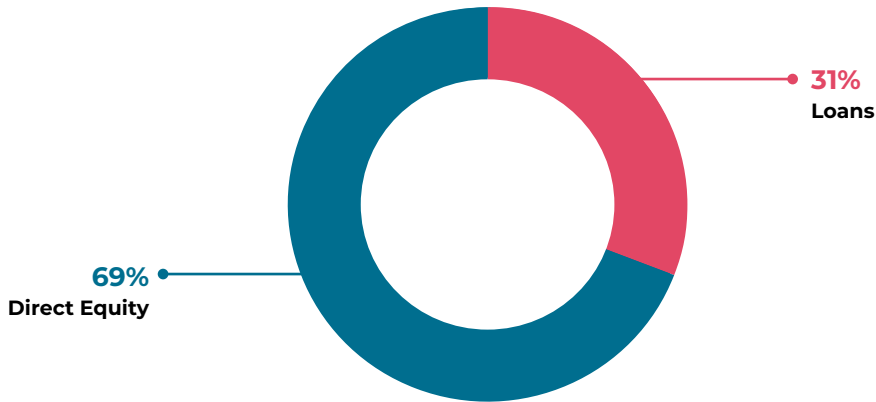
Figure 13. Company Stage – Funding Applications



Type of Financing

The data indicates significant demand for risk capital in the region, in the face of limited financing options that are available. This preference for equity over debt financing (69% of applicants for direct equity, versus 31% for loans) suggests a willingness on the part of some Founders to accept dilution in exchange for strategic capital and support.

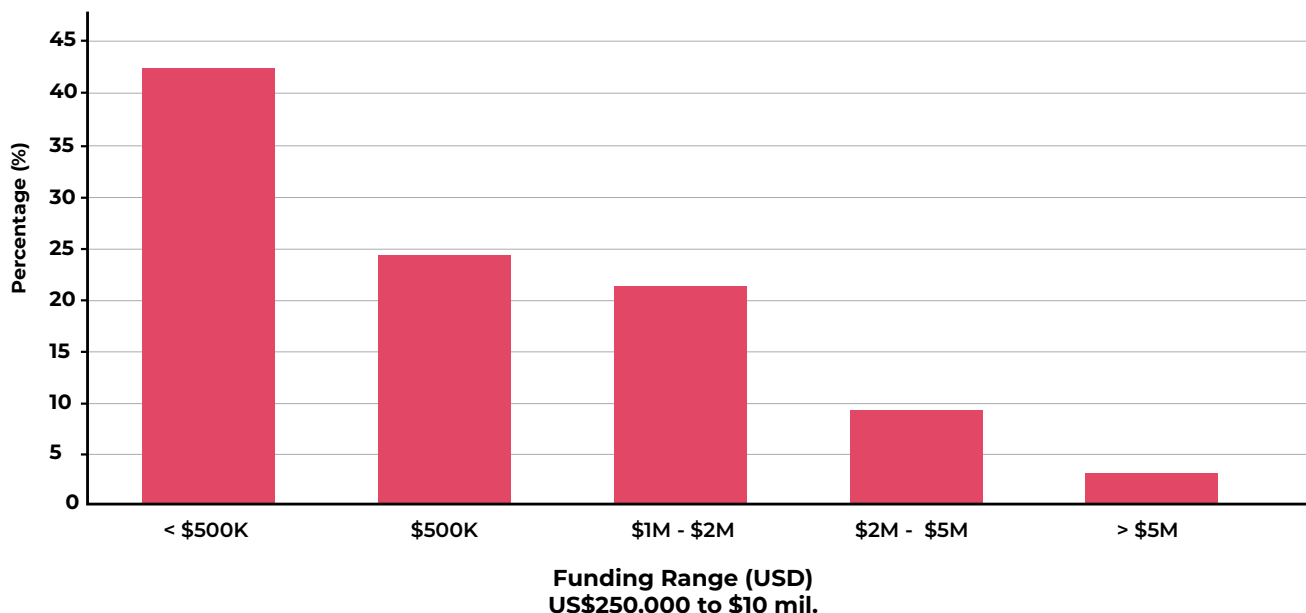
Figure 14. Type of Financing



Funding request amounts vary significantly, reflecting the diverse needs of the applicant pool from seed-stage through growth-stage companies. Most applicants (42%) are requesting less than \$500,000.

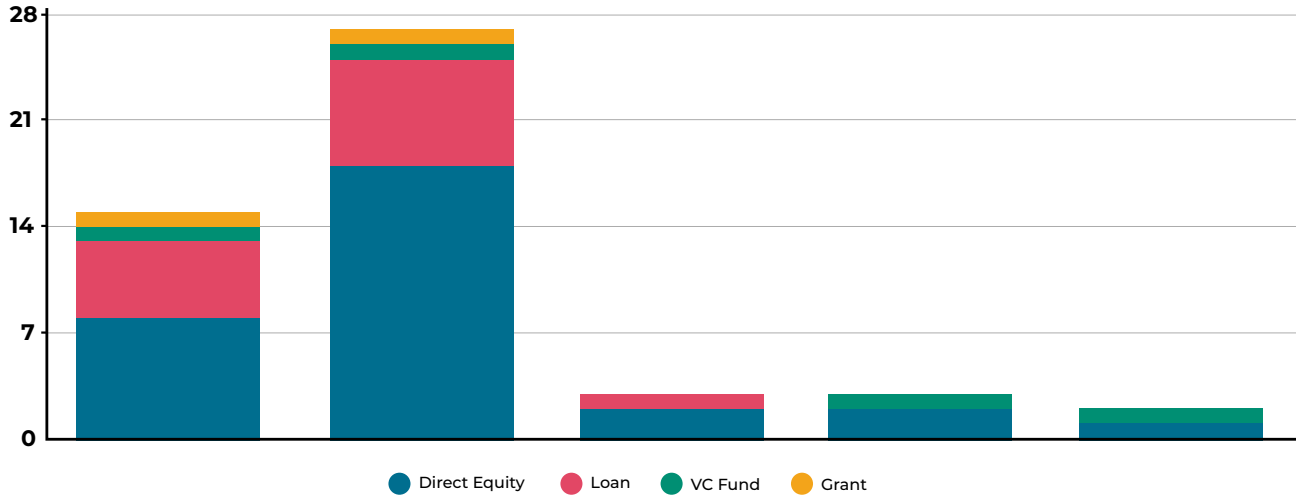
| | |
|--|---------------------------|
| Total Funding Requested: | \$43,910,000 |
| Applications with Funding Amount: | 33 (54% of total) |
| Average Request: | \$1,330,606 |
| Median Request: | \$750,000 |
| Funding Range: | \$250,000 to \$10,000,000 |

Figure 15. Funding Distribution



Based on the applications, direct equity financing is concentrated in the pre-seed and seed stages.

