LADP
Latin American
Dynamism Project

Accelerating Deep Tech in Latin America

Opportunities, Challenges & Recommendations

June, 2025

Made possible by a grant from:

International Strategy Forum

scsp.ai

Table of Contents

Foreword

Foreword

Geopolitics is re-shaping the geography of innovation. In 2025, countries compete for technological superiority, breaking the world back into spheres of influence. In a way, the 2020s are the new 1970s. Nations have restored Cold War aims: to outcompete rivals by appropriating the resources necessary to develop critical technologies autonomously.

There are, however, significant differences between now and the Cold War era. First, the portfolio of technologies that are considered critical to national interests is broader and deeper, ranging from advanced artificial intelligence to quantum technologies and biotechnologies.

Second, the supply chain necessary to construct these technologies is inherently global. Thus, protectionist strategies to re-shore production clash against the networked nature of innovation. Today, “no country alone can make an iPhone” – as economist Eric Beinhocker put it. Deep tech presents even greater barriers to autonomous development, given the complexity and distribution of inputs it requires, from rare minerals to talent.

Finally, with traditional alliances fading, the global race for competitiveness is participated by more players with their own interests. Today’s world has more than two poles of influence. These new geometries of power leave room for new players to affirm themselves on the global stage. Latin America is one such player.

Foreword

Latin America has traditionally had a passive role in the development of the global technology industry. It has traded at a deficit with bigger partners, serving skills, resources, and market opportunities at a discount. The “Latin American Discount” is a function of the institutional fragility of individual countries in the region and of the region’s fragmentation, which prevents it from leveraging its size and competitive advantages as a block. Foreign investors cannot value opportunities at their actual worth when the context is plagued by uncertain rules, frequent corruption, and inadequate public sector de-risking of emerging markets.

Yet, current changes in geopolitics can change the position of Latin America from a deep tech vassal to a stronghold. This is the thesis behind the Latin American Dynamism Project, which is to accelerate the development and investment of frontier technologies in Latin America.
Latin America has an abundance of essential resources for the development of deep tech, globally. It is home to the lithium triangle, which represents 58% of the global reserves of the mineral. It is rich in energy, including clean sources, a critical requirement for the scaling of the compute industry, for example. It is a hub for specialised talent, for instance in the biosciences.

What Latin America lacks is the network effects that can catalyse its potential into strategic autonomy, founded upon technological competitiveness. The LADP addresses this gap by providing unprecedented insights to public and private decision-makers.

Foreword

This first LADP report reveals more than a set of surprising data, which show that LATAM is already a theatre for overlooked inventions. It shows regional and global decision-makers a path to making LatAm an autonomous and reputable player in the global race for technological competitiveness. Some countries, such as China, have long understood this, undertaking for a decade now policies of appropriation of natural resources. Others, from Latin American countries to traditional Western Allies, have been slower to realise the potential of the region as more than the sum of its parts.

We publish these insights with the ambition to catalyze conversations, communities, and ecosystems that accelerate the transition of Latin America from a battleground for technological appropriation to a strategic actor in tech-driven geopolitics.

LEONARDO QUATTRUCCI

MARCUS ALBUREZ MYERS

Acknowledgments

Acknowledgments

This report was authored by Marcus Alburez Myers, Leonardo Quattrucci, Claudio Cifuentes, Agustina Sojit, Solange Rodríguez, Lucía Fenoglio, and Marco Tebelán, with Nick Cohen providing essential editorial guidance. Their combined expertise in data analysis, regional policy, and ecosystem development underpin every section of this publication.

To shape our findings, we spoke with over 100 contributors—venture-capital executives, policy-makers, founders, journalists, and ecosystem leaders—who generously shared their time and candid perspectives. We also thank our research assistants for meticulous data collection, translation, and transcription, as well as the local field coordinators who organized interviews across multiple cities. Their efforts ensured we captured both quantitative metrics and rich qualitative insights from developers, community organizers, and institutional stakeholders throughout Latin America.

This report was made possible by a grant from the Special Competitive Studies Project and the International Strategy Forum. We appreciate the institutions and platforms that provided proprietary datasets and analytical tools, as well as our advisory board and academic peers whose feedback strengthened our methodology.

Executive Summary

Funding Gaps: A Region Systematically Undervalued

-27%

LATAM trades at a discount compared to other emerging markets (MSCI Index)

-70x

70x venture funding for R&D in LATAM than the U.S, -13x than in China (IDB)

-50%

discount compared to the World (MSCI Index)

40%

of companies in Latin America engage in corporate ventures by 2021, vs 90% in the US (IESE)

35%

of R&D investment is funded by private sector, compared to 60% in the US and the EU, and 80% in China (ECLAC)

65%

of deep tech startups in LATAM were still in pre-seed or seed stages by 2023 , having raised less than USD 1 million (IDB)

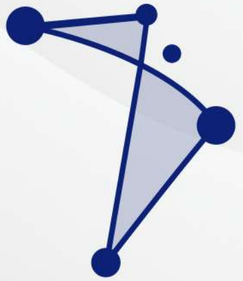
Series B+ rounds in 2024 (Dealroom)

USD 138M

USD 138M was invested in LATAM deep tech in 2024, yet no Series B rounds were closed that year (Dealroom)

USD 130M

USD 130M was allocated to Series B and C rounds in deep tech in 2023 (IDB)



LADP

Latin American Dynamism Project

Why is LATAM Primed for Deep Tech

58%
of the world's lithium reserves (USGS)

28%
CAGR in fintech startups, 2017-2023 (Finnovista)

42%
of the world's biodiversity (Deep Tech Colombia)

20x
Deep Tech ecosystem growth by 2032 estimated by (IDB)

65%
of LATAM's electricity comes from renewable sources—well above the global average of 41% (EMBER)

72%
was the gross average return generated by LATAM biotech startups 2015-2023 (SOSV/IndieBio)

4x
growth for Corporate Venture Capital (CVC) in LATAM deep tech from 2020 to 2024 (Dealroom)

865k
STEM researchers in LATAM—but less than 1% work in deep tech, revealing a 100× runway of untapped talent (IDB)

219%
YoY Deep Tech funding growth in 2024, making it the fastest-growing tech sector in LATAM (Sling Hub)

1.8B
is the value of LATAM's most valuable deep tech company Establishment Labs from Costa Rica (IDB)

600%
growth in deep tech investment was recorded between 2019-2023,
300M -> 2B USD

189%
YoY growth in equity funding in 2024, making Deep Tech the YoY leader across all tech verticals (Slinghub)

Core Recommendations to Address Market Readiness for Deep Tech Startups

To speed the leap from lab to market, startups must embrace perspectives that often fall outside the strictly academic realm. From refining sustainable business models to forging strategic partnerships with established corporations and institutions, these are our key recommendations fast-forward that divide and ensure real-world impact.

Impact-Driven Narratives

Dense technical pitches fail to spark investor interest. Narrative coaching to turn dense science into investor-ready impact stories.

Global-First Structures

Small domestic markets and regulatory fragmentation cap growth. Use Delaware holdcos, USPTO filings, English docs from day one.

Science-Business Matchmaking

Scientific founders often lack market, fundraising, and leadership skills. Pair researchers with seasoned operators via structured co-founder programs.

Regulatory Harmonization

Country-by-country approvals deter cross-border expansion. Align with FDA/EMA and drive a pan-LATAM fast-track approval path.

Shared R&D Infrastructure

Limited specialised labs slow early R&D. Expand open-access labs and pilot plants across the region through public and private programs.

Leverage CVC Partnerships

CVC is a must to secure scale-up capital, from Seed A funding rounds onwards. Proactively position and court Corporate Venture Capital to fast-track commercialization

Core Recommendations to Address Invesetor Readiness for Deep Tech Startups

In LATAM, Deep Tech abounds—but at every level—local, regional, and especially international—there's still widespread confusion about what truly qualifies as deep tech, how it differs from conventional investments, and the vast economic upside it represents. To bridge this gap, we must launch targeted programs and informal forums that patiently demystify deep tech for investors.

Metrics & Success Stories

Sparse data and few success stories fuel scepticism. Collect and publish ROI data and case studies to prove deep-tech returns.

Series A+ Deep-Tech Funds

Post-seed funding gap stalls scale-ups. Launch LATAM-focused Series A+ vehicles to close the post-seed gap.

Investor Education

Many investors misunderstand deep-tech risk and timelines. Targeted deep-tech training for VCs, family offices and CVCs.

Market-Facing Functions

Ecosystems can't easily find LPs or maintain CVC links. Dynamic LP/CVC registry and coordinated investor road-shows.

Sovereign R&D & Tech Security

Short-term public-funding schemes dilute LATAM's ability to turn Deep Tech into strategic assets. Work with public institutions to elevate it to the level of critical infrastructure.

Core Principles for a Regional Coalition

To unlock Latin America's vast potential in capital-intensive, long-horizon technologies—from biotech and advanced materials to AI and clean energy—we need a neutral, mission-driven platform that brings together and sustains engagement among government, academia, entrepreneurs, risk capital, and corporations across all verticals.

Multi-Sector Governance

Seat all five stakeholder groups at quarterly plenaries and monthly working groups to sustain alignment and reinforce shared vision.

Founder Peer Network

Launch an Endeavor-style, post-Series A community with round-tables, masterclasses and mentoring circles for cross-border deal flow.

Market-Facing Functions

Maintain an up-to-date registry of LPs/CVCs and run road-shows and regional showcases to bridge capital gaps and spark co-investment.

Flagship Visibility Summit

Host an annual, rotating deep-tech summit—keynotes, startup expos and investor forums—to spotlight Latin America on the global stage.

Open Data & Research Hub

Curate a public repository of deals, IP stats and whitepapers to reduce diligence friction and fuel evidence-based storytelling.

Geopolitical & Sovereignty Watch

Embed a working group to track global tech flows and craft unified policy positions for Latin America's strategic autonomy.

Methodology

Methodology

This report combines **quantitative and qualitative research methods** to provide a comprehensive overview of the deep tech ecosystem in Latin America.

Quantitative Approach

We began with a dataset of **5,000 deep tech companies from LATAM**, sourced primarily from **Tracxn**. After a review process, we retained **2,500 companies** after manually checking open-source materials to verify whether companies met established criteria for deep-tech classification. The data cutoff date was **March 2025**.

For the funding statistical analysis, we verified investment-round data for 257 companies to date; this portion remains a work in progress and will be expanded in future editions as additional funding information is identified and validated.

Methodology

Qualitative Approach

Our qualitative research consisted of **3 roundtables and 100+ interviews** with stakeholders across the ecosystem, including founders, investors, accelerators, researchers, and government actors. Specifically, we asked them what key gaps make LATAM investment less attractive to global VCs, and how would you design a regional coalition that bridges local startups with global investment?

This report synthesizes insights from these conversations without attributing specific comments.

This mixed-methods approach allows for a nuanced understanding of both the structural patterns and lived experiences shaping deep tech in the region. It aims to describe transformative opportunities in the structural context of LATAM, and most importantly outline actionable levers in a way that balances strategic vision with the operational realities of ecosystem building.

What is Deep Tech?

What is Deep Tech?

Deep Tech is the set of emerging technologies that spring from frontier science or breakthrough engineering, offer a step-change over today's solutions, and are purposely aimed at solving fundamental economic, social or environmental challenges. These technologies share five hallmarks, as noted in previous literature[1]:

1. **Radical novelty** – they introduce genuinely new technical capabilities;

2. **Fast growth** – research, patents, and investment expand rapidly;

3. **Coherence** – a recognisable knowledge base and community forms around them;

4. **High (but still future-weighted) impact** – their main socioeconomic effects are expected, not fully realised;

5. **Uncertainty & ambiguity** – outcomes, markets and standards are still fluid.

1. https://www.iese.edu/insight/wp-content/uploads/sites/3/2024/04/2021_Open-Innovation_Corporate-venturing-Asia_Siota-Prats.pdff

What is Deep Tech?

At its core, **deep tech is the business of turning frontier science into products**—the commercialisation of laboratory breakthroughs through structured technology-transfer processes. Whether the advance comes from a new material, a novel bioprocess, or a cutting-edge AI algorithm, the venture's value proposition hinges on owning (or licensing) that underlying intellectual property and engineering it into a scalable solution that can redefine an industry.

By contrast, sectors such as fintech or general consumer software build mainly on technologies that already exist. They remix mature stacks of code and cloud infrastructure to create new user experiences or business models, but do not introduce a fundamentally new technology layer. In that sense they are sometimes dubbed "shallow tech"—innovations driven more by application design than by scientific discovery.

In Latin America deep-tech ventures are commonly labelled Emprendimientos de Base Científico-Tecnológica (EBCT) amongst policy papers, innovation-law frameworks and regional multilaterals like the ECLAC.

In China, we have found that the homologous term is **"New Infrastructure" (新基建)**, which is embedded in State Council guidelines and provincial five-year plans as the umbrella for AI, advanced manufacturing, and other deep-tech priorities.

Seven common deep tech categories: Definitions and examples of use cases

Category	Definition	Examples of use cases*	Value of the use case
Artificial intelligence	The ability of a machine or computer system to perform cognitive functions that are usually associated with humans.	In healthcare for improving the diagnosis accuracy with imaging devices (e.g., Samsung developed a tool based on ultrasound images. Its AI algorithms facilitated an about 5% increase in the diagnosis accuracy of breast lesions).	To enhance the relationship with the customer by suggesting better deals, trying virtual products, managing and reviewing subscriptions, notifying of payments, and conducting follow-ups in a safe and privacy-friendly way.
Advanced materials	New materials and modifications to the existing ones to reach a superior performance.	In automotive and transportation sectors for the production of environmentally friendly batteries for electric vehicles (e.g., Tesla, General Motors).	To support climate change impact and eco-friendly sustainable transformations.
Biotechnology	Technology that aims to create or develop existing products by the use of living processes and organisms.	In energy and utilities for the production of liquid biofuels and methane from organic waste (e.g., ENI, ExxonMobil).	To improve climate change impact and eco-friendly sustainable developments.
Blockchain	Shared and immutable ledger that stores transactions and tack assets, enhancing security and transparency.	In the financial sector for tracking negotiating conditions of a loan, between borrowers and lenders, to understand the process (e.g., consultancy Indra borrowed €75 million from BBVA).	To enhance tracking, traceability, and safety in the area of distribution; to achieve greater transparency in negotiations and the supply chain, for example.
Robotics and drones	The use of machines to perform automated tasks. As a subcategory, drones are remotely piloted flying crafts employed in several activities such as maintenance and transportation.	In retail for managing stores via an automated system that retrieves products from shelves (e.g., Amazon Robotics, a pre-acquisition of Kiva Systems, or its announcement of the use of drones for home delivery).	To speed up traditional processes such as the movement of pallets or the barcode scan, and to enhance the customer experience by improving order accuracy and decreasing waiting periods.
Photonics and electronics	Technology that enhances the properties of photons, the quantum unit of light, to transmit information in milliseconds. As a subset, a similar process is followed by electronics with electrodes.	In the food and beverage sector, it incorporates monitoring elements such as advanced cameras, thermal or hyperspectral sensors for food safety (e.g., PepsiCo installs vision-inspection system responsible for the detection of color defects in whole potatoes).	To increase transparency and customer trust.
Quantum computing	Another way of processing information, leveraging the properties of matter at nanoscale.	In telecommunications to optimize radio cells (e.g., the operator Tim, optimized with a QUBO algorithmic model, in collaboration with the hardware producer D-Wave).	To ensure reliable mobile services with high performance; to increase transparency and general trust.

Source: IESE

What is Deep Tech?

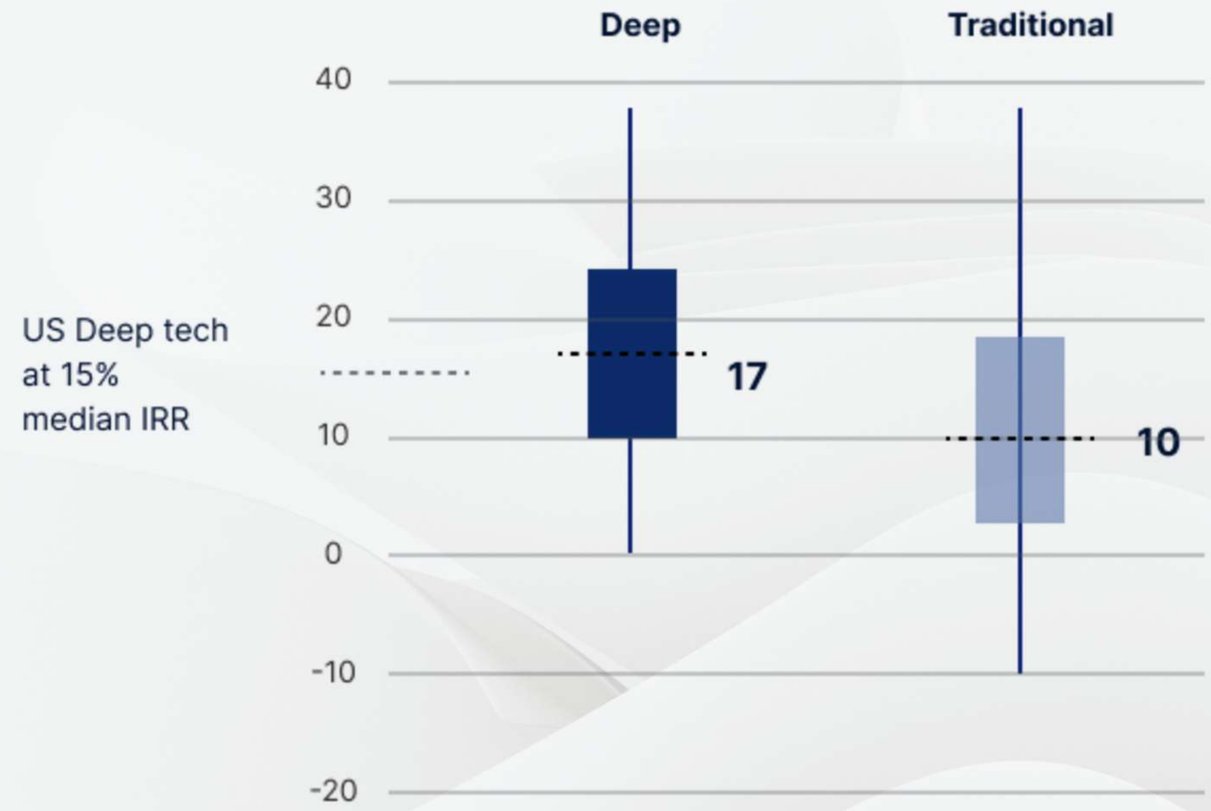
Demystifying Deep Tech Investment

Beyond defining deep tech itself, the primary hesitation surrounding investment in this sector often emerges from evaluating critical metrics—particularly funding cycles and return on investment—in comparison to traditional technology sectors such as fintech. For instance, conventional tech typically demonstrates immediate and steady growth upon receiving capital injections.

This concern can be especially pronounced in LATAM, where investors are familiar with shorter, traditional business cycles and may be reluctant to wait several years to see tangible returns.

Fortunately, various studies have started to quantify these concerns, aiding in demystifying the risks. For example, a McKinsey report analyzing European and U.S. deep tech funds reveals an average net internal rate of return (IRR) of 17%, outperforming traditional tech funds, which yield an average of 10%. However, the absence of directly comparable data specific to LATAM complicates the task of contextualizing these findings within the regional ecosystem, underscoring the need for localized research and data collection.

Net IRR for deep vs traditional tech funds, %



Source: McKinsey

The 2025 European Deep Tech Report identified and addressed eight prevalent misconceptions about deep tech investments. The report clarifies common misunderstandings around factors such as the amount of capital required, timeframes to achieve exits, revenue timelines, and overall success rates.