Figure 16. Financing Product Demand

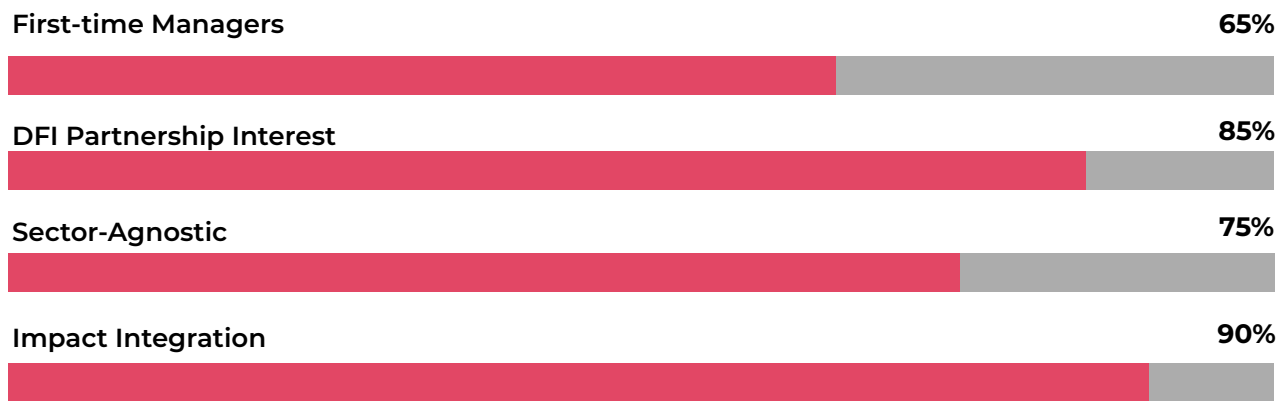


INVESTORS

Fund Manager Profile

VC Fund Manager applications substantiate the fact that a significant number of first-time fund managers are emerging in the region. There is a high level of interest in co-investment with DFIs, and recognizing the ecosystem dynamics at the local level, most have a “patient capital approach, with longer investment horizons aligned with emerging market requirements. Finally, these fund managers have ESG and development impact measurement integrated into strategies.

Figure 17. Fund Manager Characteristics

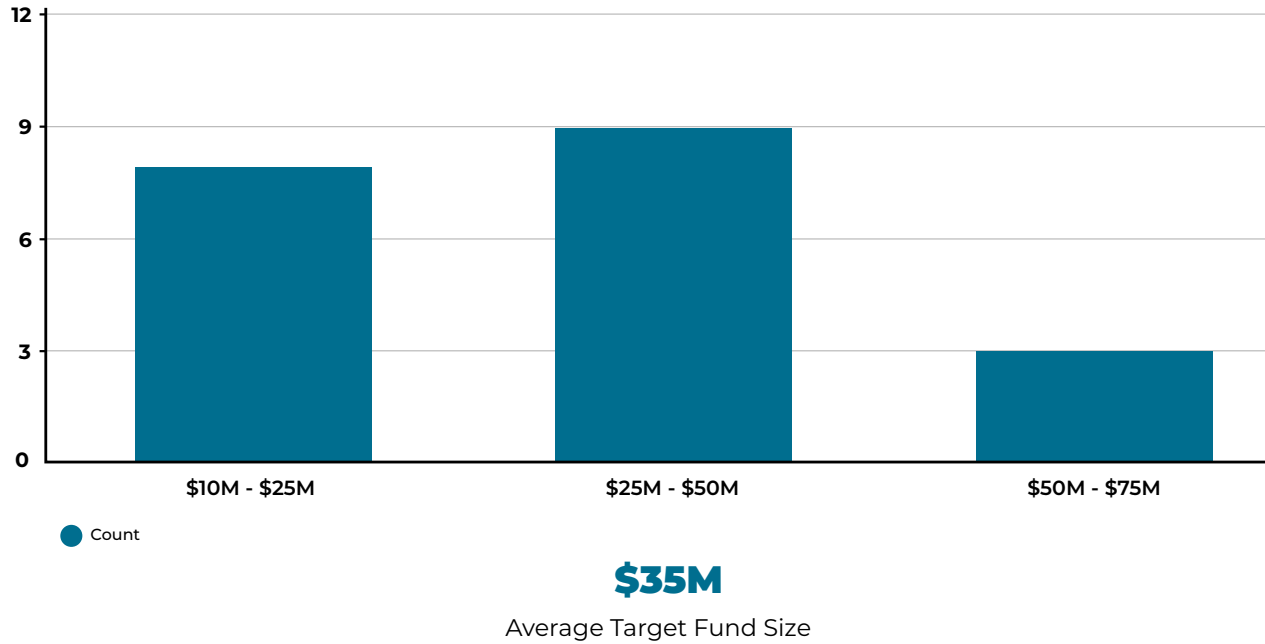


Source: VC Fund Manager application database 2021-2024 (20 applications).

Fund Analysis

Fund Managers looking to invest in the Caribbean are targeting funds between \$10 million to \$75 million, with an average fund size of \$35 million. Fund Managers are sector-agnostic, reflecting market size constraints, with investment strategies focusing on regional approaches, a recognition of individual market limitations.

Figure 18. Fund Size Distribution



Source: VC Fund Manager application database (20 applications).

VI. WHAT THE DATA REVEALS: INSIGHTS FOR ACTION

1. Venture Capital in the Caribbean needs to be a Different Model

Feedback from stakeholders - Founders and first-time Fund Managers- supports the conclusion that VC in the Caribbean needs to be significantly different than the traditional Silicon Valley model. Several studies point to the fact that VC in island economies and other emerging markets must take into account local cultural and socio-economic contexts, and constraints such as less developed infrastructure and small local markets.²³ Alternative models proposed include a community-based fund, with the key coordinating role in the ecosystem, and a VC model which is state-led.²⁴

In the Caribbean, given the nascent nature of the ecosystem, VC needs to be patient capital. Investors need to have a developmental approach, and focus on strategic partnerships, with support to Founders based on an alignment of interests rather than the single-minded focus on outside returns from rapidly scaling companies. In other words, the high risk/high return nexus is not realistic. A regional approach is also key, as well as strong knowledge and an understanding of the nuances in the Caribbean. As one stakeholder pointed out, *“knowledge of the region is key, VC and PE in the Caribbean is a local game, you have to be on spot and ‘think outside the box’ to be successful.”*²⁵

Indeed, the research data supports an emerging market opportunity requiring patient capital approaches and regional strategies. The prevalence of early-stage companies, combined with clear demand for equity and concentration in high-growth sectors, creates opportunities for investors willing to engage with the developing Caribbean VC ecosystem. Development finance partnerships can provide risk mitigation, while regional integration offers pathways to scale beyond individual market constraints.

²³ Entrepreneurship and Small Island economies, Paul Pounder et al. Organizations and Markets in Emerging Economies, Vol. 12, No. 2, 2021.

²⁴ See, The Search for a Venture Capital Model More Appropriate to Small Emerging Countries, Haven Allahar, The SIJ Transactions on Industrial Financial & Business Management 2(10) 2014:348-35; The Venture Capital State: The Silicon Valley in East Asia, Robyn Klingler Vidra, 2018.

²⁵ Interview, February 24, 2025; Interview, June 12, 2025.

2. The Absence of VC Funds in the Region and the Constraints Affecting New First-Time Fund Managers

Based on the research, there are only two funds in the Caribbean which include VC investments: the Caribbean Venture Capital Fund (Jamaica), which is not a traditional VC fund, in that only a relatively small percentage of the Fund is dedicated to early-stage investment, the remainder is based on a broader private equity thesis. The second fund is Aspire Fund Management Ltd. In Trinidad, which is a VC/PE fund. There are a few potential first-time VC Funds emerging e.g. Kingston Capital, Venture Island (Tech Beach), Dragon Forge Ventures (Caribbean Dragons), Morro Ventures Caribbean Fund, based in Puerto Rico, however, they all face significant capital formation constraints, due to the lack of participation of domestic/regional investors. This gap causes international investors to be even more hesitant.

The probability of a first-time fund manager achieving the due diligence requirements of an institutional investor, using evaluation metrics based on the classical VC model, is unlikely. The reality is that institutional investors prefer experienced fund managers. However, in a nascent ecosystem such as the Caribbean, where no pure VC Funds exist, it is improbable that any experienced fund managers exist to respond to institutional calls for Funds. This state of inertia can only be disrupted by a development institution such as the IDB, with a clear strategic intent to catalyze the VC ecosystem.

3. Portfolio Construction Strategy Needed for the Caribbean Context

Given the nascent stage of the entrepreneurial ecosystem, particularly as it relates to the limitations related to innovation culture and scalability, the Caribbean requires a portfolio construction strategy more appropriate to its reality. Adopting the classic investment thesis will result in limited deal flow and exclude many high potential early-stage ventures. Therefore, the VC portfolio construction strategy needs to be different for the Caribbean.

a) The Investment thesis for regional fund managers should consider the following in their deal flow development:

- **Invest in Founders and a Scalable Business Model**, not the market (which is considered too small to generate significant returns)
- **Investing FROM the Caribbean, but not investing IN the Caribbean** (small and fragmented markets), and as such, portfolio construction should favor new ventures that can be built to scale globally **from Day One**.
- To mitigate the perception of the limited scalability of regional deals, **design these business models scalable at the outset**. A plausible Scalability Strategy could incorporate the following principles.
 - » Beta Test business model in domestic markets and establish a dominant niche;
 - » Validate the business model in the region, fine-tuning the go-to -market strategy, supply chain, logistics, and market entry roadmap;
 - » Scale the business to emerging markets globally, that have similar development challenges or market needs being addressed by the business model. These markets could include the Diaspora, Africa, or other large emerging economies.

- b) Prioritize strong management teams and experienced entrepreneurs
- c) Enhance the quality of the accelerator and business support services to improve the quality of the investment deal flow. While there are some initiatives designed to achieve this, (e.g. DBJ accelerator and incubator accreditation project and the ACS SBDC Capacity-Building programme²⁶), these initiatives should be harmonized to ensure consistency of outcomes, which should be focused in building scalable startups.
- d) Leverage the unique strengths of the Caribbean, such as its cultural heritage and strategic location, and explore opportunities for regional partnerships and expansion.
- e) Introduce innovative financing mechanisms like convertible notes and revenue-based financing to provide a path to alternative financing for startups and that may be more attractive to traditional investors.
- f) Develop a platform to provide continuous education and operational support to founders, which is critical for business model sustainability and scalability.

4. Importance of Strengthening the Innovation-VC Nexus

Innovation and Venture Capital are interdependent – with the former creating VC investment opportunities and the latter enabling innovations to scale. Addressing the circular challenge of the Innovation-VC Nexus in the Caribbean context requires coordinated interventions that simultaneously build innovation capacity and capital availability.

Stakeholders across territories have identified several key intervention areas to create robust pipelines of innovative projects:

a) Targeted R&D Funding in Strategic Sectors

Strategic public investment in R&D can catalyze innovation in areas of competitive advantage. A stakeholder from Barbados shared the government approach: *“We’re focusing R&D funding on fintech and renewable energy - areas where we have natural advantages. Every dollar of public R&D funding must have a commercialization plan. No more research for research’s sake.”*²⁷

Trinidad & Tobago’s Fine Cocoa Innovation Center provides a concrete example. The center’s director pointed out that the focus is not just on researching cocoa varieties, but on developing new processing techniques, flavor profiles, and value-added products as well. The approach is to identify commercial partners for each product from the start to create a clear path from lab to market.²⁸ Jamaica has taken a different approach, focusing on digital innovation, funding R&D in areas like educational technology, digital health, and agritech software. These align with the country’s strengths in services and the large Jamaican diaspora market.

²⁶ Strengthening SBDC and establishing a framework for a regional SBDC network to foster internationalization and regional integration (RC-T4191), funded by the IDB (2024).

²⁷ Interview, May 5, 2025.

²⁸ Interview, June 18, 2025.

However, R&D funding alone is insufficient. There is no direct link and little or no support to bring innovation to the market, and no links between academia and industry. Researchers who struggle to commercialize their work, point out that there is little follow-up support, no connection to investors, and no assistance with either patenting or business development once a government R&D grant is received.

b) Commercialization Support Programs

Bridging the gap between research and market requires dedicated commercialization support. Several territories are experimenting with different models:

Proof of Concept Funding: Trinidad & Tobago has established a proof of concept fund (the Research Development Impact Fund) specifically for university researchers, providing up to \$50,000 USD to help researchers move from laboratory prototype to commercial viability. This includes market research, IP protection, and initial customer validation. This provides the critical bridge funding that's often missing.