There are Common (Mis)conceptions About Deep Tech

Is Deep Tech an undefined term?	Is Deep Tech a new phenomenon in venture capital?	Do Deep Tech companies need more capital?	Do Deep Tech companies take longer to achieve revenue?
NO Deep Tech is novel science being shipped in a first of a kind product	**NO** Deep Tech venture financing has always existed and shaped sovereignty of nations	**YES** But often money is spent on building moats	**YES & NO** True in the early years, false at later stages
Do Deep Tech companies fail more often?	**Do Deep Tech companies need more time to exit?**	**Do Deep Tech companies have larger exits?**	**Does Deep Tech investing deliver top returns?**
NO Similar failure rates compared to Regular Tech	**NO** Similar exit timelines compared to Regular Tech	**INCONCLUSIVE** While some large outcomes exist, Europe needs more big exits	**YES** Some data shows higher IRRS than Regular Tech

What is Deep Tech?

Source: The 2025 European Deep Tech Report

While precise metrics for Latin America's Deep Tech ecosystem—and granular KPIs for each Deep Tech vertical—are still under development, a high-level risk-profile comparison helps illustrate the fundamental differences between Deep Tech and conventional tech ventures.

Deep Tech startups carry substantially higher technology risk, require large upfront capital expenditures, and face protracted development cycles measured in years rather than months. Yet, once past those hurdles, they enjoy a powerful competitive moat—anchored in proprietary scientific breakthroughs, extensive IP portfolios, and teams of niche technical experts—that most "regular" tech firms simply cannot replicate.

Structural Challenges and Technological Opportunities in Latin America: A Deep Tech Perspective

Structural Challenges and Technological Opportunities in Latin America: A Deep Tech Perspective

Latin America sits at a pivotal crossroads. On one flank, a web of long-standing deficits—in healthcare, learning, public trust, labour formality, financial inclusion, infrastructure, energy, and cybersecurity—continues to sap productivity and widen inequality. Roughly **140 million people** still lack reliable access to basic health services, and the latest PISA results reveal that teenagers in the region perform the equivalent of **three to seven school-years behind** their OECD peers in mathematics.

Confidence in government has slipped so far that **seven in ten citizens express little or no trust** in their national institutions, fuelling political volatility just as the digital economy demands stable rules of the game. Add to this a labour market in which nearly **one-half of jobs are informal**, a persistent digital divide that leaves **230 million Latin Americans offline**, and rising cyber-losses (over **US $90 billion** in 2022 alone), and Deep Tech innovation can seem a distant luxury.
Yet the very scale of these gaps hints at outsized opportunity. The region commands world-class biodiversity, a third of global lithium reserves, booming renewable-energy corridors, and a growing cadre of STEM researchers eager to found science-based companies.

Venture funding for frontier technologies, though nascent, has expanded six-fold since 2019, and public R&D programmes from São Paulo to Santiago are beginning to crowd-in private capital. In other words, Latin America possesses the natural endowments, human capital and early-stage funding momentum to turn deep tech from a remote aspiration into a practical engine of inclusive growth.

Understanding this dual reality—the entrenched gaps and the emergent assets—is the first step. The pages that follow map the region's structural challenges, spotlight global case studies of successful leap-frogging, and lay out the policy, capital-market and talent interventions that could transform Latin America's perceived "LatAm Discount" into a genuine **"LatAm Premium"**.

LatAm's Structural Problems – A Snapshot

Health	Education	Governance
30 % of the population lacks access to basic healthcare services	50 % of students are not proficient in maths and reading	Only 43 % of citizens trust their government
Work	**Agroecology**	**Energy**
54 % of the labour force works in the informal economy	30 % of the workforce is employed in agro-ecological activities	18 million people have no access to electricity
Finance	**Urbanisation**	**Cybersecurity**
45 % of adults lack access to formal financial services	80 % of Latin Americans live in cities	US $90 billion are lost annually to cyber-attacks

Yet LATAM is singularly primed for Deep Tech

Biodiversity	Lithium	Renewables
42% of the world's biodiversity sits in LATAM (Deep Tech Colombia)	LATAM contains an estimated 58% of the world's lithium resources (USGS)	65% of LATAM's electricity comes from renewable sources—well above the global average of 41% (EMBER)
STEM Researchers	**Fintech**	**Internet and Mobile Penetration**
865k STEM researchers in LATAM—but less than 1% work in deep tech, revealing a 100× runway of untapped talent (IDB)	28% CAGR in fintech startups, 2017-2023 (Finnovista)	Internet coverage and usage in LATAM stands at approximately 83%, with countries like Costa Rica, Argentina and Chile exceeding 85%. (GSMA)
EdTech	**E-commerce**	**Nearshoring Trends**
The EdTech market in Latin America is projected to reach $3 billion by 2023, growing at a CAGR of 15% (Heimi)	E-commerce sales revenue in Latin America is predicted to reach over $125 billion in 2027 (Parcelmonitor)	Companies are shifting supply chains to LATAM to mitigate risks exposed by the COVID-19 pandemic and geopolitical tensions elsewhere

And is already steadily venturing towards Deep Tech

2019-2023 Investment growth	2024 Funding growth	2024 Equity Funding growth
600% growth in Deep Tech investment was recorded between 2019-2023 (IDB)	219% YoY Deep Tech funding growth in 2024, making it the fastest-growing tech sector in LATAM (Sling Hub)	189% YoY growth in equity funding in 2024, making Deep Tech the YoY leader across all tech verticals (Slinghub)
Corporate Venture Capital	**Gross Average Return**	**2032 projection**
4× growth for Corporate Venture Capital (CVC) in LATAM deep tech from 2020 to 2024 (Dealroom)	72% was the gross average return generated by LATAM biotech startups 2015-2023 (SOSV/IndieBio)	20× Deep Tech ecosystem growth by 2032 estimated by (IDB)

LATAM’s Deep Tech Landscape

LATAM’s Deep Tech Landscape

The database used for this analysis comprises **2,566 LATAM startups**, for which we have completed a full geographic mapping. On the funding side, we have verified investment-round data for **257 companies** to date; this portion remains a work in progress and will be expanded in future editions as additional funding information is identified and validated.
Geographical Analysis

LATAM’s Deep Tech landscape is sharply concentrated: Brazil hosts about 41 % of all startups—driven by São Paulo’s 29 % share—while Mexico, Argentina, Chile and Colombia, together with their leading capitals (Buenos Aires, Santiago, Mexico City and Bogotá), gather most of the rest, leaving a long tail of smaller countries and cities that underscores both the ecosystem’s strength and its geographic imbalance.

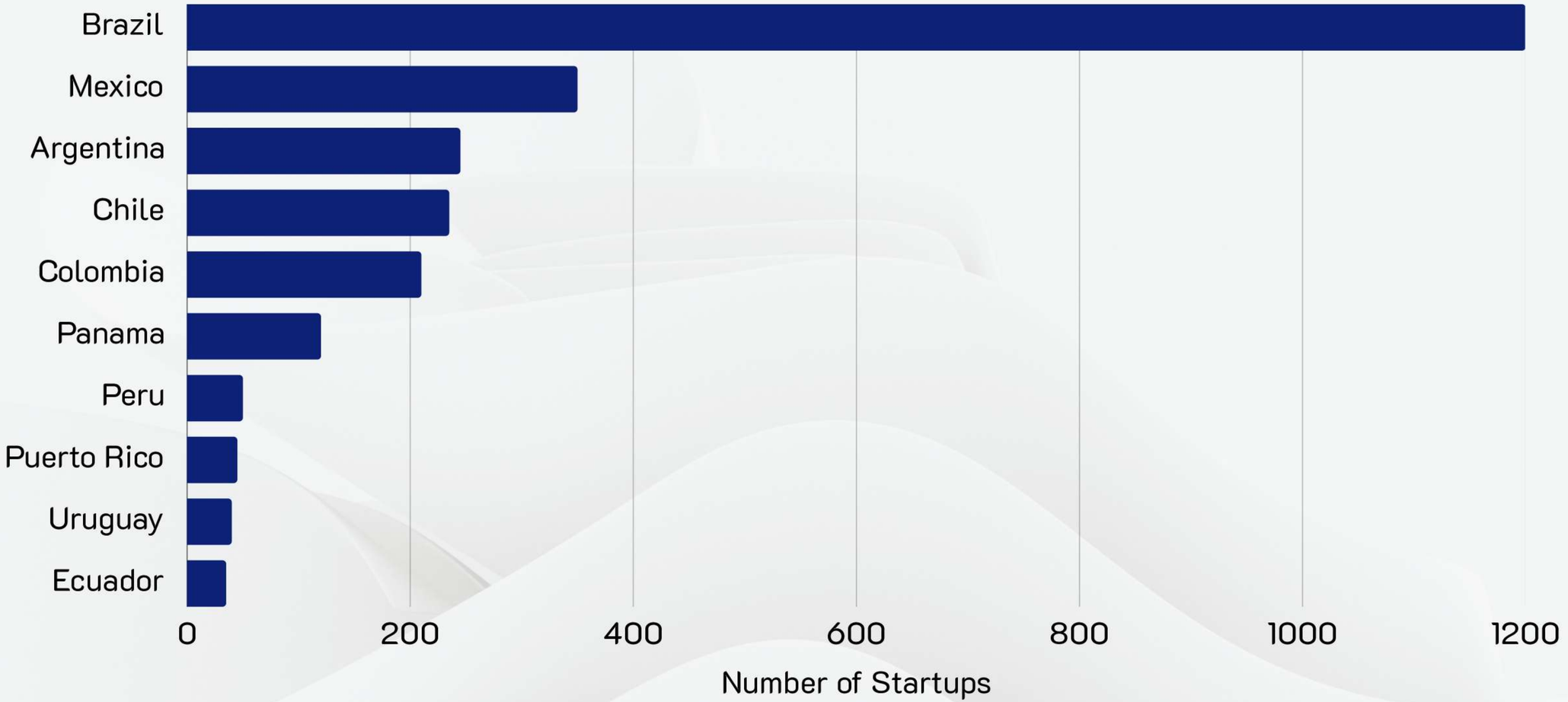
Country distribution

- **Brazil dominates the landscape with 1,048 deep-tech startups**—about **40.8 % of the entire regional database**. Brazil's share is larger than that of the next four countries combined, underscoring its role as the focal point for venture creation, talent and capital in Latin America.

- **Mexico (358 startups, 14%)**, **Argentina (256, 10 %)**, **Chile (251, 9.8 %)** and **Colombia (219, 8.5 %)** form a solid "second tier." Together with Brazil, these five countries host **83% of all mapped companies**, illustrating a highly concentrated ecosystem.

Beyond the "Big 5", there is a **long tail of emerging hubs** led by **Panama, Peru, Puerto Rico, Uruguay** and **Ecuador**. Their smaller—but growing—communities highlight fresh opportunities for investors looking for earlier-stage, less-crowded markets.

Top 10 countries by number of startups

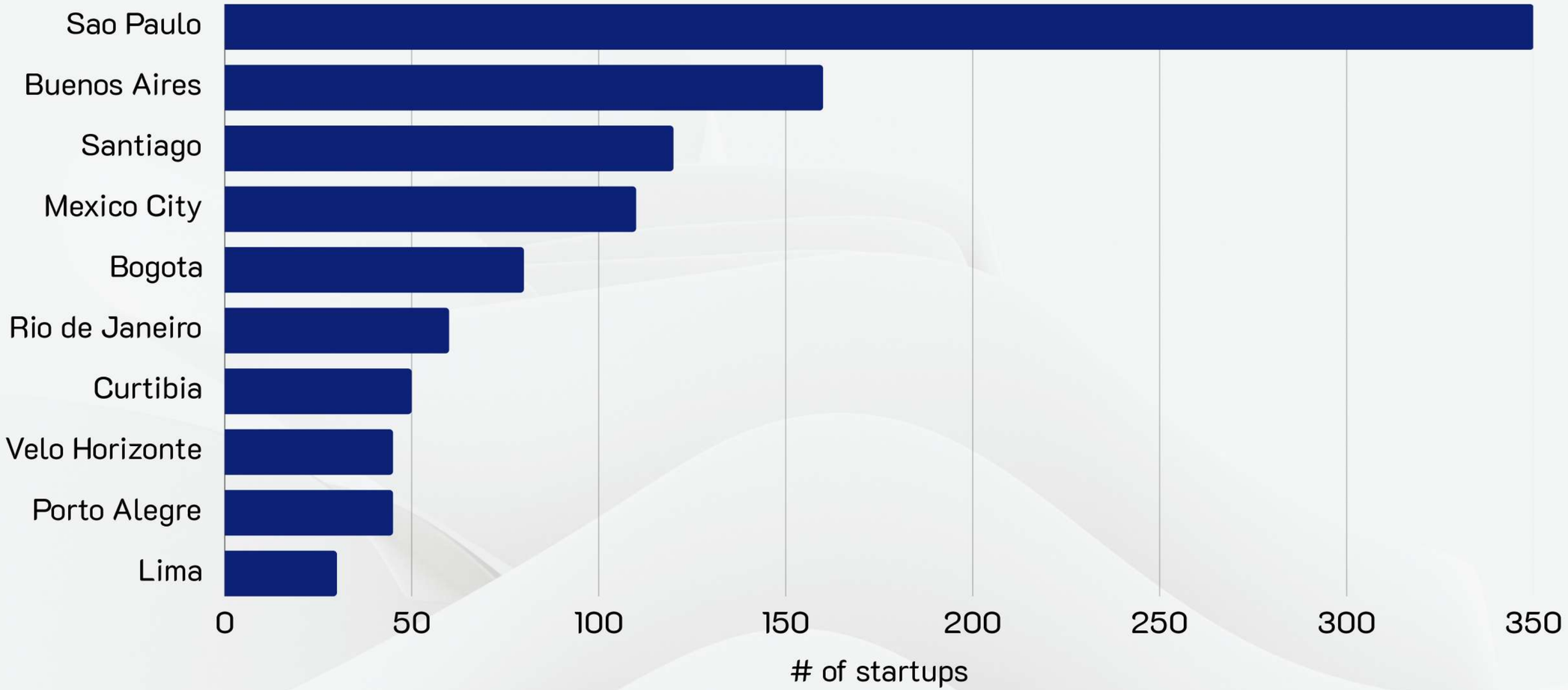


Source: LADP's analysis, Traxcn data

City-level Distribution

- São Paulo is Latin America’s undisputed Deep Tech largest hub with 329 startups, roughly 29 % of all ventures in the top-10 cities—more than the next three hubs combined.
- Buenos Aires, Santiago and Mexico City form a strong second tier. Together with São Paulo they account for 63 % of the mapped activity, making them the primary gateways for talent, capital and corporate partnerships.
- Bogotá anchors the Andean corridor, but its scale remains half that of the tier-two group, signalling room for growth if seed and Series A funding deepen.
- Brazil fields five of the top-ten hubs—São Paulo plus Rio de Janeiro, Curitiba, Belo Horizonte and Porto Alegre—highlighting powerful domestic network effects and sectoral specialisation.

Top 10 cities by # of startups



Source: LADP's analysis, Traxcn data

Funding Analysis

Our analysis shows a rebounding capital flow after 2021's pandemic and big tech crisis; however, a significant funding gap persists once startups move beyond Seed rounds, with only a fraction advancing to Series A and very few securing Series B or later, the

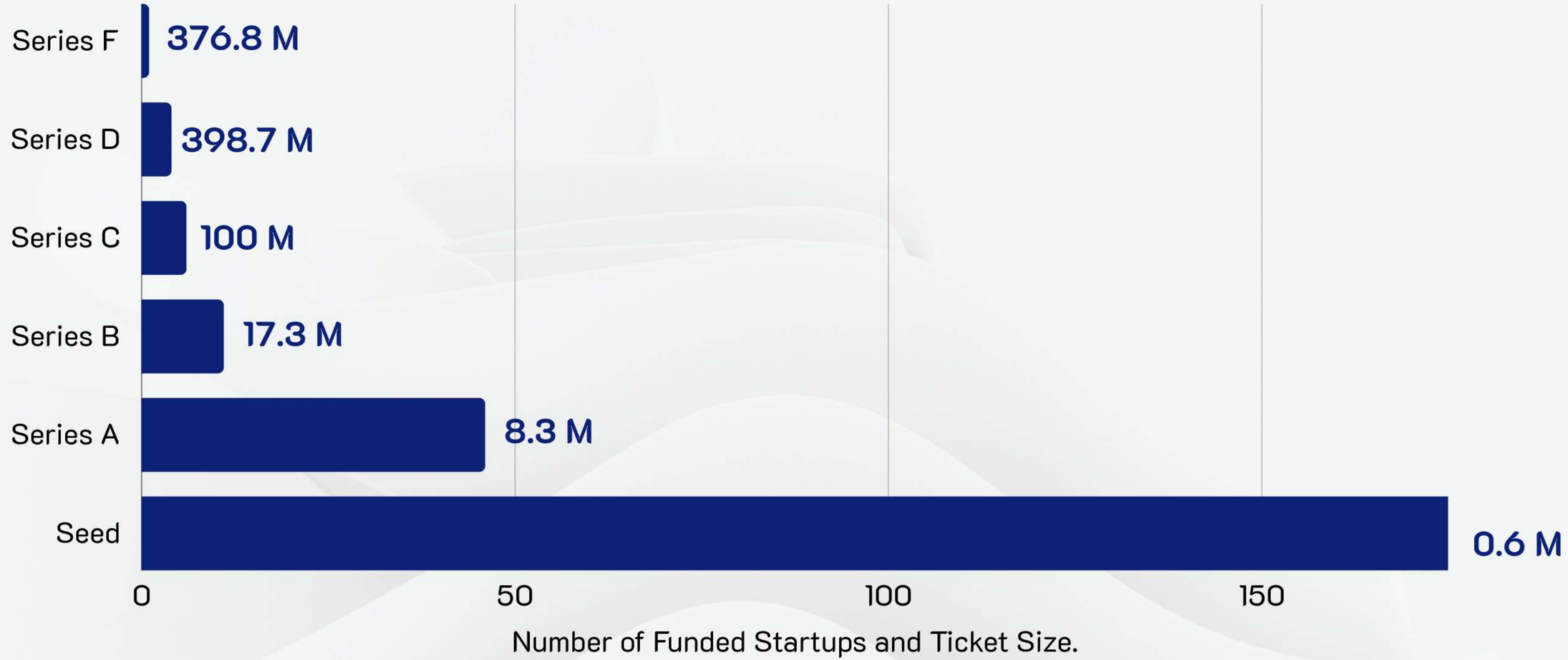
Funding Stage and Tickets

The ecosystem is heavily front-loaded: 72% of ventures are still at **Seed** stage funding, and only 19% have secured a Series A.

Dramatically, Only **22 startups (≈9 %)** have secured a **Series B round or beyond**, confirming a steep funnel from validation to scale-up funding.
This drop-off mirrors other Latin-American deep-tech reports that flag a chronic shortage of growth capital. Plenty of ideas get seeded, but very few find the follow-on financing needed to commercialise at scale—making the **Series A → F corridor the ecosystem's most acute funding bottleneck**.

Additionally, our data reveals the median round size for Deep Tech ventures scales from **US$0.6 M (Seed)** to **US$8.3 M (Series A)**, then leaps to **US$17 M (Series B)** and **US$100 M (Series C)**.