Entrepreneur-in-Residence Programs: Jamaica's Scientific Research Council has pioneered an entrepreneur-in-residence mode, bringing in experienced entrepreneurs to work with researchers to commercialize their innovations.

Innovation Vouchers: Trinidad & Tobago has experimented with innovation vouchers that companies can use to access university research. The idea is to allow companies to work with university engineers to develop business solutions. These can develop commercial relationships that extend beyond the original project.

Accelerated Commercialization Programs: Several territories have developed intensive programs to fast-track commercialization. A program director described their approach: *"We take cohorts of researchers through a 12-week program covering customer discovery, business model development, and investor pitching. The goal is to quickly determine commercial viability and either advance or abandon projects."*²⁹

c) Intellectual Property Protection and Management Systems

Weak IP infrastructure significantly constrains innovation development. One stakeholder highlighted the challenge, pointing out that most Caribbean territories lack sophisticated IP frameworks. Patent examination can take years, enforcement is weak, and most innovators don't understand IP strategy. The view is, why innovate, if you cannot protect your innovation.

Some territories are addressing this systematically. Barbados has established a dedicated IP commercialization office. Jamaica has a secured transactions framework in place, that includes a framework for IP commercialization. Stakeholders, such as the Jamaica Intellectual Property Organization (JIPO) are also focusing on IP education.

Regional coordination on IP remains limited but essential. A Caribbean IP protocol is needed that provides reciprocal protection across territories. An innovation patented in one territory should have expedited examination in others. This would create a larger protected market for innovations.

²⁹ Interview, June 9, 2025.

d) Innovation Challenges and Prizes

Targeted challenges can stimulate innovation in specific areas while creating visibility for innovators. Several successful examples demonstrate the potential:

The Caribbean Climate Innovation Challenge: This regional challenge focused on climate adaptation technologies, offering \$100,000 USD in prizes plus acceleration support for innovations addressing climate challenges. Over 200 applications were received, and several ventures were identified as possible investee companies.

Sector-Specific Challenges: Bahamas ran a tourism innovation challenge in 2025 with strong results. One participant shared that the challenge forced participants to think beyond traditional tourism. As a result, they developed a AI-powered concierge service that's now being piloted in major hotels. The prize money was helpful, but the visibility and connections were transformative for them.

Corporate Innovation Challenges: Private sector involvement amplifies impact. Some companies, such as National Commercial Bank (NCB) in Jamaica sponsor challenges aligned with business needs. Recent challenges have focused on supply chain innovation and customer service automation. Winners get prize money plus potential contracts. This creates immediate commercial pathways for innovations.

Open Innovation Platforms: Some territories are moving beyond discrete challenges to ongoing platforms. Trinidad's innovation agency maintains an online platform where companies post innovation challenges and innovators submit solutions. Several successful partnerships have emerged.

e) Innovation Hubs and Maker Spaces

Physical infrastructure for innovation remains limited but is growing. These spaces provide more than just desks and internet - they create innovation communities.

Jamaica's Technology Innovation Centre represents a comprehensive approach, providing prototyping equipment, 3D printers, electronics labs, and software development tools. But more importantly, collision spaces have been created where innovators from different fields interact. Observers indicate that excellent ventures have emerged from random conversations in these meetings.

Barbados has focused on sector-specific hubs, establishing a fintech and blockchain "hub" through the Financial Services Commission. By focusing on fintech, specialized resources - regulatory advisors, cybersecurity experts, banking partnerships – can be provided.

Virtual innovation infrastructure is also emerging as a cost-effective alternative.

f) University-Innovation Ecosystem Connections

Strengthening links between universities and the broader innovation ecosystem is essential for pipeline development. Several approaches show promise:

Revised IP Ownership Policies: Progressive IP policies can incentivize academic innovation. UWI Cave Hill's new policy allocates 40% of IP rights to inventors, 30% to their department, and 30% to the university.

Student Entrepreneurship Programs: Integrating entrepreneurship into technical education creates innovation-minded graduates. At University of Technology (Utech) in Jamaica, all final year students must develop a commercialization plan for their projects to demonstrate that this academic work has market potential. As a result some students are actively pursuing entrepreneurship instead of traditional employment.

Industry-University Innovation Partnerships: Structured partnerships can drive applied innovation. The UWI-Guardian Group Insurance partnership provides an interesting model, providing funding, real business challenges, and commercialization pathways. UWI brings research capabilities and talent. The partnership is developing several Insurtech innovations currently being implemented.

Innovation-Focused Curricula: Some universities are redesigning curricula around innovation, moving from teaching just technical skills to teaching innovation methodologies - design thinking, lean startup, IP strategy. The idea is that every graduate should be capable of innovation, whether in a startup or corporation.

g) Measuring Innovation Pipeline Health:

Efforts are being made to develop systematic measurement indicators for IP, to facilitate targeted interventions. Stakeholders identified some key metrics for tracking innovation pipeline development:

- **Research Commercialization Rate:** Percentage of research projects resulting in commercial ventures or licensing deals
- **Innovation Funding Efficiency:** Ratio of commercial outcomes to public R&D investment
- **Time to Market:** Average time from research project to first customer
- **Innovation Density:** Number of innovation-driven ventures per 100,000 population
- **Sector Concentration:** Distribution of innovations across different sectors
- **IP Activity:** Patent applications, grants, and licensing deals by territory
- **Challenge Participation:** Number and quality of submissions to innovation challenges
- **University Spin-off Rate:** New ventures created from university research annually
- **Innovation Employment:** Jobs created in innovation-driven enterprises
- **Follow-on Success:** Percentage of innovations attracting follow-on investment

5. The Valuation Disconnect

The significant gap between how Caribbean companies are valued locally versus internationally represents a critical barrier to ecosystem development. This disconnect affects everything from entrepreneur motivation to investor returns and regional competitiveness.

a) Entrepreneur Demotivation

Low valuations discourage entrepreneurship. Founders often struggle with accepting low valuations for funding, when better investment terms could be possibly obtained overseas.

b) International Competition Disadvantage

Caribbean tech and tech-enabled startups in particular struggle to compete for talent and resources against global standards. They cannot compete for engineering, programming talent given the lower valuations assigned to their companies.

c) Limited Growth Capital

Low valuations mean less capital raised at each stage. One stakeholder pointed out that companies often raise \$50,000 for 20% equity when they should be raising \$500,000 for that stake. As result, these companies are undercapitalized from the start, which limits their growth potential.

The Nature of the Gap

A recurring theme among investors is the disconnect between founder expectations and market realities. One fund manager shared a telling example: *“I had an entrepreneur last week who wanted a \$10 million valuation for a company with \$50,000 in annual revenue and no proprietary technology. When I explained comparable valuations in other markets, he accused me of not believing in Jamaican companies.”*³⁰

The valuation disconnect manifests most clearly in technology and intellectual property-intensive businesses. One founder’s experience provides a stark illustration: *“The software that we built is probably worth twice as much as the entire company. If I were to value our software and our IP internationally, we’d probably be looking at 50 million US. My company is valued at \$2 billion JMD [approximately \$13 million USD].”*³¹ Another added: *“When I talk to investors in Miami or New York, they understand the value of our technology platform. Here, they only look at current revenue. It’s like they’re valuing a tech company as if it’s a grocery store.”*³² A fintech entrepreneur shared similar frustrations stating that, *“I pitched to investors in Miami who understood our technology’s potential and were talking about a US\$5 million pre-money valuation. The same pitch to Jamaican investors got offers at US\$500,000 valuation. It’s a 10x difference for the same company.”*³³ This also underscores the knowledge gap among many Founders, who lack proper understanding of valuation, including the local context aspect.

Some investors acknowledge that they are undervaluing some companies by international standards. But investing in the Caribbean context involves smaller markets, limited exits, higher risks. Valuations need to reflect that reality, not Silicon Valley’s.

³⁰ Interview, February 24, 2025.

³¹ Focus Group Jamaica – March 27, 2025.

³² Focus Group Jamaica – March 27, 2025.

³³ Ibid.

A Focus Group participant stressed: “The knowledge gap works against us. Local investors don’t understand SaaS metrics, unit economics, or platform effects. They want to see physical assets and current profits.”³⁴

Root Causes of Valuation Disparities

Multiple factors contribute to these valuation gaps:

a) Limited Understanding of Intangible Assets

A fundamental issue is how value is perceived and measured. One stakeholder crystallized this, when he expressed that, “We don’t have a good way to value non-tangible assets, which is where a lot of what we want to do lies.” Traditional business valuation in the Caribbean focuses on physical assets and current cash flows, not future potential or intellectual property. An intellectual property attorney elaborated, “Most local investors don’t understand how to value software, algorithms, or data. They want to see machinery, inventory, real estate. A company with brilliant code, but no physical assets, looks worthless to them.”³⁵

b) Market Size Constraints

The small size of individual Caribbean markets directly impacts valuations. An investor explained that a company targeting the Jamaican market has 2.8 million potential customers. The same company targeting the US has 330 million. Even if everything else is equal, the market size difference justifies different valuations.” However, entrepreneurs argue this perspective is outdated, particularly with respect to digital businesses that are not constrained by geography.

c) Risk Premium Adjustments

Caribbean investors apply significant risk premiums that may not reflect actual risks. A fund manager admitted, “We probably overcompensate for perceived risks. Yes, there are challenges here, but we apply blanket risk adjustments rather than analyzing specific company risks.”³⁶

d) Scarcity of Comparable Transactions

The lack of comparable transactions makes valuation more art than science. A business valuator noted: “In developed markets, you can find dozens of comparable deals to benchmark against. Here, in the Caribbean we might have one or two sort-of-similar deals from five years ago. This uncertainty leads to conservative valuations by investors, and unrealistic valuations by Founders.”³⁷

e) A Valuation Cap

Several investment professionals pointed an interesting phenomenon in Jamaica, where the maximum limits that can be raised on the Junior Stock Market for the required 20% equity – J\$500 [US\$3mil.], to be increased to J\$750 million [US\$5 mil.], in effect puts a cap on valuation at listing. Furthermore, Founders can only raise once – there are very few multiple rounds, so the stock exchange is in effect a Series A round in the Jamaican context.³⁸

34 Focus Group – Jamaica, March 27, 2025

35 Focus Group – Jamaica March 27, 2025.

36 Interview, June 11, 2025.

37 Ibid.

38 Interview, June 26, 2025.

Strategies for Bridging the Gap:

Stakeholders proposed various approaches to address valuation disparities:

a) Education and Capacity-Building

Several stakeholders emphasized education. A venture capitalist suggested: “We need to train local investors on technology valuation, SaaS metrics, and IP assessment. Bring in international experts to share methodologies. Build local capacity in specialized valuation.”³⁹

b) International Benchmarking

Some entrepreneurs advocate for explicit international benchmarking, where every deal would include a comparison to similar international transactions to frame a conversation about whether the discounted valuation is justified.

c) Hybrid Structures

Creative deal structures can bridge valuation gaps. A stakeholder specializing in venture deals explained: “We’re using more convertible instruments with valuation caps. This lets companies raise money now while deferring final valuation until there’s more data or an international investor sets the price.”⁴⁰

d) Regional Integration

Expanding addressable markets could justify higher valuations. An ecosystem builder argued, “If we had true regional integration where a company registered in Jamaica could seamlessly operate across CARICOM, valuations would increase. Larger addressable markets justify higher valuations.”⁴¹

e) Success Story Demonstration Effects

Successful exits at international valuations could reset expectations according to some founders. If there were one company to exit at a Silicon Valley valuation, that could change the entire conversation about what Caribbean companies are worth.

³⁹ Interview, February 24, 2025.

⁴⁰ Interview, June 11, 2025.

⁴¹ Interview, April 7, 2025.



VIII. PATHWAYS FOR DEVELOPING A VC INDUSTRY IN THE CARIBBEAN

Recommendations for Transforming Caribbean Venture Capital and Driving Deal Flow

The Caribbean venture capital landscape stands at a pivotal moment. While challenges like limited capital access and structural deficiencies persist, the region's untapped market potential, emerging startup scene, and growing global interest signal tremendous opportunity. High-growth sectors including Fintech, Cleantech, and Agri-tech offer compelling investment prospects. Success requires a coordinated regional approach—individual markets are too small for fragmented initiatives, and stakeholders universally recognize that cross-border relationships are essential for equity investment growth.

Regional Ecosystem Framework

We propose developing a regional VC ecosystem framework tailored to Caribbean realities. An ecosystem framework creates structured arrangements between entities to provide interconnected services and generate shared value. Each ecosystem needs participants, with at least one acting as the Orchestrator who coordinates the value chain. This model drives significant value by pooling resources, leveraging data for innovation, expanding networks, and creating new revenue streams. Success requires adopting an ecosystem mindset—broadening stakeholder perspectives, applying multi-sectoral approaches, and identifying key value drivers to build a robust VC sector in this emerging, fragmented region.