Funding Stage by Number of Startups



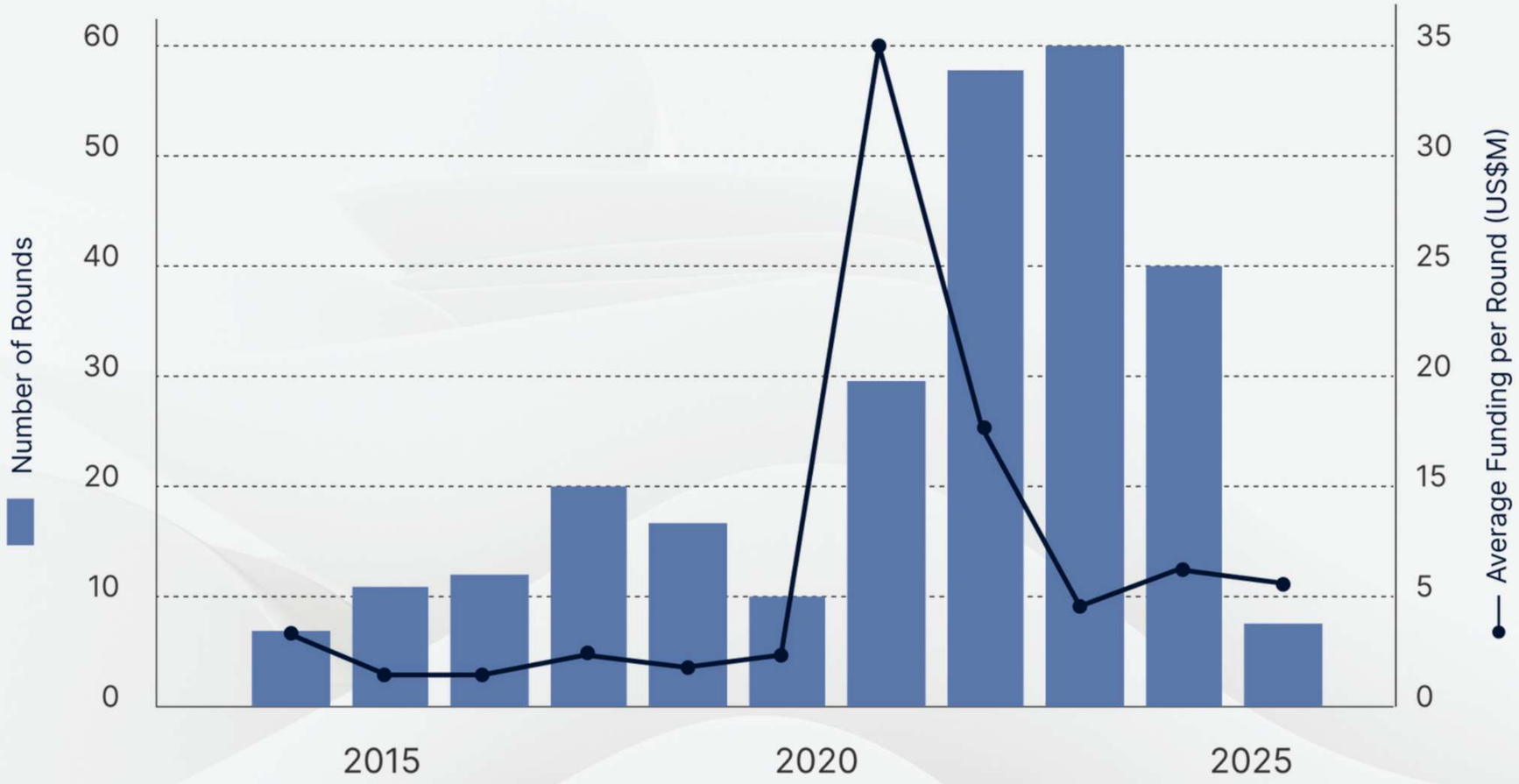
Source: LADP's analysis, Traxcn data

Number of Funding Rounds and Size Over Time

Over the past five years, the number of funding rounds in LATAM's Deep Tech sector has increased, yet the average cheque size has fallen dramatically from its 2021 high. While more startups are attracting investors, capital is being spread across a larger pool of early-stage companies, which further highlights the Series A+ funding gap.

- In 2021, there were only 27 rounds recorded, which nonetheless coincided with unusually large tickets, signalling investor preference for fewer, late-stage bets straight out of the pandemic.
- In 2022, deal activity more than doubled as capital dispersed into a wider set of companies—an early sign that investors were shifting toward earlier-stage and smaller cheques.
- In 2023, the round-count fell by 30% from 2022, and, more dramatically, a 70% drop in the size of the average check, reflecting heightened caution towards larger rounds.
- But in 2024, activity rebounded to its highest level by round count, yet still skewed toward early-stage financing, underscoring that confidence in Deep Tech fundamentals returned faster than appetite for large growth cheques.
- Overall, this shows investors retreating to safer, smaller bets—leaving the Series B–C "scale-up gap" even wider.

Number of Rounds & Average Funding per Round by Year (US$M)



Source: LADP's analysis, Traxcn data

Splight

Splight is at the forefront of addressing one of the energy industry's most critical challenges: energy curtailment. This AI startup has developed advanced grid operations technologies that tackle grid congestion issues through innovative approaches to managing renewable energy resources.

The company secured $12 million in seed funding, with the round led by noa (formerly A/O). Other participants in the funding include EDP Ventures, Elewit, Draper Cygnus, Draper B1, Ascent Energy Ventures, Fen Ventures, Reaction Global, Barn Investments, and the UC Berkeley Foundation.

Tractian

Based in Atlanta but with strong Brazilian roots, Tractian is revolutionizing industrial maintenance through a comprehensive solution combining integrated hardware, software, and artificial intelligence. The company's technologies aim to democratize predictive and preventive maintenance, making these capabilities accessible beyond specialized practitioners.

Tractian secured a substantial $120 million Series C funding round led by Sapphire Ventures. This latest investment brings the company's total funding to $200 million, with previous backers including General Catalyst, Next47, NGP Capital, and Y Combinator.

Nintx

Nintx (Next Innovative Therapeutics) was founded in Brazil in early 2021 to translate complex inter-species biology—plants, microorganisms and humans—into a new generation of therapies. Its mission is to harness natural products from Brazilian ecosystems to create multi-target treatments that act both directly on biological pathways and indirectly via modulation of the gut microbiome.
Following a US $3 million seed round in 2022, it has just closed a US $10 million Series A led by Pitanga, Ecoa Capital and MOV Investimentos, alongside a US $2.5 million FINEP grant, bringing total funding to US $13 million.

Symbiomics

Symbiomics is a Florianópolis-based Brazilian biotech startup founded in 2021 that leverages advanced microbiome, genomic and machine-learning platforms to develop next-generation biological products for sustainable agriculture. Its mission is to increase agricultural productivity while reducing reliance on agrochemicals, enabling carbon sequestration and bolstering crop resilience.
The company has raised roughly US $1.96 million over three seed rounds—most recently backed by The Yield Lab Latam alongside Vesper Ventures, MOV Investimentos, Baraúna Investimentos and Ecoa Capital—and secured a reported US $2.15 million seed infusion in H1 2024.

Auth0

Auth0 was founded in 2013 in Buenos Aires by engineers Eugenio Pace and Matías Woloski to simplify and secure authentication and authorization for modern applications. From its inception, the platform embraced open standards—such as JSON Web Tokens, OpenID Connect, and SAML—to ensure developers could integrate identity features without lock-in and easily migrate if needs changed. The core product offers a drop-in solution that supports username/password, social logins, enterprise directories, and passwordless flows.

By mid-2020, it had raised over US $210 million across multiple rounds, culminating in a US $120 million Series E led by Salesforce Ventures at a US $1.92 billion valuation. In March 2021, Okta acquired Auth0 in an all-stock transaction valued at US $6.5 billion, marking one of the largest exits in Latin American tech history and cementing Auth0's legacy as a pioneering Deep Tech success story from Argentina

Satellogic

Founded in 2010 and headquartered in Buenos Aires, Satellogic focuses on building a scalable Earth Observation platform through a high-resolution Low Earth Orbit (LEO) satellite constellation. It aims to provide affordable geospatial data for various industries and governments at a competitive price point. It has developed a global presence with 34 operational spacecraft.
With total equity funding of $239M, Satellogic's key investors include Liberty Strategic Capital, Tencent, and the Inter-American Development Bank. The largest funding round was $150M (Series D in 2022), and the latest was a $10M Post IPO round in December 2024.

Sistema.bio

Sistema.bio is a Mexico-based Clean Tech company that designs and implements biodigester solutions for sustainable waste management and renewable energy generation. The company aims to empower farmers and rural communities by providing affordable and scalable solutions to reduce greenhouse gas emissions and enhance agricultural productivity.
The company operates major hubs in Mexico and Colombia, and has full-service partnerships in a dozen of LATAM countries. Between 2024 and 2025, Sistema.bio raised $22.8M across three disclosed Series B funding rounds. Key funding milestones include $4.3M in July 2024, $15M in October 2024, and $3.5M in January 2025. Notable investors include KawiSafi, AXA Investment Managers, Blink, EcoEnterprises Fund, ElectriFI, Chroma Impact Investment, and Novastar Ventures.

Establishment Labs

Founded in 2004 and headquartered in Costa Rica, Establishment Labs is a medical technology company specializing in minimally invasive, next-generation breast implants under the Motiva Implants® brand. Their solutions focus on safety and aesthetics, with commercial distribution in over 70 countries. It holds 25 patents and 200 global patent applications across 25 jurisdictions. Establishment Labs has raised $121M across eight funding rounds, with a $55M Series D round as its largest. Key investors include Madryn Asset Management, JW Asset Management, and Crown Predator Holdings. It is listed on NASDAQ and valued at $1.8B, making it the most valuable company in the regional ecosystem.

Funding Gaps

Funding Gaps

A Promising But Still Nascent Ecosystem in LATAM

After the pandemic delivered a significant blow to funding for the deep tech ecosystem in Latin America, multiple sources now indicate a recovering funding landscape. Slinghub's statistics even argue that deep tech was the highest year-over-year growth sector, including sectors like energy and fintech[2].

Our research and analysis suggests there is a growing recognition of the benefits that deep tech investments offer across both public and private sectors, as evidenced by emerging public policies in several countries and increased engagement from venture capital and corporate venture capital firms.

However, our literature review and research suggest that although the outlook is promising, there is a pressing need to enhance both the quantity and quality of investments—especially when it comes to scaling beyond pre-seed and seed funding.
A recurring theme throughout our discussions is the critical importance of **market readiness** for startups, and **investor readiness** for funders.

2. LATAM startup market 2024 in review: https://slinghub.io/reports/Q324

Funding Gaps

Recommendations for market and investor readiness include:

- **Craft Impact-Driven Narratives:** Lab-driven founders often default to dense technical explanations that fail to ignite investor excitement. We recommend embedding structured storytelling programs (inspired by Zentynel's narrative-coaching playbook) to translate complex science into clear, emotionally resonant stories of global impact, turning bench-top breakthroughs into funding catalysts.

- **Showcase Metrics and Success Stories:** Absence of transparent performance data and tangible success narratives about Latin America's deep-tech ventures fuels investor skepticism and uncertainty—systematically collect, validate, and publicize key metrics (e.g., IRR, exit multiples, time-to-market) alongside high-impact regional case studies to illustrate deep-tech ROI potential and catalyze strategic funding.

- **Build with Global Mindset from Conception:** Constrained by small domestic markets, regulatory fragmentation, and currency volatility, founders face a natural ceiling on growth and funding by failing to go global first. We recommend setting up international structures (e.g., Delaware holding companies, early USPTO filings), use English for all documentation, and secure global peer evaluations to demonstrate world-class readiness and attract foreign capital.

Funding Gaps

- **Launch LATAM Focused Series A+ Deep-Tech Funds:** Although VC financing for Deep Tech in LATAM is showing increasingly promising growth, a pronounced funding gap persists beyond pre-seed funding. We recommend launching egionally focused Series A-onward fund vehicles to de-risk institutional participation and channel strategic capital where it's needed most.

- **Establish Science-Business Matchmaking Programs:** Scientific founders often excel at R&D but lack key entrepreneurial skills—such as market validation, fundraising strategy, team leadership, narrative building and operational execution—which slows commercialization and growth. We recommend launching structured matchmaking initiatives (modeled on GridX's trial pairing of researchers and seasoned business leaders, or Vesper Ventures co-founding strategy) to form balanced co-founding teams, ensuring world-class science is paired with strategic leadership from day one. This programs should also cover structured storytelling programs (inspired by Zentynel's narrative-coaching playbook) to translate complex science into clear, emotionally resonant stories of global impact, turning bench-top breakthroughs into funding catalysts.

- **Create International Scientific Advisory Boards:** Skepticism around Latin America's deep-tech science—rooted in perceptions of limited local R&D capacity, scarce peer-reviewed validation, and unfamiliarity with regional academic institutions—can delay investment. We recommend establishing International Scientific Advisory Boards to provide rigorous peer review and formal endorsements, accelerating investor confidence and funding decisions.

Funding Gaps

- **Leverage Strategic CVC & Co-Development Partnerships:** Scale-up capital and market entry remain major bottlenecks for LATAM deep-tech ventures, specially from Series B funding rounds onwards. We recommend proactively court regional and industrial CVCs via sector conferences, curated roadshows, regulatory roadmaps and partnership standards that can unlock equity infusions, joint R&D budgets, and non-dilutive licensing streams that embed startups in global value chains and fast-track commercialization. In parallel, we recommend providing a standard CVC-ready data-room template, and keep an open database of corporate investors, turning ad-hoc encounters into a predictable pipeline of strategic capital.

- **Develop a LATAM-Regulatory Framework Harmonized with International Standards for Clinical Approvals:** Early-stage deep-tech ventures often struggle to attract international capital when they only meet a single country's regulations, limiting their regional and global expansion. We recommend that founders adopt a "global-first" compliance strategy—aligning products and processes with rigorous frameworks like the FDA / EMA from day one—and work with a Pan-LATAM public–private task force to harmonize and fast-track approvals across key markets (e.g., Brazil, Mexico). This dual approach will signal adherence to internationally recognized standards, reduce perceived investor risk, and accelerate cross-border market entry.

Funding Gaps

- **Scale and Sustain Shared R&D Infrastructure:** The region lacks R&D infrastructure to support early stage lab work. We recommend doubling down on open-access labs and pilot plants—expand capacity, replicate proven hubs across countries, and coordinate funding region-wide so every deep-tech startup can access world-class facilities without prohibitive costs.

- **Forge a Pan-LATAM Deep-Tech Forum:** An unprecedented wave of conferences, demo days, and roadshows now animates actors in Argentina, Brazil, Colombia, Uruguay, and beyond—yet these stand-alone showcases remain partially siloed, splintering budgets and clouding the region's global narrative. We recommend launching a single, rotating flagship forum—co-branded by leading funds, accelerators, and alliances—to pool sponsors, attract international LPs and strategic corporates, embed investor-education tracks, and coordinate year-round communication, turning today's scattered sparks into a unified beacon for Latin American deep tech.

- **Enhance Investor Education:** Limited understanding of deep-tech investment—where investors misjudge funding cycles, underestimate IRR potential, and lack frameworks for scientific due diligence—constrains funding availability and delays strategic capital deployment. We recommend launching targeted educational initiatives for VCs, family offices, and CVCs to demystify deep-tech fundamentals, showcase regional ROI data, and build confidence for larger, strategic funding commitments.

Funding Gaps

- **Anchor Public R&D to a Sovereign-Tech Agenda:** Fragmented and short-term public-funding schemes dilute Latin America's ability to turn deep-tech breakthroughs into strategic assets, leaving national security, industrial resilience, and talent retention exposed. We recommend working with key public institutions to place strategic deep-tech fields on the same footing as critical infrastructure, rolling out **innovation free-zones, 1:1 matching-funds, and sovereign co-investment vehicles** that channel long-term R&D budgets into public- and public-private labs, accelerate TRL-4-to-8 projects, and crowd-in private capital.

- **Cross-verticals, Regional Deep Tech Coalition:** While there are initiatives focused on deep-tech or entrepreneurship in certain countries or industry verticals, none span the full spectrum of sectors nor operate at a truly regional scale. To unlock Latin America's vast potential in capital-intensive, long-horizon technologies—from biotech and advanced materials to AI and clean energy—we need a neutral, mission-driven platform that brings together and sustains engagement among government, academia, entrepreneurs, risk capital, and corporations across all verticals.

Funding Gaps

Core Design Principles for a Regional Deep Tech Coalition

- **Multi-sector governance:** The coalition must seat all five sectors (public institutions, academia, entrepreneurs, risk capital, and corporations) at the same table. Quarterly touch-points are needed because “full participation is rare” and alignment takes “a year and a half of constant meetings, reinforcing the vision.” We recommend establishing a regular cadence of convenings (e.g., quarterly plenaries, monthly working groups) to maintain alignment, reinforce the shared mission, and build trust over time.

- **Endeavor-style founder network:** There is already “enough critical mass among Series A and post-Series A founders” to sustain a mature peer community, yet previous efforts struggled to gain traction, as noted by key stakeholders. We recommend launching a structured peer network—featuring round-tables, masterclasses, and mentoring circles—that enables founders to share best practices, refer deal flow, and collaborate across borders.

- **Market-facing functions:** Individual ecosystems often “find it difficult to map LPs interested in tech in the Americas,” host international showcases, or maintain ongoing CVC relationships. We recommend creating a dynamic registry of LPs and corporate VCs, plus organizing investor road-shows and regional showcase events to bridge capital gaps and facilitate co-investment and R&D partnerships.

Funding Gaps

- **Flagship visibility platform:** A single, rotating summit was proposed to “put Latin America on the map,” explaining what deep tech is and why the region is compelling. We recommend hosting an annual, city-anchored summit with keynotes, exhibitions of cutting-edge startups, investor forums, and inward road-shows, to amplify the region’s narrative and attract sustained foreign capital.

- **Shared data & research:** Attendees asked for an open repository of statistics, deal databases, and IP information to reduce diligence friction and enable evidence-based storytelling. We recommend building and curating an open-access data platform—complete with regular whitepapers and case studies—to underpin policy advocacy and streamline investor decision-making.

- **Geopolitical lens:** To ensure Latin America gains autonomy rather than dependency in the emerging deep-tech order, the coalition should track strategic investment flows and coordinate regional positions on technology sovereignty. We recommend embedding a dedicated working group that monitors global regulatory shifts and develops unified policy recommendations for strengthening regional technological self-determination.

Funding Gaps

Together, these comments outline a coalition that is simultaneously a **connector, data hub, and advocacy platform**, tailored to the longer time-horizons and capital intensity of deep tech.

In this section, we will provide a panoramic overview of the funding landscape in the region, detailing public, venture (VC), and corporate venture capital (CVC) investments, plus recommendations for each.

In the next section, we will delve into how this regional lack of funding sits on top of a broader lack of interest by funding from global actors, encapsulated by the concept of the "LATAM Discount."

The Deep Tech Investment Landscape in LATAM

By 2023, institutional investment raised by deep tech companies in LATAM reached USD 2 billion, encompassing the 340 startups mapped in the Deep Tech: The New Wave report by the International Development Bank[3].

While this figure is far below the USD 13 billion invested in deep tech in Asia, the USD 14 billion in Europe, and the USD 52 billion in the United States as of September 2024[4], it represents significant progress for the region.

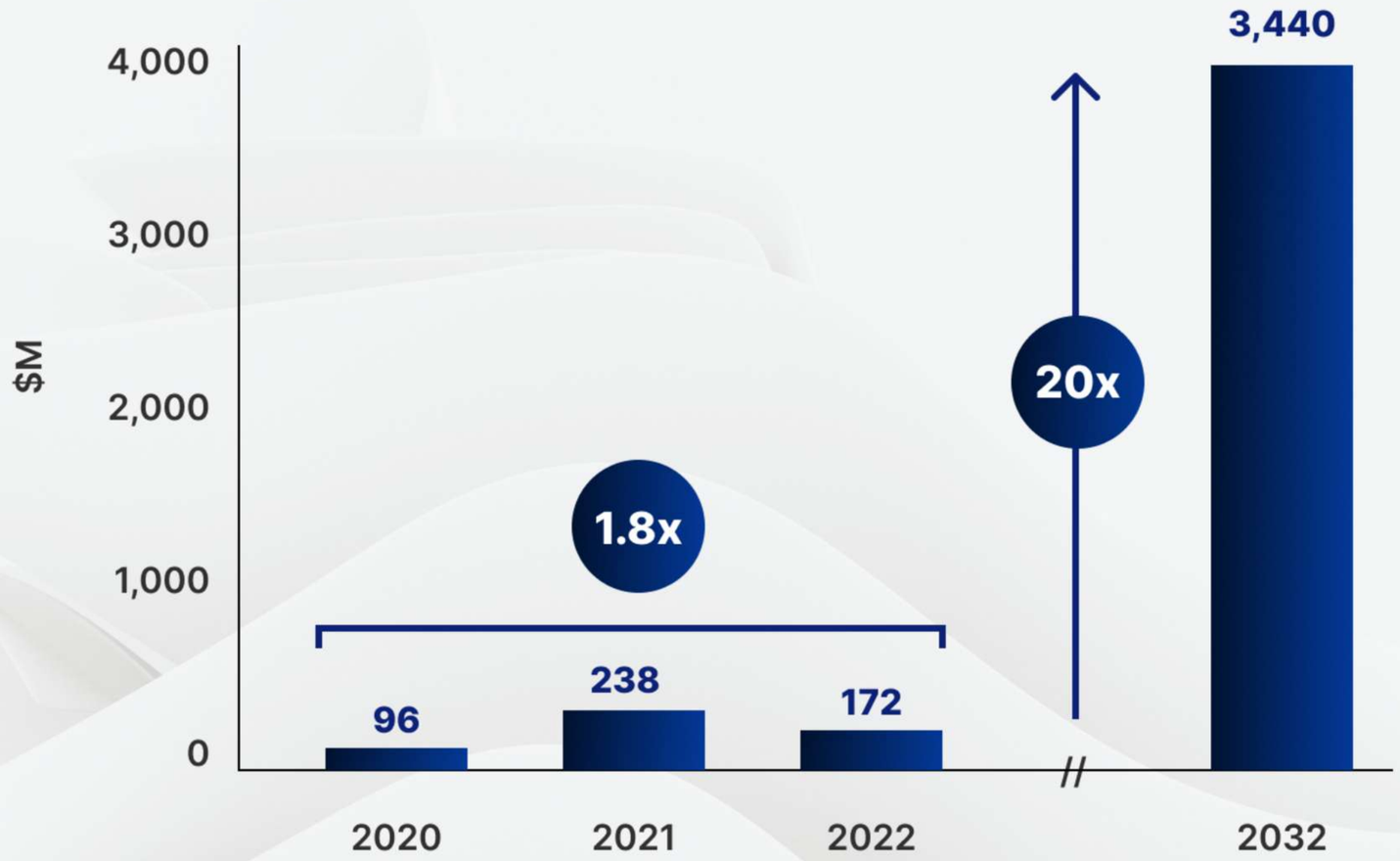
Notably, investment in LAC increased by nearly 600% between 2019 and 2023—rising from under USD 300 million to USD 2 billion in just four years.

This growth trajectory shows no signs of slowing down. Back in 2023, the IDB estimated a 20x expansion in the next decade, driven by a burgeoning pool of skilled researchers and engineers, the cost arbitrage for technology development, lower early-stage valuations that promise high returns, and the region's immense biodiversity.

3. https://publications.iadb.org/es/publications/english/viewer/Deep-Tech-The-New-Wave.pdf
4. https://sciencebusiness.net/news/europe-overtakes-asia-deep-tech-investment

Catalyzing Innovation

VC investment in LAC Deep Tech can grow 20x over the next decade



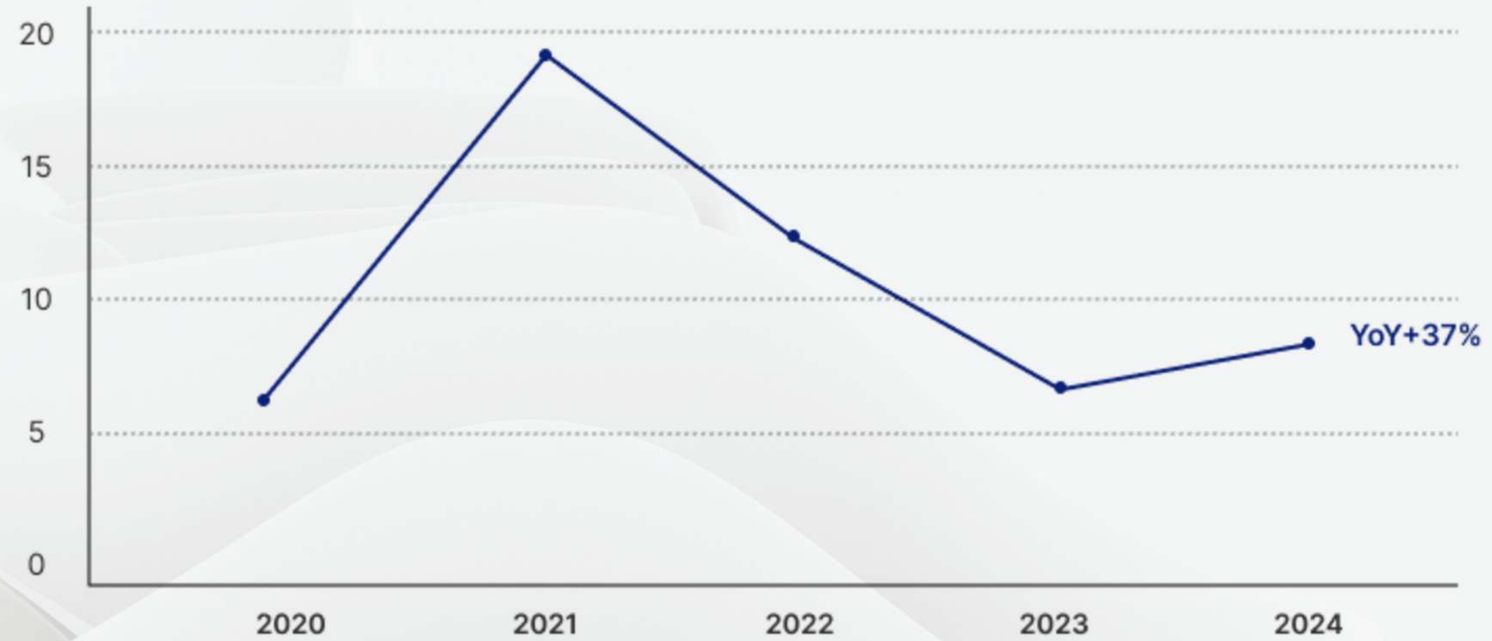
Catalyzing Innovation

In 2024, after 3 years of decline—primarily due to the pandemic and the “big tech crisis”—the funding landscape for LATAM tech startups appears to be showing positive signs once again.
According to the LATAM Startup Market 2024 in Review report by Sling Hub & Itaú, which tracks investment across sectors including fintech, deep tech, energy, and health tech, 2024 marked the first year since 2021 that LATAM’s tech industries experienced year-over-year growth, reaching 37%. In total, market funding across all tech sectors increased from $6.4 billion to $8.8 billion in the tech industry.

For the authors of the report, this trend indicates that the regional innovation ecosystem is becoming more firmly established, spurred by rapid digital transformation and a rising demand for locally tailored technological solutions. While a steady recovery is on the horizon, it is likely to be accompanied by considerable volatility due to ongoing macroeconomic challenges.

Catalyzing Innovation

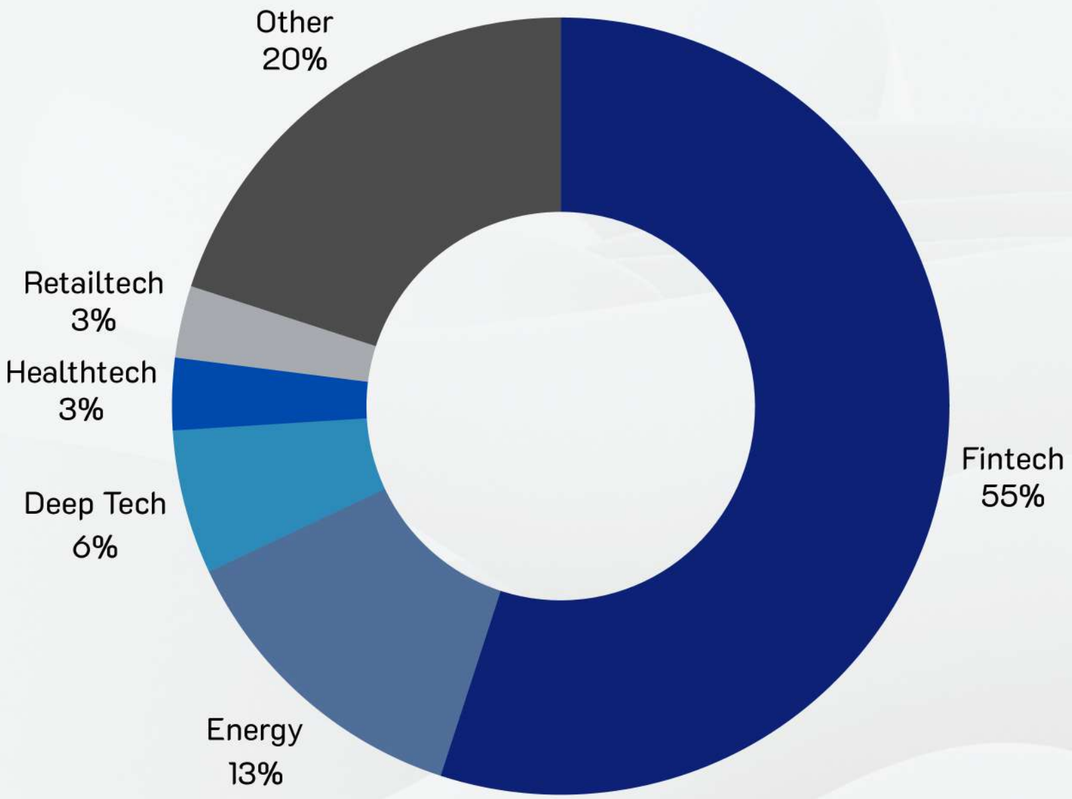
Volume raised in all types of funding rounds, last 5 years (in billions)



	2020	2021	2022	2023	2024
LATAM	6.03	20.57	12.18	6.40	8.76

Source: Sling Hub

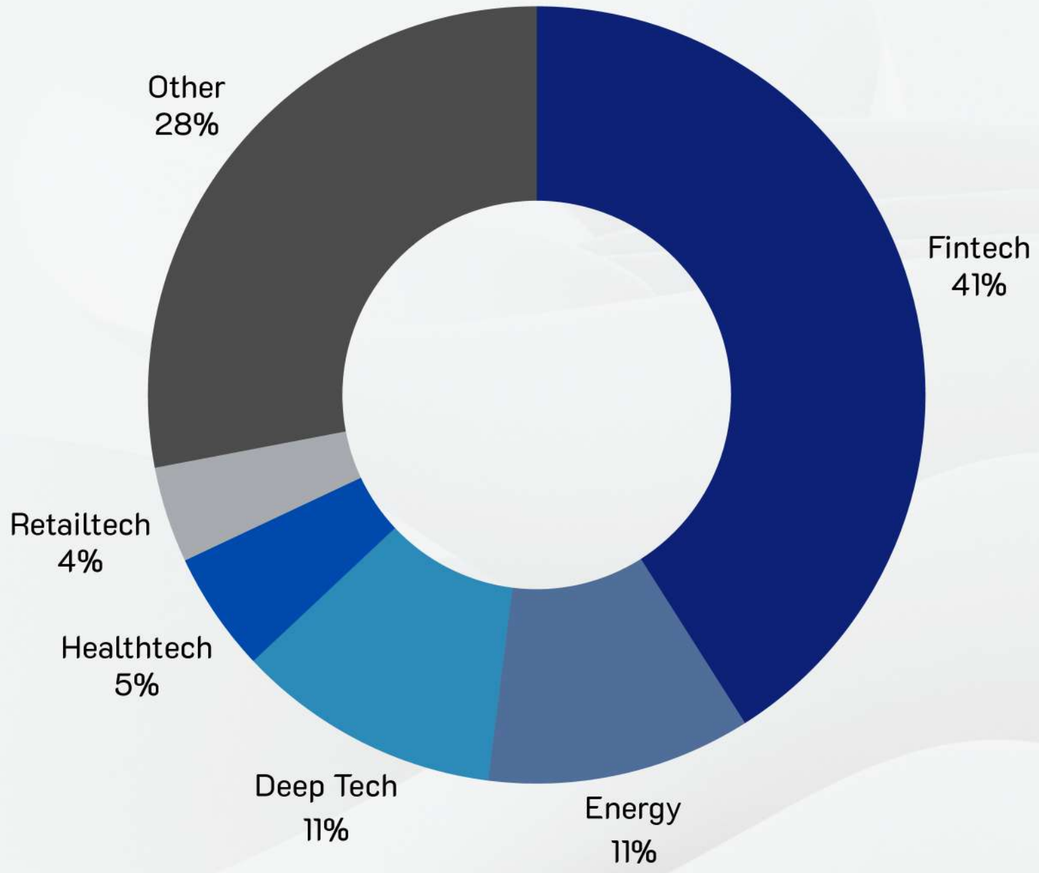
Leading markets by total funding volume raised in 2024 (in millions)



However, a closer examination of the data reveals that the deep tech segment is the most steadily growing area in LATAM. Overall, deep tech emerged as the third largest category within all tech industries, securing $536 million of funding, which represents 6% of the overall funding. This figure places deep tech just behind the energy sector, which accounted for 13%, and fintech, which dominated with 55% of the market funding.

Nonetheless, although it's a small percentage overall, the underlying figure is most significant, as deep tech is the sector that grew more year over year, accounting for a 219% overall.

Leading markets by equity funding volume raised in 2024 (in millions)



When looking at the total equity funding insights, the trend is similar: while deep tech lags significantly behind Fintech and Energy in terms of volume, amounting for 41% and 11% respectively, deep tech was the highest year-over-year grower in terms of equity funding volume in 2024, with a 189% increase.

These numbers underscore deep tech's significant, yet comparatively modest, presence in a highly competitive funding landscape. While the overall growth signals are promising, there are different funding gaps that remain the primary challenge for the deep tech ecosystem in LATAM identified by most stakeholders we interviewed—especially when it comes to securing capital for rounds beyond pre-seed.

Who Is Investing

By 2023, there were 65 VC funds with at least one deep tech investment in LAC, according to the IDB. The ecosystem can be divided into three broad segments:

Regional Funds Primarily Focused on Deep Tech (15 funds): These local investors devote more than 50% of their capital to deep tech, typically at Pre-Seed, Seed, and Series A stages. They often partner with global investors for later-stage financings.

Regional Funds That Occasionally Invest in Deep Tech: These funds focus mainly on digital startups but stay open to compelling deep tech opportunities.

International Funds Investing in LAC Deep Tech: Mostly headquartered in the United States, these firms are crucial for validation and global market access. A standout is SOSV/IndieBio, which has backed 30 regional startups, including high-profile successes like NotCo.

Regionally, two early-stage investors—GridX and The Ganesha Lab—stand out for their large volumes of deals, with 56 and 28 startups, respectively. Their active approach fosters pipelines for subsequent larger rounds. However, the lack of robust local participation in follow-on funding remains a bottleneck, highlighting the need for more seed capital and stronger LAC investor involvement in later stages.

LAC accelerators and VC funds focused on Deep Tech startups

Brazil (4)

Pitanga
Securitas Biosciences
Einstein
Vesper Ventures

Uruguay (2)

Khem
Lab+

Chile (3)

The Ganesha Lab
Zentynel
Austral

Argentina (6)

Aceleradora Litoral
Air Capital
CITES
Draper Cygnus
GridX
SF500

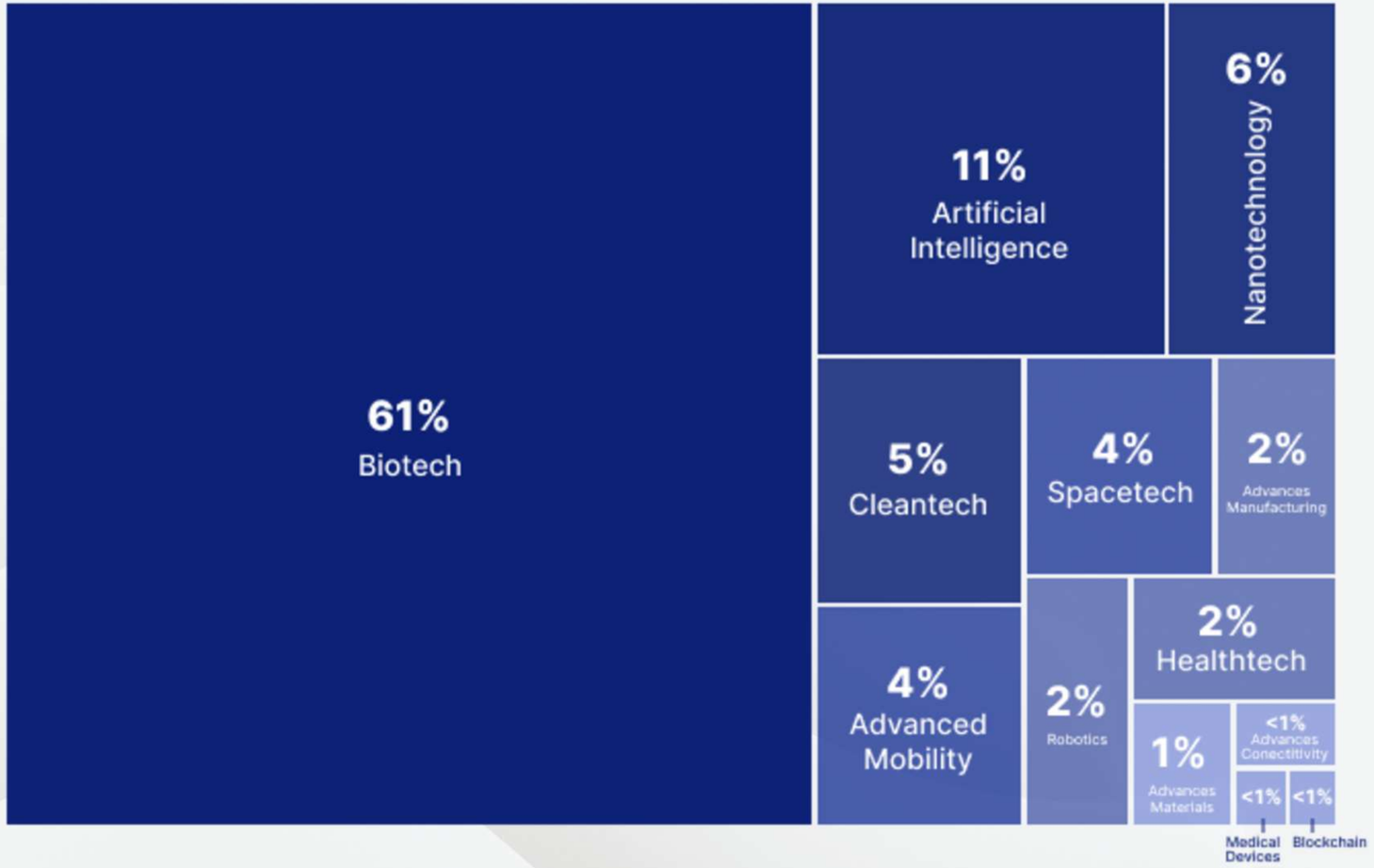
Source: Deep Tech: The New Wave report by the IBD

Main Areas of Investment

Biotechnology (61%) and Artificial Intelligence (11%) dominate LAC's deep tech sector; together they represent 72% of regional startups. This balance reflects the critical role these technologies play in tackling challenges like sustainable agriculture, food security, and healthcare.

According to the IDB, the prevalence of biotech aligns with the region's "abundant specialized talent in biological sciences, the international competitiveness of the agricultural sector, and the remarkable biodiversity that serves as a resource for researchers."

Percentage of LAC Deep Tech startups by technology sector



1. Costa Rica and Argentina illustrate this concentration, with 97% and 80% of their respective deep tech ecosystem value coming from biotech.
2. Establishment Labs, a Costa Rica–based biotech company, stands as the region's most valuable player (USD 1.8 billion).
3. SOSV/IndieBio reported a 72% gross average return on investment in LAC deep tech startups between 2015 and 2023, underscoring the potential of this burgeoning sector.