Benefits of the Ecosystem Framework Approach

Figure 19. Benefits of Framework



Ecosystem Framework Architecture

The conceptual structure identifies key components that must execute concurrently to develop the Caribbean VC ecosystem. The Orchestrator drives ecosystem growth, with their level of direct engagement indicated by the completion of each framework component circle.

Central to this Framework is developing digital architecture to overcome the lack of accurate, dynamic, accessible data that currently impedes innovative insights and strategic planning. The Orchestrator sponsors this digital architecture, and all regional VC ecosystem participants must subscribe to its requirements for seamless data generation, collection, and analysis. This approach fosters regional collaboration, encourages knowledge-sharing among Caribbean countries and institutions, and facilitates best practices in venture capital design and regulatory frameworks tailored to the region's unique needs.

Figure 20. VC Ecosystem Framework

- 

Culture and Change Management

 - Culture and Change Management Strategy & Plan
 - Storytelling to demonstrate potential of the VC Funding
 - Impact Monitoring and Management
- 

Accelerator Harmonization

 - Standardize to entrepreneurship curriculum Regionally
 - Launch Regional Acceleration & Scalability Program
 - Embed design innovation in acceleration program
- 

Investor Engagement

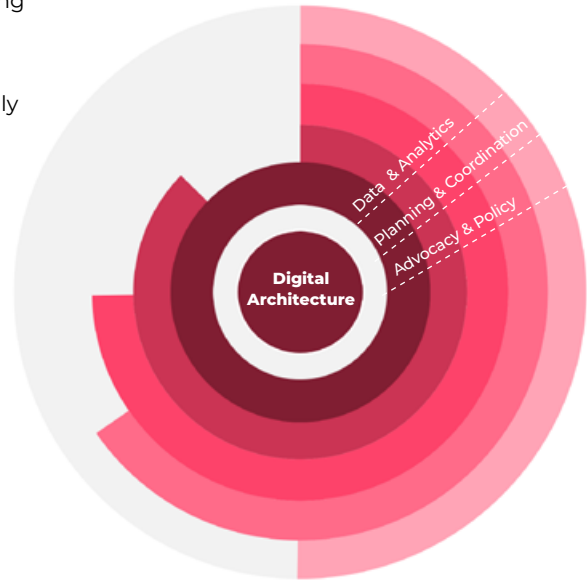
 - Engage and Educate traditional investors
 - Engage, educate and empower new Investors.
 - Establish a matching platform with new Funds
- 

First Time Fund Managers

 - Regional Training Programme for first time fund managers
 - Follow-on support /apprenticeship program
 - Access to anchor investments
- 

Fund of Funds

 - Regional Fund-of-Funds
 - Supported by experience and connected GP
 - Investment across a range of fund types+ strategic support & TA



A. Culture and Change Management

Education and Awareness: Mainstream entrepreneurship training in school curriculum, making it a respected career choice and helping people understand business risk from primary school onward.

Celebrating Failure: Host “failure conferences” where entrepreneurs share lessons learned. Transform failure from shame into a badge of experience that drives innovation.

Role Model Development: Showcase success stories of emerging founders like Bitt, CARIBSHOPPER, and Ecowash. Young people need relatable local entrepreneurs who have navigated failure to achieve success.

Policy Signals: Governments must celebrate entrepreneurs alongside athletes and artists. Bankruptcy laws should allow business failure without personal ruin, reducing stigma through strategic policy.

B. Harmonized Accelerator Programs

Significant improvement in entrepreneurship training is vital for better deal flow across the region. Harmonizing the Entrepreneurship Curriculum ensures consistent quality, particularly helping countries with less developed ecosystems produce world-class entrepreneurs.

Regional High Impact Entrepreneurship Curriculum: Broad-based training tailored to business maturity levels, with design innovation and digitalization mainstreamed throughout.

Regional Acceleration and Scalability Program: Mentorship and support for high-potential startups, improving connectivity and supply chain networks through strategic partnerships.

A Talent- Matching and Partnership Platform: Matching platform attracting talent from across the region and diaspora, facilitating partnerships with global impact investors and fund managers.

C. Investor Engagement Strategy

Traditional Investor Education

Family offices and traditional investors represent the largest pool of domestic capital. However, historical reliance on commercial bank loans has cultivated risk-averse culture. Targeted educational initiatives must demystify venture investing, highlight successful case studies, and articulate broader economic benefits.

- Develop interventions filling knowledge gaps about equity financing
- Create and cascade a Playbook on early-stage equity investment
- Design change management strategy fostering innovation culture
- Foster local talent through training and mentorship programs

New Investor Class

A younger class of retail investors shows stronger appetite for early-stage equity. This includes successful entrepreneurs who benefited from early equity investment and diaspora professionals from technology-driven firms who understand the VC asset class. Jamaica’s planned Micro Market on the Stock Exchange could stimulate retail investment interest. However, ongoing education focusing on equity investment potential is necessary to fully realize this opportunity.

D. First-Time Fund Managers

To stimulate robust VC ecosystem growth, the region must develop its own fund management capacity. Potential fund managers must be attracted, trained, developed, and empowered to create new VC funds with impact focus responding to specific regional development challenges.

Figure 21. Support to First-Time Fund Managers



E. Regional Fund-of-Funds

A regional Fund-Of-Funds is essential for the Regional VC Ecosystem Framework, supporting sustainable investment, economic diversity, inclusive growth, and innovation. Despite strong human capital and entrepreneurship, the Caribbean faces persistent financing gaps and limited early-stage investment that hamper innovative business growth.

Figure 22. Fund-of-Funds Key Characteristics



Caribbean Fund-of-Funds Operational Model

Core Approach:

- The FUND does not invest directly in SMEs. Instead, it acts as a Limited Partner (LP), channelling capital through Caribbean-based Investment Vehicles (IVs) and Fund Managers (FMs).
- This strengthens the local financial ecosystem and creates a multiplier effect for long-term impact.

Consortium & Governance:

- Managed by a consortium of specialized partners under a transparent governance framework.
- Accountability and adherence to impact goals are emphasized.