Beyond these two leading areas, the landscape includes: Nanotechnology (6%), Clean Tech (5%), Spacetech (4%), Advanced Mobility (4%), Robotics (2%), Advanced Manufacturing (2%), Health Tech (2%), Advanced Materials (1%), Medical Devices & Others (<1%).

While these sectors are carving out promising niches, the region's Deep Tech ecosystem remains starved for capital—receiving just a fraction of the investment per researcher seen in leading markets. Indeed, venture funding for R&D in LATAM is roughly 13 times lower than in China and 70 times lower than in the U.S., a shortfall that chokes off early-stage growth and risks leaving many of these emerging technologies underdeveloped[5].

5. Deep Tech: The New Wave Report https://publications.iadb.org/en/publications/english/viewer/Deep-Tech-The-New-Wave.pdf

Funding Gaps: Scalability beyond Seed Funding

Funding Gaps

Bridges to become international unicorns

While Deep Tech in LATAM boasts exciting pockets, the region remains dramatically undercapitalized. R&D funding is roughly 13× lower than in China and 70× lower than in the U.S., throttling growth and leaving many breakthroughs stranded on the launchpad[6].

This shortfall isn't an accident—it seems to be structural. In advanced economies like the US and the EU, companies fund over 60% of R&D (nearly 80% in China). In LATAM, businesses cover only about 35%, while governments provide roughly 60%.

To level up, we need a radical shift: dramatically boost private-sector R&D—especially for Series A and later stages—, while maintaining catalytic grants and matching-fund programs.

The hurdles run deep—among investors, from the "LATAM Discount" and skepticism toward regional R&D to uneven clinical phases and fragmented regulatory frameworks; and on the company side, issues like a local-only mindset, lack of standardized metrics, weak narratives, and no regional coalition to forge ties with global backers.

In the sections that follow, we'll unpack each of these funding gaps and chart practical steps to help LATAM's Deep Tech champions become tomorrow's global unicorns.

6. Deep Tech: The New Wave Report https://publications.iadb.org/en/publications/english/viewer/Deep-Tech-The-New-Wave.pdf

Funding Gaps

Scalability beyond Seed funding

Although overall VC funding for Deep Tech in LATAM has climbed significantly in the last 15 years, the vast majority remains confined to pre-seed and seed rounds—critical for getting ventures off the ground but woefully insufficient for true scale-up.

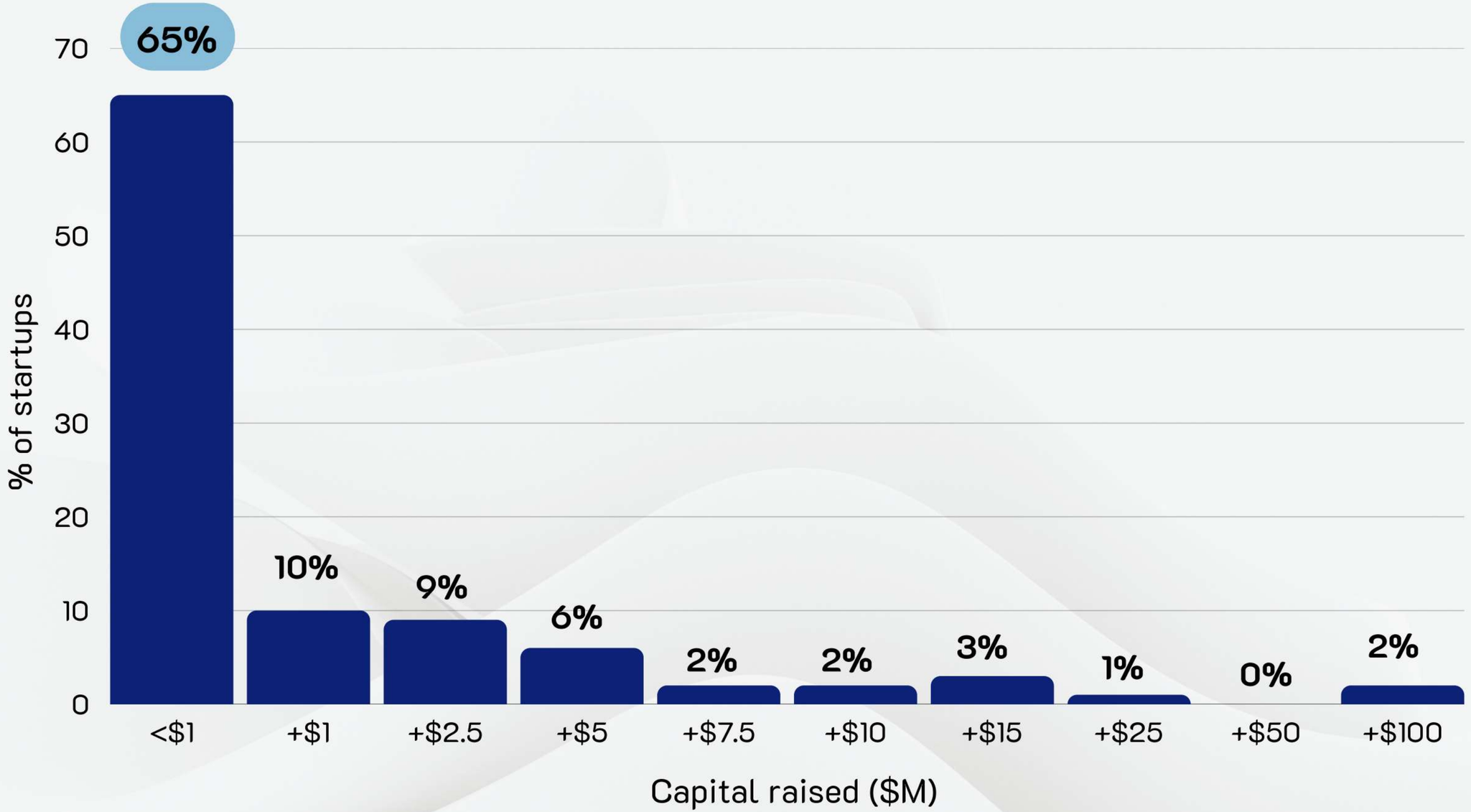
This is one of the biggest challenges our stakeholders repeatedly highlighted during our research: bridging that funding gap is essential if these startups are to achieve meaningful growth.

Up until 2022, 65% of Deep Tech startups in LATAM were still in their pre-seed and seed phases, having raised less than $1 million. In stark contrast, a scant 8% of these startups have progressed to secure Series B investments, those exceeding $10 million, roughly .

2023 & 2024 paints a dramatic picture for growth-stage financing. In 2023, Latin America's Deep Tech sector attracted $162 million in total investment, with a remarkable $130 million earmarked for Series B and C rounds, per Dealroom[7]. Yet in 2024, even as overall Deep Tech funding remained robust at $138 million, not a single Series B or later round closed.

7. Deal Room https://app.dealroom.co/sector/technology/Deep%20Tech/overview?hqType=regions&hqValue=Latin+America

Percentage of investor-backed startups by capital raised bracket



Source: “Deep Tech: The New Wave” report by IDB

Funding Gaps: LATAM Discount

Funding Gaps

From the LatAm Discount to the LatAm Premium

The "LATAM Discount" refers to the phenomenon where startups and companies in Latin America are often valued lower than their counterparts in other regions, such as the United States, Europe or other emerging markets, despite having similar or even superior metrics. This discount is attributed to perceived risks, including political instability, economic volatility, and regulatory challenges, which can deter international investors.

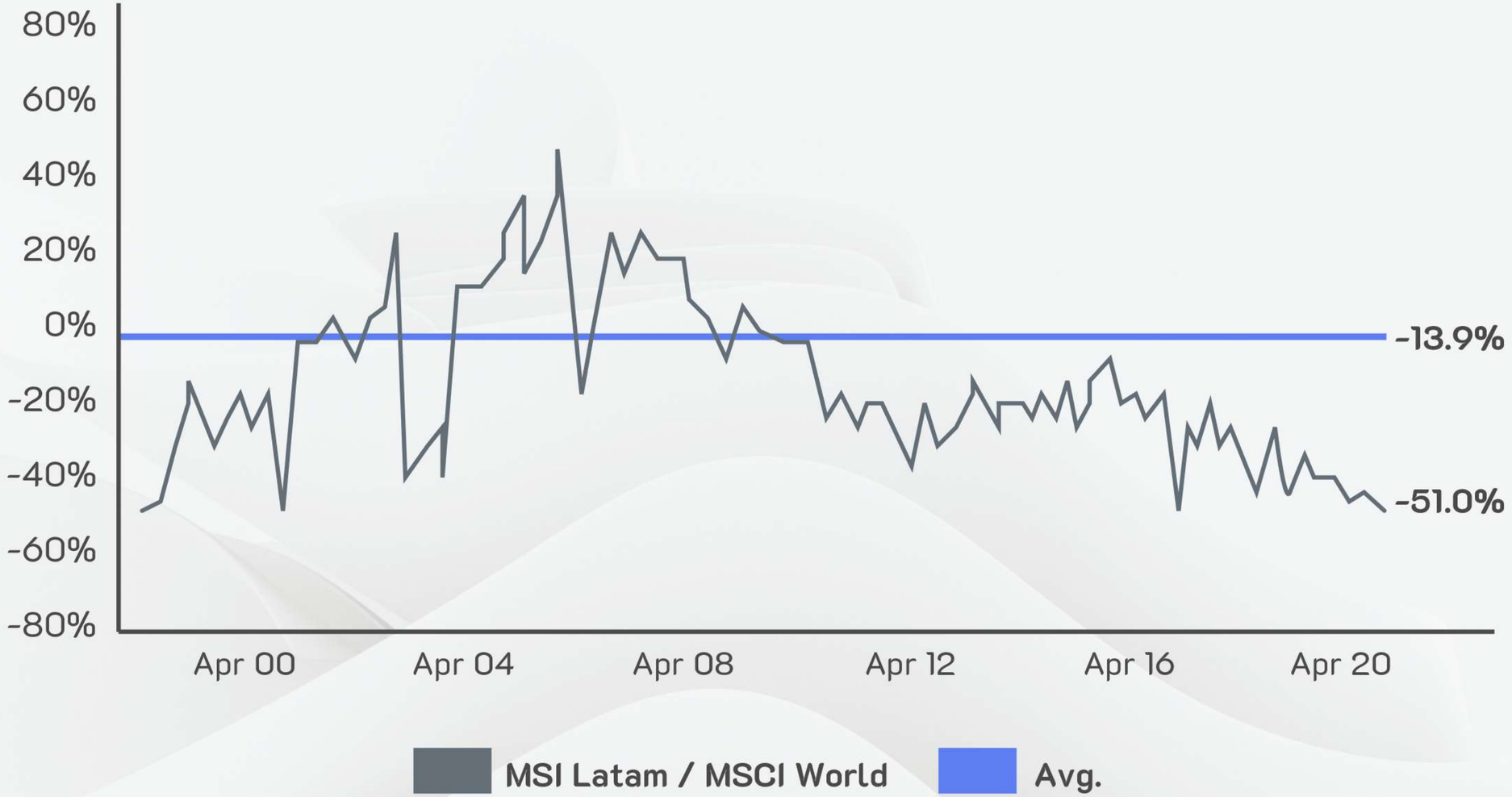
Even in traditional equities markets, Latin American equities have traded at a significant discount to global averages and Emerging Markets (EM) in the last years. **The MSCI Latam Index, which captures large and mid cap representation in Brazil, Chile, Colombia, Mexico, and Peru, suggests LATAM is trading at -51% Discount compared to the world, above the historical average of -13.9%.**

According to Itaú BBVA analysis, "this can be partially explained by the rising relevance of tech companies in global indexes, at a higher pace than EMs, while LATAM has virtually little exposure to this sector".

When comparing the region to the Emerging Markets, LATAM countries are trading at a higher discount as well, a -27.7% Discount as of 2024[8].

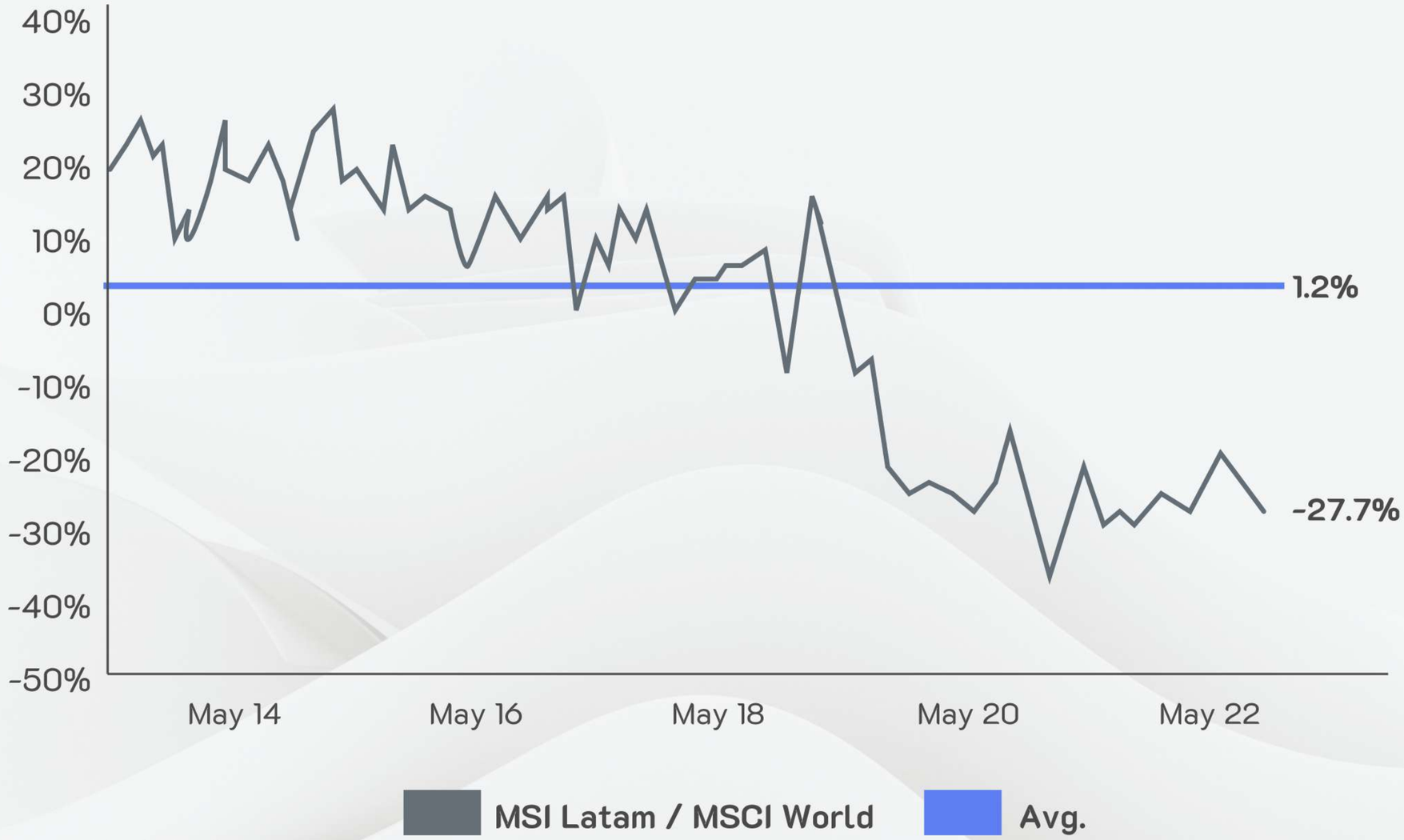
8. https://mindassets.cloud.itau.com.br/attachments/facd8655-6db0-4dfb-a25b-1e3d2fd76050/EQUITY_STRATEGY_THEMATIC_BOOK_20240513.pdf

Historical Price to Book Premium (Discount) / Latam vs World



Source: “Itaú BBA”

Historical Price to Earnings Premium (Discount) / Latam vs EM



Source: “Itaú BBA”

Funding Gaps

When looking at the factors that drive the risks and returns, the 2025 MSCI Index compares the factor exposures of LATAM and other EMs like China or India against a global benchmark (MSCI ACWI IMI)[9] The 6 main factors are Value, Low Size, Momentum, Quality, Yield and Low Volatility of investments. A positive value means the index is overexposed to that factor compared to the global average, while a negative value indicates underexposure.

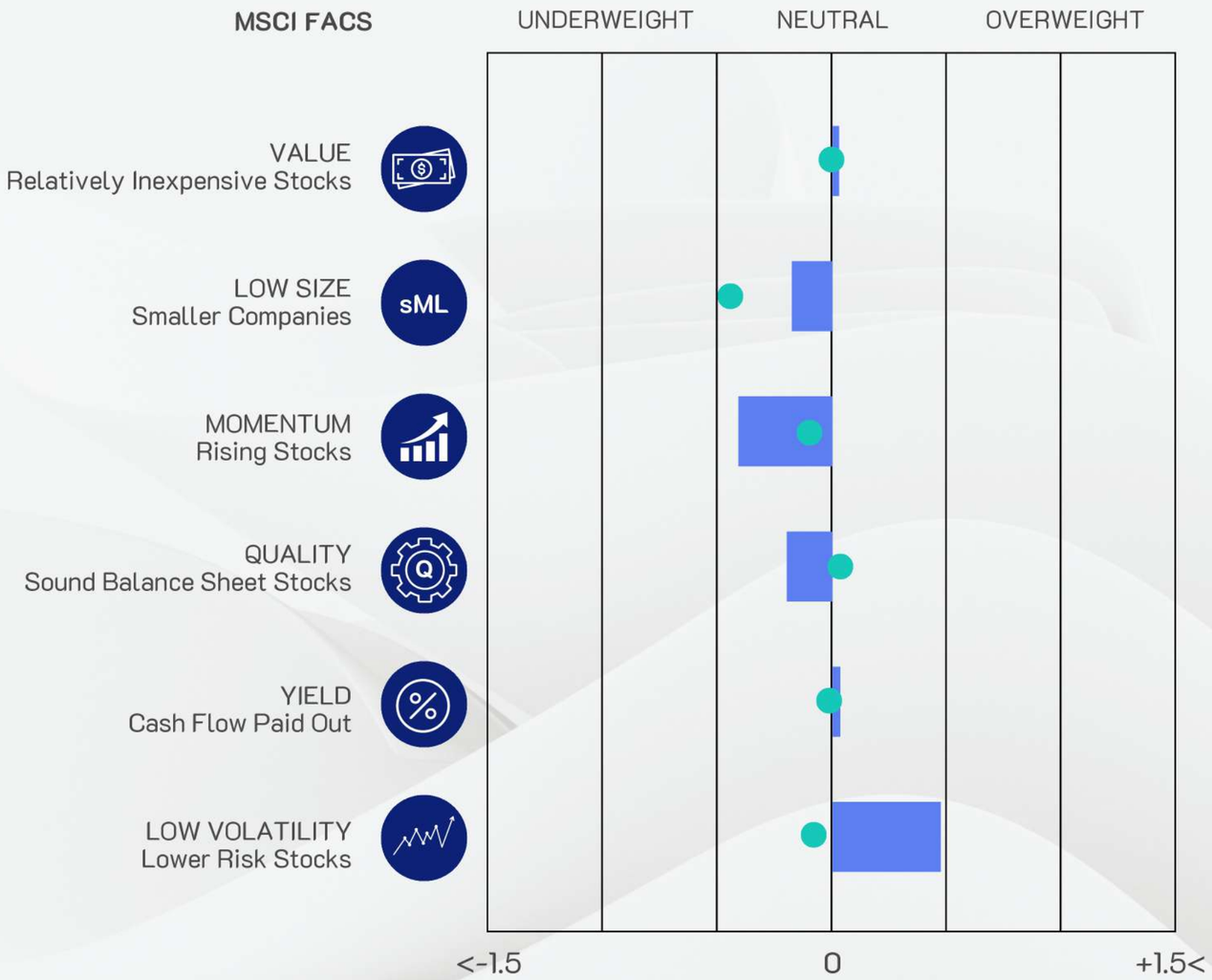
From the 6 main factors identified, LATAM is especially overexposed to Volatility, represented by commodity exposure, macroeconomic swings and political risks, amongst others. This is typically negative, and can deter global equities investors in the short and long term.