Innovative Capital Strategies: To address the critical ‘track record’ dilemma often faced by new fund managers, the FUND will employ innovative financial instruments such as:

- **Warehousing Capital:** This innovative investment strategy will provide eligible new fund managers with early-stage capital to make initial investments and build a portfolio before their main fund is fully closed. This allows them to establish a crucial track record, which is essential for attracting larger institutional investors and sets the stage for successful future fundraising. Warehousing capital is a recognized best practice for accelerating fund manager development and de-risking early-stage fund deployment.⁴²

⁴² Founder Institute. (2022, January 18). Deal Warehousing in Venture Capital. Retrieved from <https://fi.co/insight/deal-warehousing-in-venture-capital>; Taghash.io. (2025, April 18). Deal Warehousing: A Strategic Approach for New Fund Managers. Retrieved from <https://taghash.io/blog/deal-warehousing-a-strategic-approach-for-new-fund-managers/>.

- **Working Capital:** The Fund will offer reimbursable grants to cover the pre-close and set-up expenses for aspiring Fund Managers that have received initial approval from the investment committee. This provides crucial liquidity for initial operations and significantly increases the likelihood of a successful fund launch, further mitigating early-stage risks.

Business Development Services (BDS):

- Strategic support and technical assistance for IVs and FMs, including training in governance, deal sourcing, portfolio management, and fundraising.

Value Creation Beyond Capital:

- Non-financial support mechanisms to build partner capacity and de-risk investments.

Geographic & Sector Focus:

- Initial focus on regional hubs (Jamaica, Barbados, Trinidad & Tobago), with plans to expand across CARICOM.
- Target sectors: FinTech, Climate Tech, Agri-Tech, Health-Tech, Creative Industries, Sustainable Tourism.

Caribbean Ownership:

- The VC Funds supported must be Caribbean-owned, led, and domiciled, ensuring local relevance and market understanding.

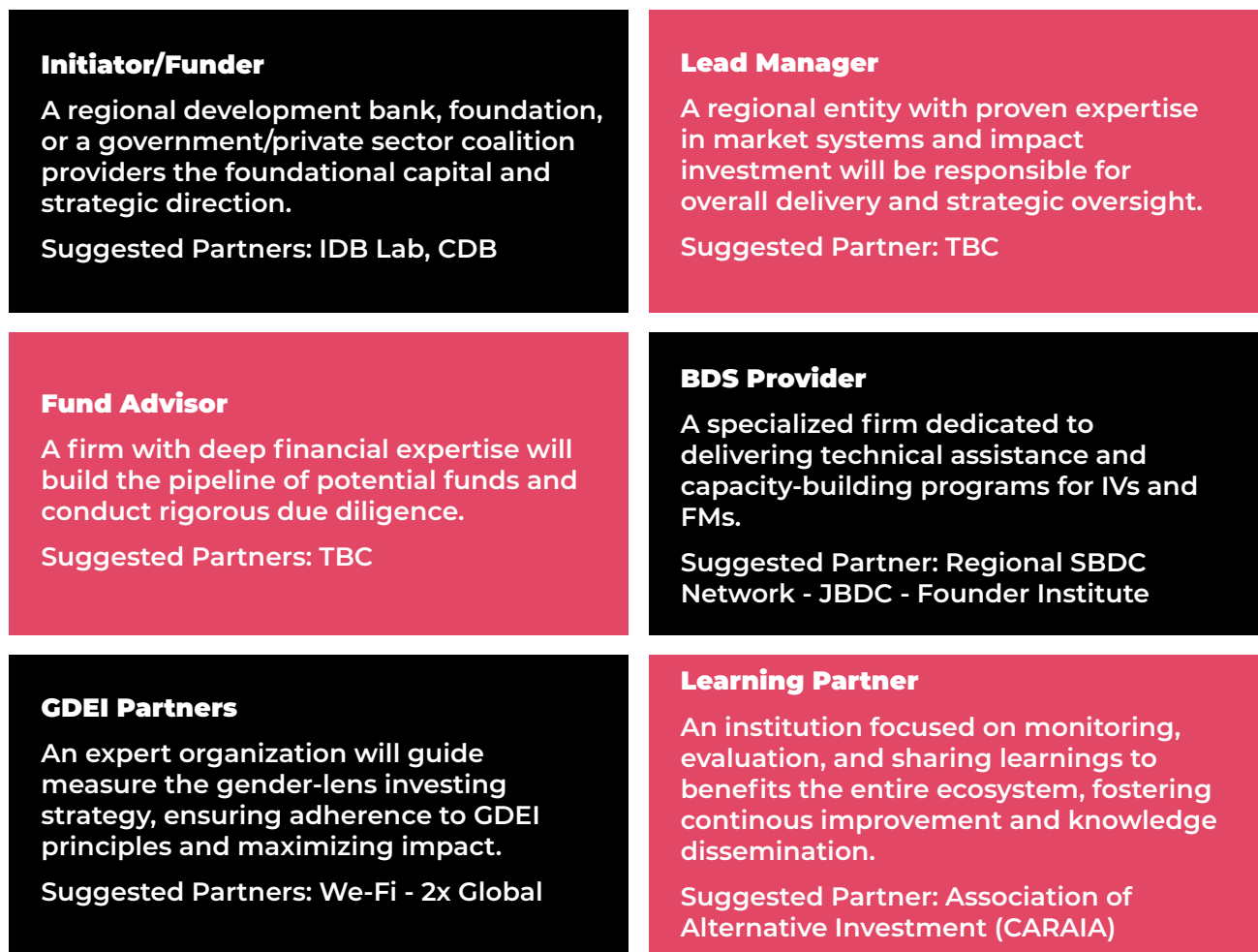
Impact Criteria:

- Investment criteria for fund managers are designed to balance regional economic impact and financial sustainability.

Consortium of Partners: A Collaborative Approach: The operational success of the FUND will rely on a carefully selected consortium of partners, each bringing specialized expertise:

The key roles for the Ecosystem Framework are outlined below.

Figure 23. Fund of Funds - Key Roles



Rigorous Investment Process: Multi-Layered Due Diligence: A rigorous, multi-layered investment process will ensure objectivity, financial prudence, and strict alignment with the fund’s impact mission:

- 1. Pipeline Building:** The Fund Advisor will proactively build a robust pipeline of potential Caribbean IVs, identifying promising opportunities that align with the FUND’s mandate.
- 2. Independent Investment Committee (IC):** A two-stage review process will be implemented. An independent IC will first screen applicants, followed by deep due diligence. The IC will then provide a recommendation based on comprehensive analysis.
- 3. Final Decision:** The governing council of the Lead Manager or Initiator will make the final investment decision, based on the IC’s recommendation. This multi-layered process, incorporating independent review and clear decision-making authority, is a best practice for ensuring sound investment decisions and mitigating conflicts of interest⁴³.

⁴³ IADB. (n.d.). Venture Capital Fund Toolkit: A guide to set up a VC fund in Latin America and the Caribbean. Retrieved from <https://publications.iadb.org/publications/english/document/Venture-Capital-Fund-Toolkit-A-guide-to-set-up-a-VC-fund-in-Latin-America-and-the-Caribbean.pdf>

The implementation of the **Regional Venture Capital Fund-of-Funds** model (**THE FUND**) represents a strategic, impactful, and sustainable approach to addressing critical financing gaps and fostering a vibrant venture capital ecosystem in the Caribbean. By focusing on local capacity-building, de-risking investments, and integrating strong social impact objectives, the FUND will be poised to unlock significant economic potential and drive inclusive growth.

Key Success Factors for the Implementation of the Regional Ecosystem Framework

1. **Prioritize Local Capacity-Building:** Continuously invest in the development of local fund managers and investment vehicles through comprehensive Business Development Services and targeted technical assistance. This is fundamental to creating a self-sustaining ecosystem.
2. **Leverage Innovative Financial Instruments:** Actively utilize warehousing capital and working capital grants to address the ‘track record’ challenge for new fund managers, thereby accelerating their ability to attract larger institutional investments.
3. **Embed GDEI Principles:** Ensure that Gender, Diversity, Equity, and Inclusion principles are not merely aspirational but are deeply embedded and operationalized throughout the investment process, from IV selection to SME funding. This will maximize both social impact and financial returns.
4. **Maintain Robust Governance:** Uphold a transparent and rigorous governance framework with clear roles and responsibilities for all consortium partners and a multi-layered investment decision-making process. This builds trust and ensures accountability.
5. **Foster Strategic Partnerships:** Continuously cultivate strong partnerships with regional and international stakeholders, including development banks, foundations, and government entities, to ensure sustained support and alignment with broader regional development goals.
6. **Monitor and Adapt:** Establish a robust monitoring and evaluation framework, guided by a dedicated Learning Partner, to track progress against both financial and impact objectives. Be prepared to adapt strategies based on continuous learning and evolving market dynamics.
7. **Support the Governments in establishing enabling regulatory and policy environment for VC formation:** Provide support to the governments in establishing appropriate regulations to support VC formation structure and developing targeted incentives, such as tax breaks and grants, to encourage both local and international investment in venture capital funds and startups. The governments should also be guided in developing robust digital and physical infrastructure to support the growth and scalability of tech-enabled businesses.
8. **Ecosystem Orchestration:** Leverage existing initiatives to gain early wins and build momentum. In truth there are multiple programmes being executed with limited

impact. However, if coordinated through the perspective of a regional ecosystem framework could be orchestrated to create a synergistic impact in shaping the emergence of a sustainable VC landscape. The development of a VC ecosystem model in the region must be intentional and embody the principle of concentration of effort. A possible starting point could be the coordination of the many early-stage entrepreneurial capacity-building programmes and pitch even those currently being executed in isolation across the Caribbean. The strategic coordination of these initiatives could have a more meaningful impact in developing a deal flow of innovative high potential startups in the region.

A concerted and focused effort to orchestrate these disparate programs to support the best Founders in the most promising sectors should be a priority. Even if only a small percentage of the firms supported become growth ventures, if the success stories are heralded and publicized well, this could create successful case studies that can be referenced by both investors and entrepreneurs. In essence, the coordination of these programs should be positioned to support high-potential entrepreneurs at every stage of the business development lifecycle. Begin by creating a structure and system to support these and other initiatives:

- [Risk Capital Project in Barbados.](#)
- [The Caribbean Alternative Investment Association formed under IDB Lab funded JVCapital Project.](#)
- [Barbados «Digital Nation» push-](#), focusing on transforming public services, fostering digital literacy, and stimulating economic growth through technology.
- [Future Barbados.](#)
- [The Tech Innovation Fund.](#)
- Development Bank of Jamaica (DBJ) [BIGEE Programme](#) funded by the IDB.
- [UNESCO's Transcultural programme](#) that provides seed capital grants to support cultural entrepreneurship in the Caribbean.
- [The Inter-American Development Bank \(IDB\) Investment Impact Manager Masterclass.](#)
- [The CaribEquity Regional project](#) funded by IDB Lab.
- [The Caribbean Development Bank \(CDB\) Cultural and Creative Industries Innovation Fund.](#)
- [The Caribbean Technological Consultancy Services \(the Bank's Grant facility supporting MSMEs\).](#)
- [SheTrades Caribbean Hub](#), supporting women entrepreneurs.
- [The European Union \(EU\) Caribbean Investment Facility](#) supporting the private sector through blended finance arrangements and the Regional Private Sector Development Program implemented by the Caribbean Export Development Agency.
- [Corporate Venturing \(Pilot\) Programme.](#)



CONCLUSION

The findings in this Report demonstrate that transforming the venture capital ecosystem in the Caribbean requires intentional, coordinated action by all stakeholders – governments, development banks, investors and entrepreneurs. Building a sustainable VC market will require patient capital approach tailored to the region's realities, supported by strong innovation-policy linkages, coordinated and harmonized accelerator programs and regulatory frameworks that reward risk-taking and enable cross-border investment. Development partners and government must work together to establish key enabling conditions – e.g. tax incentives, digital infrastructure and IP protection – that reduce transaction costs and attract both local and international investors. Strengthening local fund management capacity, improving investor education, and expanding early-stage pipelines through the work of innovation hubs and IP commercialization programs, will be pivotal to generating quality deal flow.

At the same time, ecosystem orchestration at the regional level is essential to achieving scale and credibility in the eyes of investors. A coordinated Fund-of-Funds mechanism, with a transparent governance framework and grounded in gender, diversity, equity and inclusion principles can catalyze new VC funds and empower first-time fund managers. The proposed Regional VC Ecosystem Framework can bring together all stakeholders under a collective agenda, linking policy, innovation and finance. If ecosystem stakeholders on both a national and regional level can commit to a sustained effort, then the Caribbean can be transformed over time into a competitive emerging market VC investment destination.

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APPENDICES

Appendix I: [The Ecosystem Maturity Model \(EMM\)](#)

Appendix II: [Regional and Country EMM Assessments](#)

Appendix III: [Key Stakeholder Profiles](#)

Appendix IV: [Profiles of Founder Survey Respondents](#)

Appendix V: [Sectoral Opportunities for VC Funding in the Caribbean](#)

Appendix VI: [List of Stakeholder Interviews](#)