In parallel, LATAM lags behind other emerging markets and the global benchmark, which indicates fewer high-quality balance sheets or fewer stocks with strong price momentum compared to the global average.

Finally, it's also worth noting the exposure to the Low Size factors. A negative Low Size tilt suggests the index is more concentrated in large-cap stocks. Being negative means both LatAm and other EM indexes lean towards bigger companies compared to the global benchmark.

9. https://www.msci.com/documents/10199/5b537e9c-ab98-49e4-88b5-bf0aed926b9b

LATAM Discount Factors - Key Exposures That Drive Risk and Return
LATAM vs Emerging Markets



MSCI EM Latin America

MSCI Emerging Markets

MSCI FACS provides absolute factor exposures relative to a broad global index - MSCI ACWI IMI.

Neutral factor exposure (FaCS = 0) represents MSCI ACWI IMI.

Source: "MSCI Emerging Markets Latin America Index, February 2025"

Funding Gaps

In general, this phenomenon brings us to the pivotal question: **why bother investing in emerging markets (EMs)?** After all, investors might comfortably remain in the U.S., where returns are stable and fixed income rates currently exceed 5%. As one market observer put it, “the big issue seems to be whether emerging returns are enough to drag U.S. and Western funds away from an increasingly comfortable ‘home bias’—pampered as they now are by high domestic fixed-income yields and deterred by seismic geopolitical risks in a year marked by crucial elections and military tensions”[10].

Nevertheless, while this skepticism is understandable, this report and broader data indicates compelling reasons to invest precisely at this juncture. Factors such as intrinsic regional growth, the evolving geopolitical landscape, the increasingly critical role of technology, and LATAM’s competitive labor costs present a unique opportunity.

As succinctly articulated by Christian Hernández, manager at Zentynel, a VC fund active in LATAM, the question is shifting from “Why Latin America?” to “Why haven’t we invested more?”[11].

10. Emerging markets face ‘why bother?’ problem, Reuters: https://www.reuters.com/markets/emerging-markets-face-why-bother-problem-mike-dolan-2024-01-12/
11. Catalysts of Change, Christian Hernández: https://cristianhernandez.org/en/catalysts-of-change/

Funding Gaps

LATAM Discount in Deep Tech

During our roundtable with investors, the LATAM Discount emerged as the single most cited factor explaining the persistent funding gaps in the region's Deep Tech ecosystem. The core argument was consistently clear: despite the regional ecosystem demonstrating comparable conditions to global standards in terms of talent, innovation, and growth potential, valuations for LATAM Deep Tech ventures often remain significantly lower, a matter of considerable frustration as they believe their portfolios demonstrate sufficient strength for competition on a global scale.

Within the discussion, participants specifically explored the underlying reasons driving this valuation gap in the Deep Tech sector, identifying key issues such as skepticism toward LATAM's R&D capabilities, a disjointed regulatory landscape, and extended, uneven clinical trial phases across different countries.

Funding Gaps

Skepticism Towards LATAM's R&D

Among the chief pain points identified were skepticism toward LATAM's R&D capabilities and a fragmented regulatory landscape; meanwhile, the main recommendations to advance included promoting cross-border regulatory innovation, and building a stronger regional coalition with global reach.

Deep tech companies rely extensively on R&D at top-tier academic institutions. In fact, their defining characteristic is that they emerge after years of rigorous research and experimentation carried out by individual scientists or teams of PhDs, in many cases.

This process involves the development of robust intellectual property and a lengthy, strategic technology transfer from academia to the commercial sector, setting the foundation for groundbreaking, commercial innovation.

Funding Gaps: Skepticism Towards LATAM's Deep Tech

Deep Tech Ventures Face Technological and Other Challenges Throughout the Investment Life Cycle

	Grants	Seed	Series A	Series B	Series C and beyond	Growth
Funding stage	Conduct foundational research at the university level	Isolate an idea on the basis of scientific research	Plan to create an initial prototype	Develop prototype iterations to prove that the technology is viable	Have a proven technology	Look to scale and monetize product
State of product	NA	Idea	Pre-prototype	Initial prototype	Iterated prototype	Product that is ready to scale
Average investment	Primarily government or university grants	$1 million to $5 million	$5 million to $20 million	$20 million to $50 million	More than $50 million	More than $100 million
Challenges inherent to deep tech	Scientific risk: Proving the concept			Engineering risk: Making the idea work	Unit economics risk: Making the product affordable Commercialization risk	Scalability risk

Source: Boston Consulting Group: “An Investors Guide to Deep Tech”

Funding Gaps

This process is long, though. The entire journey—from research and prototyping, through development, validation, and finally commercialization—takes 25-40% longer to translate into returns for investors if compared to the time-horizon of a conventional software company, according to estimates by the Boston Consulting Group[12].

However, before even thinking about commercialization, the primary risk at these early stages is the robustness of the underlying science of deep tech ventures. It is at this very early stage that some regional investors raised a flag:

Many times, Latin American deep tech ventures often face **skepticism from international investors regarding the robustness and credibility of their early-stage scientific research, doubting whether the underlying science is sound enough to support scalable, global business models**.

While this issue is difficult to quantify, it is far from new. In 2024, Garret Dempsey—a global investor active in deep tech across both the U.S. and LATAM—highlighted the challenge: “U.S. investors, accustomed to evaluating founders and technologies emerging from prestigious institutions like Stanford, MIT, and Harvard, might doubt the credibility of innovations presented by founders from lesser-known universities in LatAm. This skepticism forces founders to undertake the additional challenge of proving the reliability of their technology and data.”

12. An investors guide to deep tech, Boston Consulting Group: https://web-assets.bcg.com/a8/e4/d3f2698b436aa0f23aed168cd2ef/bcg-an-investors-guide-to-deep-tech-nov-2023-1.pdf

Funding Gaps

Consequently, this skepticism often results in an extended deliberation process for international investors—sometimes even perceived as biased—at a crucial stage in the development of deep tech companies.

Recommendation: Create Regional International Scientific Advisory Boards

To enhance credibility and accelerate investment decisions, LADP recommends establishing Regional International Scientific Advisory Boards within each major deep-tech vertical. These boards will serve as impartial, high-caliber validation panels, combining global expertise—from senior scientists and technology-transfer officers at institutions such as MIT, Stanford, ETH Zurich and Cambridge—with the local insight of distinguished LATAM researchers who have proven commercialization track records.

Each board will conduct rigorous peer reviews of early-stage ventures at Technology Readiness Levels (TRL) 3–5, evaluating experimental design, reproducibility and intellectual-property robustness. Ventures that meet these benchmarks will receive a formal endorsement seal for use in investor materials, alongside tailored expert support—ranging from refining experimental protocols to crafting regulatory strategies for clinical or field trials.

Funding Gaps

Finally, the advisory boards could publish an annual “State of Science” briefing that highlights validated breakthroughs and de-risked technologies, distributing this report to key investor networks and governmental institutions.

By institutionalizing this transparent, standardized vetting mechanism, Latin America’s deep-tech ecosystem will empower founders to demonstrate scientific rigor and give international investors the confidence to shorten due-diligence cycles and deploy capital earlier into the region’s most promising ventures.

Funding Gaps: Extended, Uneven Clinical Trials

Extended, Uneven Clinical Trial Phases

Furthermore, LATAM does not have a centralized regulatory agency that oversees the trial phases and market readiness of, say, emerging biotech or AgTech innovations looking to come to market. Each country operates under its own set of rules and timelines, making the navigation process both challenging and essential for success.

As detailed by Cristian Hernández, Zentynel's General Partner, a drug approval in Chile can take between 6 to 8 months for its review by public agencies, in contrast to the 1.5 to 2 years that it may take the Brazilian, Mexican or Colombian equivalent public agencies. Below is an overview of the regulatory framework different countries have in the region specifically for Biotech[13]:

- Brazil (ANVISA): Historically, drug approvals have taken between 1.5 to 2 years after the final application submission, posing significant delays for companies eager to enter the market. Recognizing this bottleneck, recent regulatory reforms aim to accelerate approvals to a range of 120 to 365 days, particularly for innovative therapies. However, it's important to note that obtaining Brazilian Good Manufacturing Practices (GMP) certification remains a separate, often lengthy process, potentially adding months to the overall timeline.

13. Catalysts of Change, Cristian Hernández: https://cristianhernandez.org/en/catalysts-of-change/

Funding Gaps

- Mexico (COFEPRIS): Officially, approvals via equivalence for drugs already approved by agencies like the FDA or EMA should take between 5 to 60 days. In reality, companies often face backlogs extending approvals to 1–2 years, leading some to resort to legal action to expedite processes. While COFEPRIS has initiated steps toward regulatory modernization, companies should approach the Mexican market with a well-defined strategy, ensuring comprehensive documentation and considering local legal representation to navigate potential challenges.

- Colombia (INVIMA): Typically, approvals are granted within 12 to 18 months. Colombia's regulatory body is noted for its flexibility, often relying on foreign data, which benefits companies that have already pursued approvals in North America or Europe. Additionally, INVIMA offers incentives for small and medium-sized enterprises (SMEs), facilitating smoother market entry for emerging biotech firms.

- Chile (ISP): Chile boasts a relatively predictable regulatory environment, with review periods ranging from 6 to 8 months. While the country's market size is limited, many companies utilize Chile as a strategic entry point, securing approvals here before expanding to larger Latin American markets. The nation's stability and regulatory transparency make it an attractive initial market, especially for companies specializing in biologics, diagnostics, and precision medicine.

Funding Gaps

- Argentina (ANMAT): In 2017, ANMAT implemented regulations to expedite the evaluation process for clinical trials, reducing timelines from 160 business days to 70 days or fewer. However, despite these improvements, companies may still encounter delays, particularly if documentation is incomplete or does not meet specific requirements.

Recommendations

- For international investors, this augments the risk of investing, as it may not be strategic to back an early-stage startup that only complies with regulations of a single country, thus impeding their regional and global expansion.
- To bypass this hurdle, regional investors interviewed for this report stated that they have been encouraging the startups in their portfolio to work with a global-first approach from the beginning, like the US's Food and Drug Administration regulations, to immediately meet international standards for trial phases.
- By aligning their products and processes with FDA regulatory frameworks, companies can signal adherence to rigorous, internationally recognized standards. This could make deep tech ventures considerably more attractive to global investors by reducing perceived risks and facilitating smoother market entry.
- Furthermore, participants suggested devising a public-private initiative that coordinates with regulatory agencies across different countries to fast track their application processes.

Funding Gaps: Disjointed Regulatory Framewors

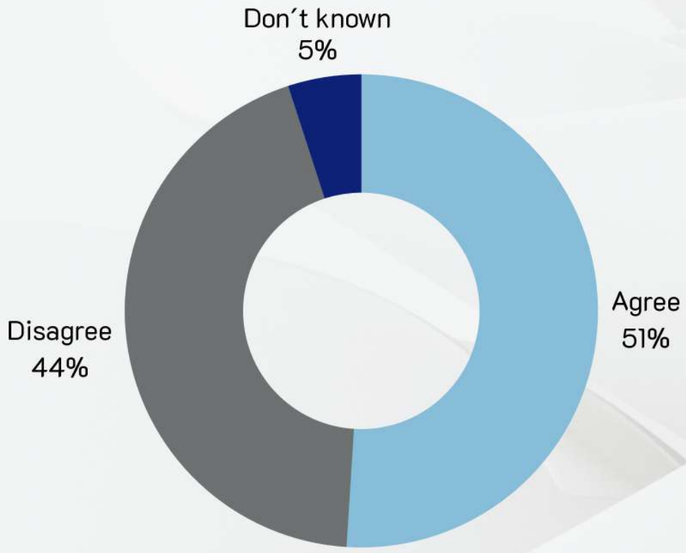
Funding Gaps

Disjointed Regulatory Frameworks

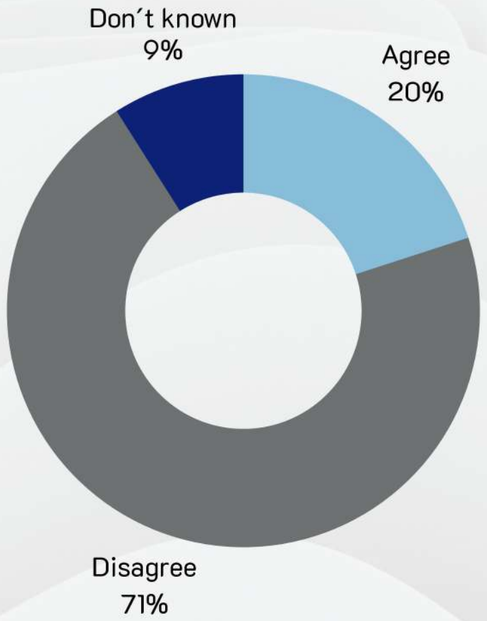
Although countries such as Chile, Colombia, Mexico, and Argentina have been advancing legislative initiatives and supporting technology transfer between universities and the industrial sector for at least 10 years, a 2020 ECLAC report found that while 51 percent of Latin American respondents recognize the existence of specific policies and programs to create deep-tech companies, 71% don't agree with the claim that there are incentives to meet the demands of technological innovations (ie., public purchases), and 60 percent feel there are no appropriate mechanisms to implement regulations tailored to these ventures.

Policies and Regulations for the Creation of Science & Technology Companies (STCs)

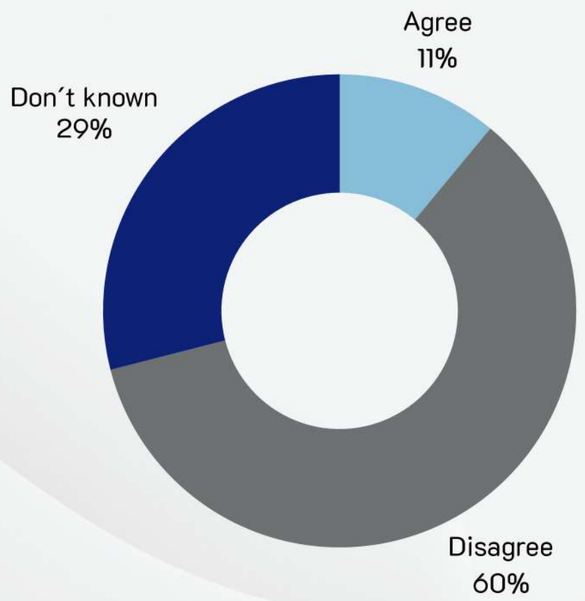
There are specific policies and programs to support the creation of STCs.



There are demand-side incentives for technological innovations (e.g., public procurement, challenge prizes).



There are demand-side incentives for technological innovations (e.g., public procurement, challenge prizes).



Source: ECLAC

This disconnect between policy intentions and on-the-ground realities was echoed repeatedly throughout our research. Investors and entrepreneurs alike flagged the absence of a coordinated regional framework as a major barrier, stressing that any comprehensive Deep Tech strategy must prioritize not only drafting forward-looking legislation, but also building the institutional capacity to enforce and adapt those rules in concert across multiple jurisdictions.

International precedent shows that fragmented markets **can** be stitched together under a single, startup-friendly legal umbrella. In December 2024 the grassroots coalition **EU-Inc** submitted more than 13,000 signatures urging the next European Commission to create a **“28 th Regime”:** an optional, pan-European company form that would let a startup incorporated in one member state operate everywhere else through one fully digital registry, a harmonised dashboard and standard investment documents such as the proposed **EU-FAST** (Europe’s answer to U.S. SAFEs)[14]. The idea has won backing from founders of Stripe, Wise and Bolt, heavyweight VCs like Index and Sequoia, and even Commission President Ursula von der Leyen, who pledged to table a legislative proposal by 2025.

France Digitale’s accompanying **non-paper** fleshes out the concept: a regulation (not a directive) would establish an **online-first, mobile-first, API-first corporate status** with minimal share-capital requirements, a single employee-stock-option regime, and due-diligence processes that can be completed 100 % online. By stripping away the “27 different hurdles” that currently slow cross-

14. EU-Inc calls on new Commission to turn the idea of a single pan-European startup entity into reality, 2024: https://www.eu-startups.com/2024/12/eu-inc-calls-on-new-commission-turn-the-idea-of-a-single-pan-european-startup-entity-into-reality/

border expansion, the 28 th Regime is intended to give European scale-ups a clear path to become global champions and a label that inspires investor confidence across jurisdictions[15].

Particularly for Deep Tech, this project proposes to adapt its subsidy rules to the realities of Deep Tech's growth cycles. Under current EU state-aid regulations, any firm whose equity falls below 50 % of capital is deemed an "undertaking in difficulty" and barred from receiving public subsidies. That threshold collides head-on with the business model of deep-tech start-ups, which routinely run multi-year deficits while pouring cash into R&D long before revenue materialises. The 28th Regime blueprint therefore calls for an explicit exemption from state-aid restrictions for companies registered under the new, pan-European status—recognising that university spin-outs, biotech ventures and other science-heavy scale-ups may need five, ten or even fifteen years to break even.

Adopting a comparable carve-out in Latin America would remove a critical brake on early public support for deep-tech ventures, align incentives with long-horizon innovation, and further reinforce the region's capacity to turn research excellence into globally competitive businesses.

Below, we highlight some of the innovative regulatory strategies that several governments in the region are implementing to accelerate the development and scaling of Deep Tech innovations in LATAM. Rather than an exhaustive list, it aims at painting a diverse perspective of initiatives across the region.

15. Non-paper: How can a 28th regime company status help young and innovative companies to scale in Europe?: https://media.francedigitale.org/app/uploads/prod/2024/10/22114209/France-Digitale-Non-Paper-28-Regime.pdf

Chile

- **Startup Ciencia:** In 2020, Chile's Ministry of Science, Technology, Knowledge, and Innovation launched Startup Ciencia, a program that supports science based startups across biotech, AI, renewable energy, and more, with direct financial support and mentorship. As of today, it has supported around 300 startups, and they are actively building a shared lab and co-work space for deep tech startups.

- **Directory of Deep Tech Startups:** In January 2022, the Ministry published a directory of 300 deep tech startups in Chile. Of them, 44% work in biology and 43% in digital. More than 50% of its sales are in R&D, employs personnel with postgraduate degrees (50%), maintains a formal R&D department (56%) and its own laboratory (40%), files patents (57%), and one out of three publishes scientific articles16. . In 2024, the Ministry complimented this with another report to characterize Deep Tech companies in Chile[17].

- **Ley de Transferencia Tecnológica (Technological Transfer Legislation):** In April 2024, the Chilean government introduced a new bill to enhance technology and knowledge transfer from universities and research institutions to the private sector. Its primary goal is to strengthen innovation, facilitate the commercialization of locally developed technologies through improvements of IP legislation, and encourage more effective collaboration between academia, scientific institutions, and businesses through the development of a network of hubs for deep tech startups in Chile, consisting of shared labs, incubators and accelerators[18].

16. Directorio EBCT, 2022 https://observa.minciencia.gob.cl/encuestas/directorio-ebct
17. Tercer Estudio de caracterización de Empresas de base científico-tecnológica en Chile, 2024: https://api.observa.minciencia.gob.cl/api/datosabiertos/download/?uuid=a2e11887-8a2f-4231-a601-f697c524dc8e&filename=Informe%20final%20EBCT3%202024.pdf
18. Corfo presenta nueva política pública para crear red nacional de hubs de emprendimientos de base científico tecnológica: https://www.corfo.cl/sites/cpp/sala_de_prensa/nacional/22_11_2024_startup_labs;jsessionid=OeVVF8fGZngrtAcSqvOb-zg2J4rax4o75elBla0_ya-Oy3hojknT!678775723!296284750

Colombia

- **Spin-off Law:** in 2017, the Colombian Congress approved a law aimed to allow researchers from public universities to create companies based on their scientific developments. It clarifies the legal ambiguity regarding the dual remuneration of academics who receive a public salary and additional benefits from the profits of these companies.

- Thanks to different programs of the Science Ministry , Colombia achieved a 100% increase in the number of patent applications between 2021 and 2022. Additionally, due to these programs, in 2022, the gap between patent applications from residents and non-residents was reduced. In fact, in 2022, Colombia positioned itself as the 3rd country in LATAM with the highest number of patent applications[19].

- **National AI Policy (CONPES 4144):** Approved in 2025, this policy outlines 106 actions to accelerate AI development and adoption in Colombia with an investment of COP 479 billion (USD 115.9 million) through 2030. It focuses on ethics, data infrastructure, research, talent development, risk mitigation, and AI integration in public and private sectors[20].

19. Informe Deep Tech Colombia, 2024: https://olartemoure.com/sciencepreneurs-informe-deeptech-colombia-2024/
20. Colombia National AI Policy: https://accesspartnership.com/colombia-national-ai-policy/

Argentina

- As of 2013, CONICET (National Scientific and Technical Research Council) had regulations that limited the possibilities for researchers to participate in company creation based on their research results. In 2019, CONICET established a new regulation that includes the possibility of obtaining a two-year license for researchers to participate in the creation of an ECT.

- **Entrepreneurship Law (2017):** Streamlined the process of creating startups while establishing a matching funds program—via the Fund of Funds (FONDCE)—that provided reimbursable, interest-bearing support to science-based accelerators and early-stage venture capital initiatives, a policy that has been pivotal in supporting funds and accelerators backing 79% of local Deep Tech startups (1995): FONTAR offered matching grants covering up to 50% of technological innovation project costs. While its overall impact was modest, it significantly benefited firms without prior innovation expenditures[21].

21. Prospects for Revitalizing Argentina: https://flippingbook.lehigh.edu/Prospects%20Argentina/85/

Recommendations

- To enhance the impact of productive development policies, governments should focus on reinforcing the broader innovation ecosystem and fostering both international and inter-regional collaboration. Rather than relying solely on subsidies to draw investment, a robust innovation environment creates additional attractors for investors, like matching funds, special economic zones, or tech hubs, as described in the following section.

- Public policies must therefore align and empower all relevant stakeholders—industry, academia, subnational authorities, and funding agencies—to avoid competitive subsidy wars that undermine collective gains. As highlighted by the Economic Commission for Latin America and the Caribbean (ECLAC)[22], this coordinated approach helps sidestep the “prisoner’s dilemma,” where individual jurisdictions sacrifice shared benefits for narrow, short-term advantages. Crucially, the success of such a strategy depends on elevating these efforts to the highest political level—ideally with direct presidential backing—instead of dispersing responsibility across a fragmented array of under-resourced entities.

22. Panorama of Productive Development Policies in Latin America and the Caribbean, ECLAC: https://repositorio.cepal.org/server/api/core/bitstreams/e01e15e6-0899-4e75-bd0e-29feb244ebee/content

Funding Gaps:
Deep Tech Literacy for Investors

Educate and Demystify Deep Tech in international and regional VCs

While identifying promising deal flow and securing funding are critical steps for deep tech startups, it is equally essential to educate investors on the viability and strategic significance of deep tech—an area traditionally absent from their investment considerations–and more so around LATAM's deep tech.

Participants of this research agreed on the importance of actively positioning deep tech as an attractive and robust alternative to more conventional investment avenues, emphasizing its unique opportunities and long-term value, as shown previously in this report.

Although this approach requires significant effort, patience, and a strategic vision, it holds great potential for guiding future LPs, family offices, and other investors toward more informed and confident decisions.

Our roundtable also underscored another missing link: this information gap also includes local, remote investors. As noted by one participant, regions like southern Argentina harbor considerable, long-accumulated wealth—often tied to oil, agriculture, and mining—yet many local capital stewards lack exposure to alternative asset classes such as startups and Deep Tech.

This investment-literacy gap presents a prime opportunity: by designing targeted education and engagement programs for high-net-worth individuals outside the usual financial hubs, we can cultivate a new class of angel investors and channel fresh capital into LATAM's most disruptive innovations.

Recommendations

- To close these critical funding gaps, governments, corporations, and regional VCs should institute dedicated Deep Tech investor-education initiatives—both formal and informal—that address capital requirements, R&D timelines, exit strategies, and sector-specific success metrics.

- Importantly, these programs must reach beyond major financial, international centers into non-traditional hubs across LATAM, where significant, yet untapped, pools of capital await.

- Though such outreach demands patience and persistent effort, it is essential: low awareness of Deep Tech often drives investors toward more familiar "regular" tech opportunities.

- Finally, convening working groups of investors, founders, and technical experts to establish a LATAM-tailored set of Deep Tech Key Performance Indicators will fill the data void left by US- and Europe-centric benchmarks—and enhance the overall transparency and comparability of investment opportunities.

Funding Gaps: Corporate Venture Capital

Corporate Venture Capital

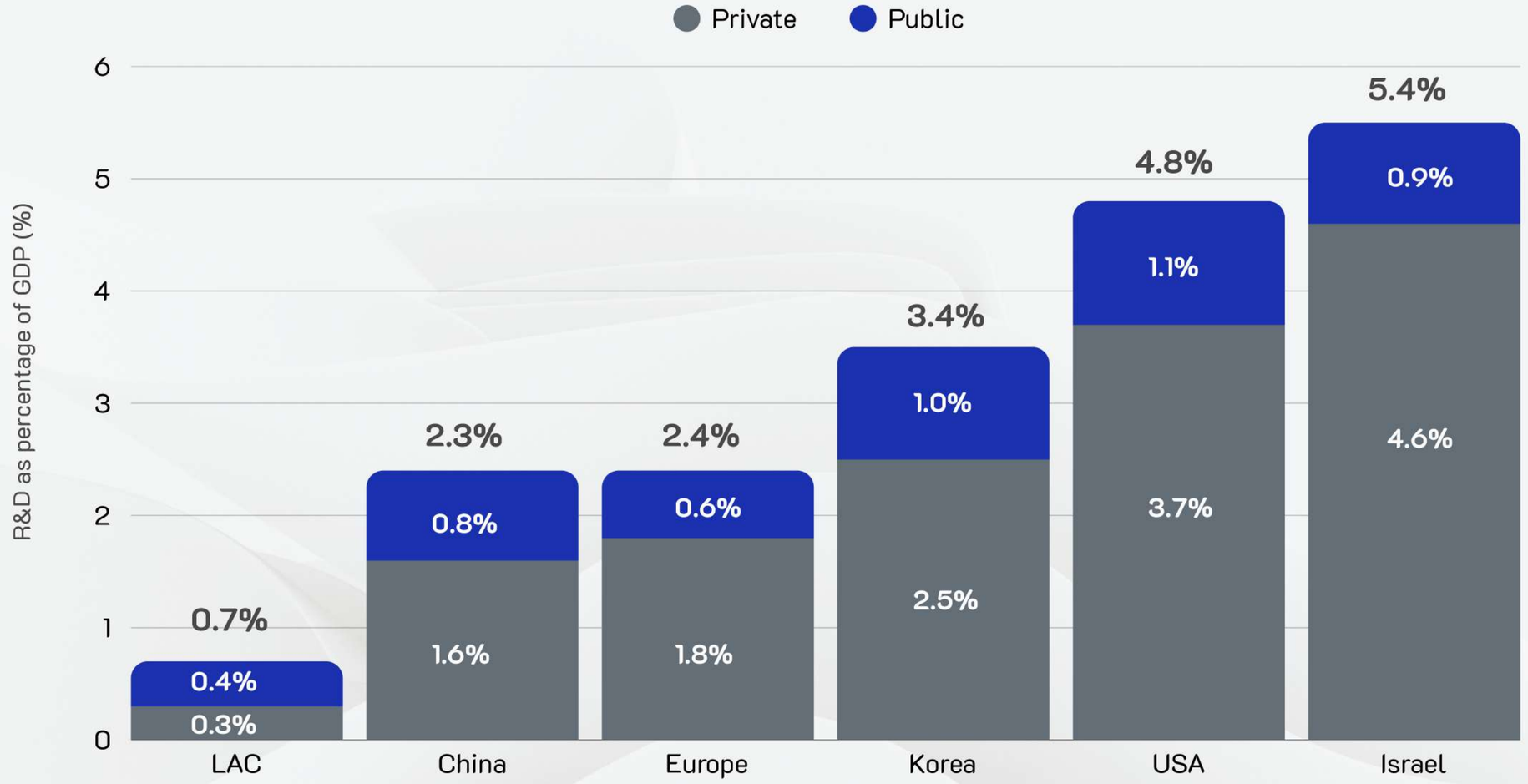
Corporate venture capital (CVC) has emerged as a linchpin for accelerating private-sector R&D, helping nations close the gap between fledgling ideas and market-ready technologies. CVC typically takes three main shapes:

- **Equity investments** via dedicated corporate funds
- **R&D partnerships**, where startups receive financing in exchange for co-developing new products
- **Licensing agreements** that provide non-dilutive revenue streams while preserving startups' core IP

CVC is no longer a "nice to have" for deep-tech ecosystems—it is one of the single biggest levers for converting scientific breakthroughs into globally competitive companies. International evidence shows that CVC units now bankroll a rapidly growing share of late-stage deep-tech rounds, provide the specialised scale-up infrastructure ordinary VCs lack, and serve as a powerful validation signal for foreign limited partners (LPs), specially from Series B onwards –one of the chief pain points in lATAM. By deploying corporate balance sheets alongside entrepreneurial agility, CVC unlocks resources and market access that purely financial investors often cannot match.

Yet in Latin America, the private-sector R&D funding in Latin America accounts for only **43 percent** of total R&D expenditure—barely half the **80 percent** contribution seen in leading innovation hubs like Israel.

Private vs Public Investment in R&D in LATAM



Source: Deep Tech: IDB

Global Benchmark

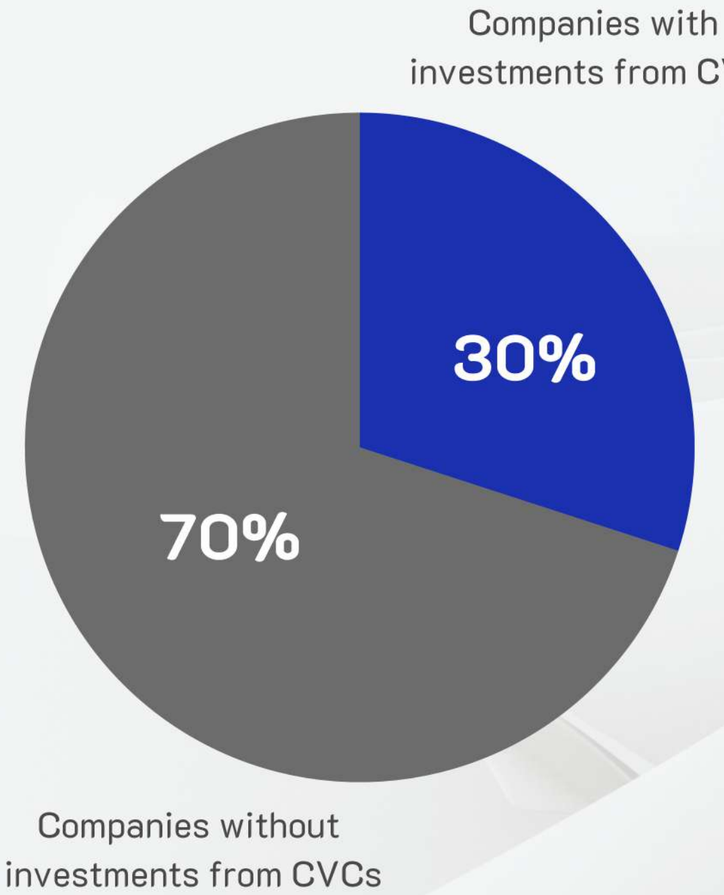
Globally, the trend is unmistakable. As noted in IDB The New Wave report, across the world, CVC has become a critical force within deep-tech ecosystems. High-net-worth individuals—among them Bill Gates—are channeling sizable capital into frontier startups, while SPAC listings have opened NASDAQ to new science-driven ventures. Major incumbents such as Pfizer, Ford, Tyson Foods, and GM are not only acquiring deep-tech startups but also spinning up their own venture arms to scout disruptive innovation[23].

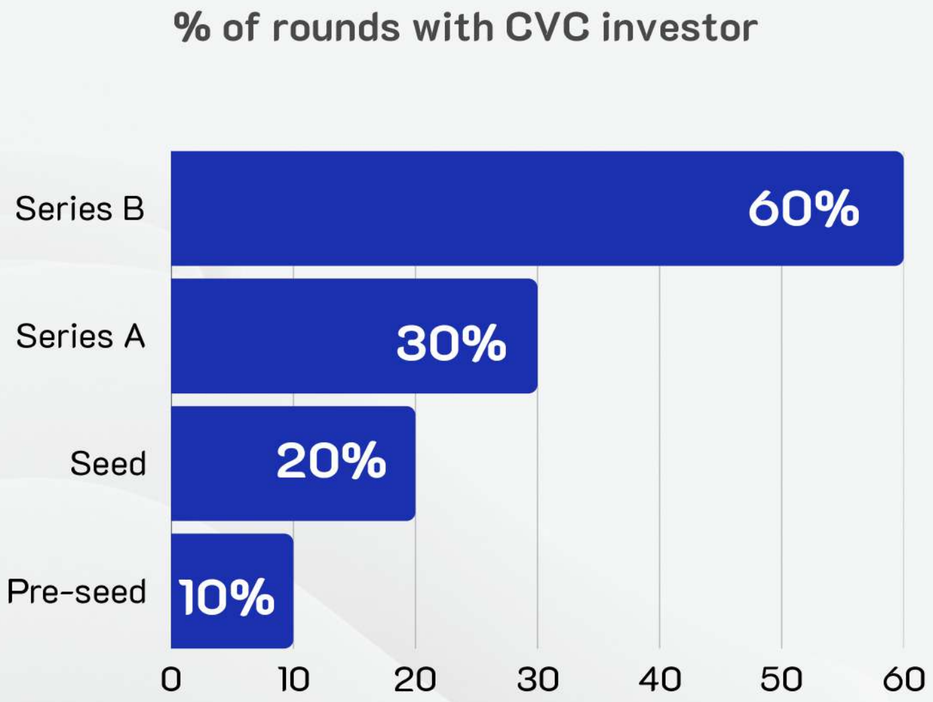
In the United States, a renewed wave of public-sector initiatives is catalyzing greater corporate venture involvement in strategic technologies. For instance, Lockheed Martin Ventures recently expanded its fund size and broadened its portfolio to include emerging hardware startups, signaling the defense giant's commitment to next-generation innovation[24].

Crossing the Atlantic, roughly 70 percent of local startups have secured investment from corporate venture arms in Sweden. That influence grows as companies mature—CVCs participate in about 30 percent of Series A rounds and 60 percent of Series B rounds—because the startups' platform technologies often dovetail with the strategic objectives of their corporate backers[25].

23. https://publications.iadb.org/en/deep-tech-new-wave
24. From Prototype to Purchase Order: The Readiness Staircase Guide for Deep Tech Founders: https://www.fedtech.io/resource/the-readiness-staircase-guide-for-deep-tech-founders?utm_source=chatgpt.com
25. Industrifonden Deep Tech Funding report 2024: https://industrifonden.com/wp-content/uploads/2025/01/Deep-tech-funding-landscape-in-Sweden.pdf

Corporate Venture Capital in Swedish Deep Tech Companies





Source: Industrifonden Deep Tech Funding report 2024

In East and Southeast Asia, CVC is especially robust across nine key markets—mainland China, Hong Kong, Indonesia, Japan, South Korea, Singapore, Thailand, Taiwan, and Vietnam—where 57 percent of corporations studied by the Business School of the University of Navarra have active venture programs. In fact, of the analyzed companies, not only has the adoption of corporate venturing increased by 2.8 times between 2017-2021, but their deeptech start-up collaborations went up by 4.2 times during the same period[26].

Moreover, in 71% of the cases, the weight of deep-tech start-ups in corporate venturing portfolios is expected to grow in the next five years[27].

This report delivers a valuable cross-regional benchmark for CVC adoption: approximately 90 % of U.S. corporations maintain active venture arms, 57 % of firms in East and Southeast Asia have launched CVC programs, and just 40 % of companies in Latin America engage in corporate venture.

Taken together, these benchmarks underscore an enormous upside for Latin America: the region sits on a wide, still-underexploited runway. Global incumbents are actively hunting for science-based breakthroughs, and public programs elsewhere are proving that corporate capital can be mobilized quickly when incentives and deal-flow infrastructure are in place.

26. Open Innovation How Corporate Giants Can Better Collaborate with Deep-Tech Start-ups. The Case of East and Southeast Asia: https://www.iese.edu/insight/wp-content/uploads/sites/3/2024/04/2021_Open-Innovation_Corporate-venturing-Asia_Siota-Prats.pdf
27. Open Innovation How Corporate Giants Can Better Collaborate with Deep-Tech Start-ups. The Case of East and Southeast Asia: https://www.iese.edu/insight/wp-content/uploads/sites/3/2024/04/2021_Open-Innovation_Corporate-venturing-Asia_Siota-Prats.pdf

Corporate Venturing In Deep Tech Is Growing at Speed

Past

x2.8

Growth of corporate venturing (past 5 years)

x4.2

Growth of CV in Deep Tech (past 5 years)

Now

Future

71%

Growth of companies expecting to increase CV in Deep Tech (next 5 years)

Source: IESE

LATAM's CVC Reality Check

Latin America is the outlier: corporate cheques remain the exception, not the norm. Yet momentum is slowly building. Deep-tech CVC funding slice is still marginal but 4× pre-Covid, and a new tier of accelerators and consultancies is professionalising corporate-startup matchmaking.

According to the LATAM Startup Market 2024 in Review report by Sling Hub & Itaú, the total amount of CVC funding reached $3 billion in 2024—double that of 2023. However, CVC funding for deep tech as a category was not even singularised as a sector as it was too marginal to consider for that report[28].

Dealroom does offer granular data on CVC funding for deep tech in LATAM, which shows notable volatility and an overall 4x growth over the 2020–2024 period.

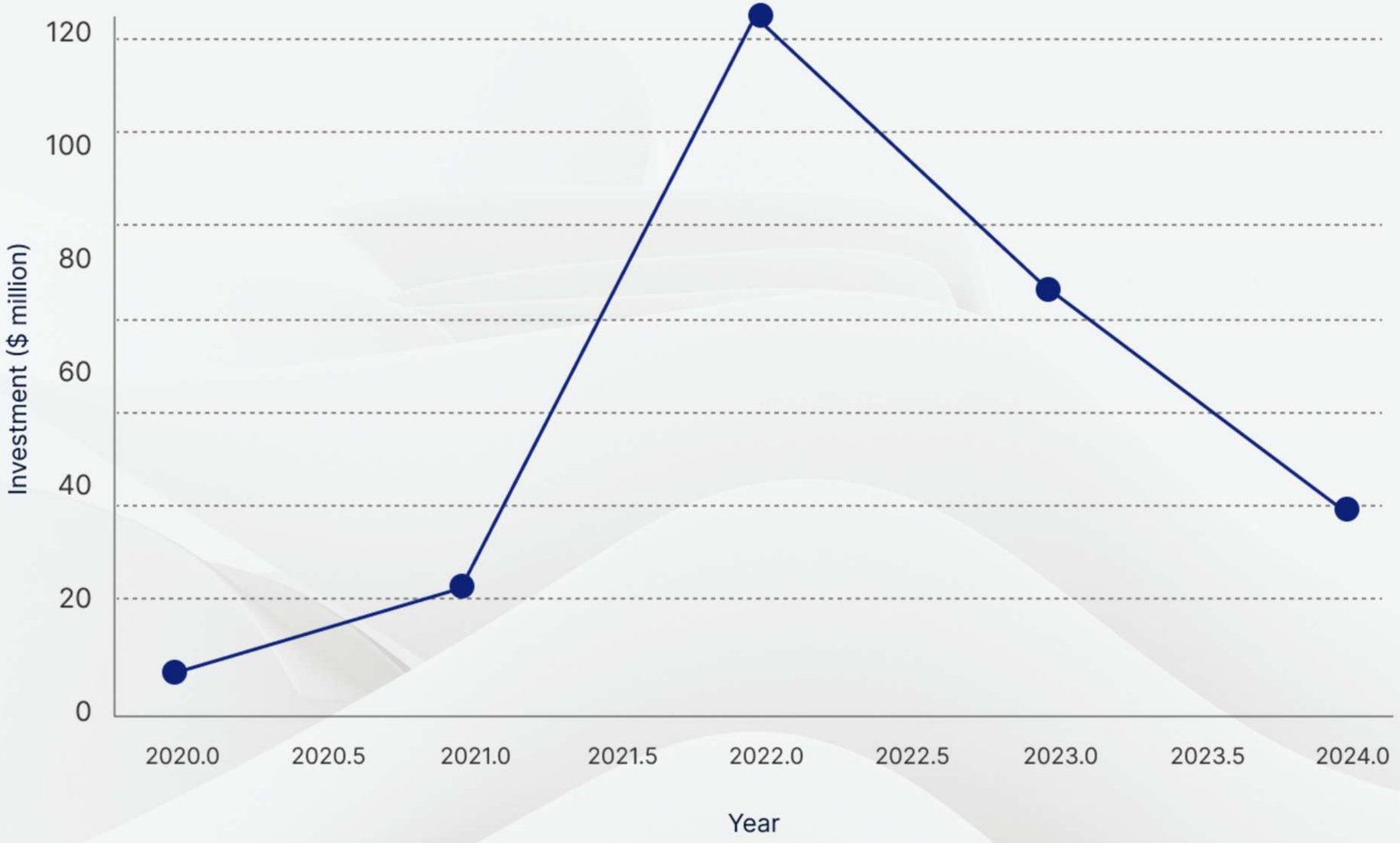
Initially modest in 2020, CVC investments totaled only $9 million[29]. The subsequent years witnessed remarkable growth, driven by increased corporate engagement and strategic positioning in innovative technologies. This surge reached its peak in 2022, with corporate investments climbing sharply to $119 million—a thirteen-fold increase from the 2020 baseline.

28. LATAM startup market 2024 in review: https://slinghub.io/reports/Q324
29. https://app.dealroom.co/sector/technology/Deep%20Tech/investors/?hqType=regions&hqValue=Latin+America&sourceOfFundsInvestorLocation=investor-location&sourceOfFundsInvestorType=investor-type

However, influenced significantly by the aftermath of the global pandemic, the investment landscape shifted drastically. By 2023, CVC funding saw a substantial decline to $73.9 million, representing a 38% decrease from the previous year. The downward trajectory continued into 2024, with another sharp reduction to $36.5 million—down by approximately half from the 2023 level.

Despite the sharp corrections post-2022, it's crucial to contextualize the overall growth trend: current CVC funding remains four times higher than pre-pandemic levels. This indicates sustained corporate interest in deep tech, suggesting a recalibration rather than a fundamental retreat from strategic investments in innovative ventures.

CVC Investetment Trend in LATAM's Deep Tech (2020-2024)



Source: Deal Room

CVC-Startup Matchmaking

For startups seeking international capital, forming strategic alliances with CVCs has become a non-negotiable requirement—without such partnerships, many interviewees stated that they would not even be considered for evaluation.

To capitalize on this interest, it's crucial for founders across the region to proactively tap into international CVC networks—showcasing their breakthroughs at leading conferences and roadshows—while aligning their IP strategies, regulatory plans, and development timelines with the priorities of potential corporate partners.

Throughout our research, we have identified that a number of accelerators, venture studios, and advisory firms is professionalising the CVC pipeline and turning corporate partnerships into an industry norm:

- The Ganesha Lab: LATAM based biotech accelerator that bridges the funding gap through intensive education, expert mentorship, and market access. Their model leverages patient, equity-based capital—typically with a 5+ year horizon—to empower science entrepreneurs to scale their innovations. Beyond traditional acceleration, Ganesha Lab organizes international events and targeted "small missions" that connect startups with global networks, including early access to CVC partnerships.

- Startuplab.01: public-private initiative based in Chile that catalyzes deep tech startups by providing cutting-edge laboratory infrastructure for entrepreneurs in biology and related fields. It offers hands-on technical and commercial guidance through an acceleration process that goes beyond traditional incubation. Crucially, Startuplab.01 facilitates corporate connections, ensuring that startups gain access to critical resources and partnerships from the outset.

- Wayra Hispam: Operated by Telefónica's innovation hub, Wayra Hispam co-invests in startups alongside TheVentureCity. It leverages Telefónica's corporate resources and networks to integrate startups into its ecosystem. Offers up to $250K per startup in co-investments and facilitates corporate partnerships for scaling businesses regionally and globally.

Simultaneously, some Latin American firms, including 414 Capital, Pragmatec, Bluebox, New Venture Groups and New Genesis, for instance, have incorporated corporate investment into their value propositions, offering viable alternatives for startup founders who face challenges scaling their services.

Even with these intermediaries, research participants point to an over-reliance on personal connections to secure investments. Although such relationships are undeniably valuable, they are often difficult to establish and insufficient to bridge the broader gap between deep tech startups and seasoned investors. Moreover, while personal ties are not considered best practice for obtaining funding, they frequently become the default mechanism in an environment where many investors lack a thorough understanding of R&D and innovation. Consequently, these personal connections often end up serving as the critical lever for unlocking larger funding rounds.

Recommendations

- Latin America needs a neutral **Deep-Tech CVC Bridge** to close the gap between its most promising science-based startups and the global corporate funds that can propel them beyond Series A. With fewer regional companies operating venture arms than in other innovation hubs, founders still rely heavily on personal introductions.

- A dedicated bridge—co-run by organisations like the LADP, leading accelerators and supported by a multilateral institution—would organise recurring virtual pitch days and cross-border roadshows, offer a standardised CVC-ready data-room template, and maintain an open database of corporate investors and their thematic priorities. By professionalising matchmaking and shortening diligence cycles, the bridge would turn sporadic encounters into a predictable pipeline of strategic capital.

Recommendations

- Governments should complement this market-building work with **policy incentives that activate domestic balance sheets**. Public–private co-investment vehicles can match corporate cheques in priority fields such as climate, health and industrial technology, while enhanced R&D tax deductions can reward companies that back startups through venture arms or joint development agreements.

- Fast-track regulatory and procurement pathways for corporates that establish regional pilot plants or biomanufacturing facilities with their portfolio firms would further align incentives, anchoring high-value activities inside the region and signalling long-term commitment.

- Leveraging Strategic Partnerships and Corporate Venture Capital Latin American biotech startups often underutilize one of the most powerful funding sources: corporate venture capital (CVC) and strategic partnerships with multinational pharmaceutical companies.

Funding Gaps: Public Investment

Public funding plays an essential role in the development of deep tech ecosystems, particularly during the early stages of research and development. Over the past decade, countries such as Chile, Brazil, Uruguay, Argentina, and Colombia have introduced a variety of public programs to foster technology-based entrepreneurship. These initiatives range from government programs aimed at increasing the number of patents to those offering millions of dollars in matching funds each year.

Such support mechanisms—public grant and incentive programs alongside angel investors—have proven vital in bridging the financing gap for deep-tech startups, allowing them to advance from early R&D phases to market entry without heavy equity dilution. In fact, public funding programs accounted for 70 % of all deep-tech financing in Brazil, as noted by EMERGE in 2024[30].

Governments have increasingly recognized that deep tech startups are not just about fostering innovation—they are also a vital component of national competitiveness. This realization goes beyond the technology itself; it encompasses addressing critical challenges that have long-term impacts on society.

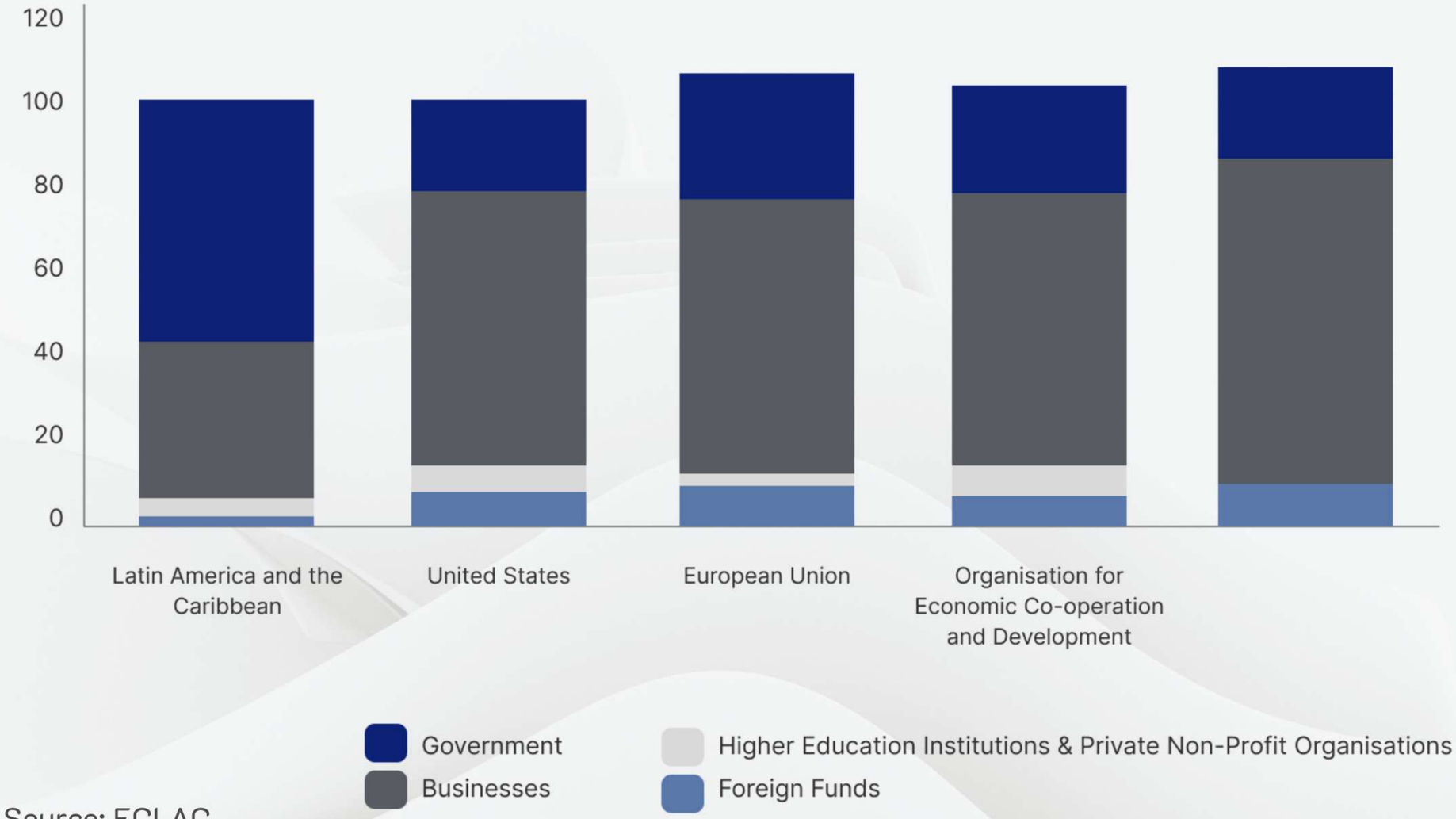
30. Relatorio Deep Techs Brasil 2024, EMERGE: https://emergebrasil.in/panorama-startups-deep-tech-brasileiras/

However, this heavy reliance on public programs—which, in Brazil's case, accounted for 70 % of deep-tech financing in 2024—signals an imbalance that could hinder long-term ecosystem maturity. In benchmark markets like the United States, the European Union and the OECD, businesses supply over 60 % of R&D funding (and in China nearly 80 %) while government shares hover around just 20–30 %. In LATAM, by contrast, the state underwrites roughly 60 % of R&D (see Graph I.3), far above its international peers. , whereas in Latin America private investors contribute only about 35 % and governments cover the remaining 60%[31].

Public financing for deep tech typically manifests in two main forms. First, **non-dilutive grants**, which help preserve equity for founders and early investors while enhancing capital efficiency, allowing startups to advance without the burden of significant dilution. This type of funding is especially important because deep tech projects often require prolonged periods of research before a viable product can be developed.

31. Ciencia, tecnología e innovación para un desarrollo productivo sostenible e inclusivo: lineamientos para el período 2024-2025, ECLAC: https://repositorio.cepal.org/server/api/core/bitstreams/39481486-daef-49d9-b5a0-3eec708a9ded/content

Research and Development Expenditure, by Funding Sector, 2019 (in %)



Source: ECLAC

In addition to grants, **matching funds** programs have emerged as another successful public financing model. Inspired by the Israeli model, governments in Argentina and Uruguay have implemented matching funds initiatives that co-invest with private venture capital and angel investors. These programs reduce the risk for private investors and also ensure that deep tech startups have access to the necessary capital to scale up. By matching private investment, these initiatives create a multiplier effect that accelerates innovation and supports the growth of deep tech ecosystems.

Yet, an intriguing question emerged: **is the challenge one of increasing the amount of funding, or is it about improving the quality and efficiency of the available resources?**

The public sector's core role should be to complement and de-risk private deep-tech investment through targeted innovation programs—such as matching-fund schemes, special economic zones, shared labs and applied R&D grants—while simultaneously advancing the regulatory and institutional framework via robust technology-transfer laws, empowered local economic-development corporations, STEM education initiatives and streamlined permitting processes. Although Latin America already hosts promising examples in Chile, Argentina, Brazil and beyond, these instruments remain too fragmented and limited in scale. Scaling them up and weaving them into a coherent, region-wide playbook will be essential to convert today's promising pilots into a truly mature deep-tech ecosystem.

High Level View of Deep Tech Playbook Within the Public Sector

	Play	LAC case	Global case
Public sector	Matching funds for:		
	- Accelerators	Chile & Argentina	Israel
	- Early stage venture capital	Chile & Argentina	Israel
	- Private sector R&D	Chile	Israel
	- Shared labs	Argentina	Boston & New York
	-Applied R&D academic programs	-	New York
	Technology districts and parks	BA Innovation Park	Beersheva & Barcelonal
	Free trade zones	Uruguay & Costa Rica	China & Ireland
	STEM education	Costa Rica	Korea
	Tax incentives for private sector R&D	-	Singapore & Korea
	Technology transfer laws	-	USA & Israel
	City/state level economic development corporations	Brazil	New York
	Ecosystem connectivity through events	Chile	Miami & Saudi Arabia
	Grants for international graduate programs	Brazil	China & Saudi Arabia
	Technology development challenges	-	USA (DARPA)
	Resource-backed technology sector strategies	Chile (Clean Energy)	USA (Biotech)

Source Deep Tech: The New Wave, IDB

The Case of Biotech in Brazil: Broad but Shallow Public Funding for Deep Tech

The biotech sector in Brazil is particularly noteworthy, standing out as one of the most mature deep tech ecosystems in the region. Remarkably, this sector represents almost 60% of biotech startups across Latin America. Various public funding programs, such as PIPE FAPESP and FINEP have been instrumental in this growth[32].

However, despite these significant investments, participants of this research pointed out that the grants provided through public programs still tend to be "low-ticket funding", as these amounts are insufficient to fully meet the substantial R&D and laboratory setup needs essential for scaling deep tech innovations in biotechnology.

The report's authors clearly recommend strengthening and continuing established public programs such as MCTI, Centelha (FINEP), Catalisa (SEBRAE), PIPE (FAPESP), and EMBRAPII to support deep tech innovation.

32. Brazil Biotech Report, Endeavour: https://endeavor.org.br/wp-content/uploads/2024/11/brazilbiotechreport_EN.pdf

Similarly, Brazilian investors interviewed for this report suggested that rather than increasing the number of public funding rounds, the focus should be on increasing the funding amounts per round. This approach would enable startups to secure the larger capital injections needed to fully support their R&D and scaling efforts, ultimately boosting the sector's growth and competitiveness.

Although replicating this analysis in other countries across the continent is challenging due to the overall lack of maturity in their deep tech ecosystems outside of Brazil, it can serve as a valuable roadmap for developing nations. Adopting strategies that not only strengthen existing public programs but also increase the funding amounts per round could be key to driving growth and enhancing technological competitiveness in regions still in their early developmental stages.

Institutions & Programs for R&D in Brazil

FAPESP (São Paulo Research Foundation): A leading state-level funding agency in Brazil, FAPESP plays a central role in supporting both fundamental research and innovation, particularly through academia-company collaborations.

- **PIPE Program (Programa Pesquisa Inovativa em Pequenas Empresas):** Inspired by the U.S. SBIR model, this program funds innovative R&D in small companies based in São Paulo. It offers phased support (feasibility, development, and scale-up) and explicitly supports technology-based entrepreneurship.

- **Cooperative Research for Innovation (Parcerias para Inovação):** This initiative fosters structured partnerships between universities and companies, supporting collaborative R&D and facilitating the transfer of academic research to industry. They have established programs on AI, advanced mobility and biotech, amongst others, with corporations like Shell, IBM and GlaxoSmithKline (GSK), to name a few.

- **International Research Centers:** In march 2025, FAPESP announced a 5 million dollars initiative to develop scientific research institutions in São Paulo, strengthening local and international networks and increasing the state's global competitiveness in deep tech. The first center, focused on biology, aims to advance the understanding of immune and inflammatory responses, particularly those associated with chronic pulmonary and neurological inflammation.

- **FINEP (Brazilian Innovation Agency):** Linked to the Ministry of Science, Technology, and Innovation (MCTI), FINEP is Brazil's main federal-level public financier of business R&D and innovation.

- **Fundo Nacional de Desenvolvimento Científico e Tecnológico (National Fund for Scientific and Technological Development):** Launched in 1969, and reestablished in 2016, it promotes legislation for deep tech and non-refundable grants.

- **Mais Inovação Program (More Innovation):** Launched in 2024, this is a flagship federal program offering non-reimbursable grants and credit for R&D-intensive companies in areas such as health, energy, ICTs, and sustainability.

- **Private R&D Center Attraction Incentives:** In partnership with Brazil Development's Bank (BNDES) FINEP is offering 500 million dollars in funding to incentivize multinational and national firms to set up R&D hubs in Brazil, reinforcing local innovation ecosystems.

Matching Funds in Argentina, Chile & Uruguay

Matching-fund schemes address the well-known market failure of private underinvestment in innovation by co-investing public capital alongside private sector resources. Under these programs, a government body provides reimbursable grants or low-interest loans to R&D projects, accelerators, or VC funds—typically covering 40–60% of eligible costs—on the condition that private partners supply the remainder. This structure aligns incentives, enforces rigorous project validation (since private capital is at stake), and creates a self-sustaining cycle: successful projects repay the public coffers, while failures equally burden both sides, minimizing bureaucracy and maximizing agility.

Israel's resurgence from the economic crisis in the mid-1980s owes much to three flagship matching funds. The 1985 R&D Law reimbursed up to 50% of corporate R&D, catalyzing over 1,000 projects annually and lifting private R&D spending to 4% of GDP. The 1991 Incubator Program leveraged US$600 million to underwrite 24 private incubators, fueling 1,700 startups with a 40% survival rate and US$3.5 billion in follow-on investment. Finally, the 1993 Yozma Program injected US$100 million into ten VC funds (40% public, 60% private), sparking a domestic venture industry that now manages over US$10 billion and has generated more than US$80 billion in value creation[33].

33. Deep Tech: The New Wave Report, IDB https://publications.iadb.org/en/publications/english/viewer/Deep-Tech-The-New-Wave.pdf

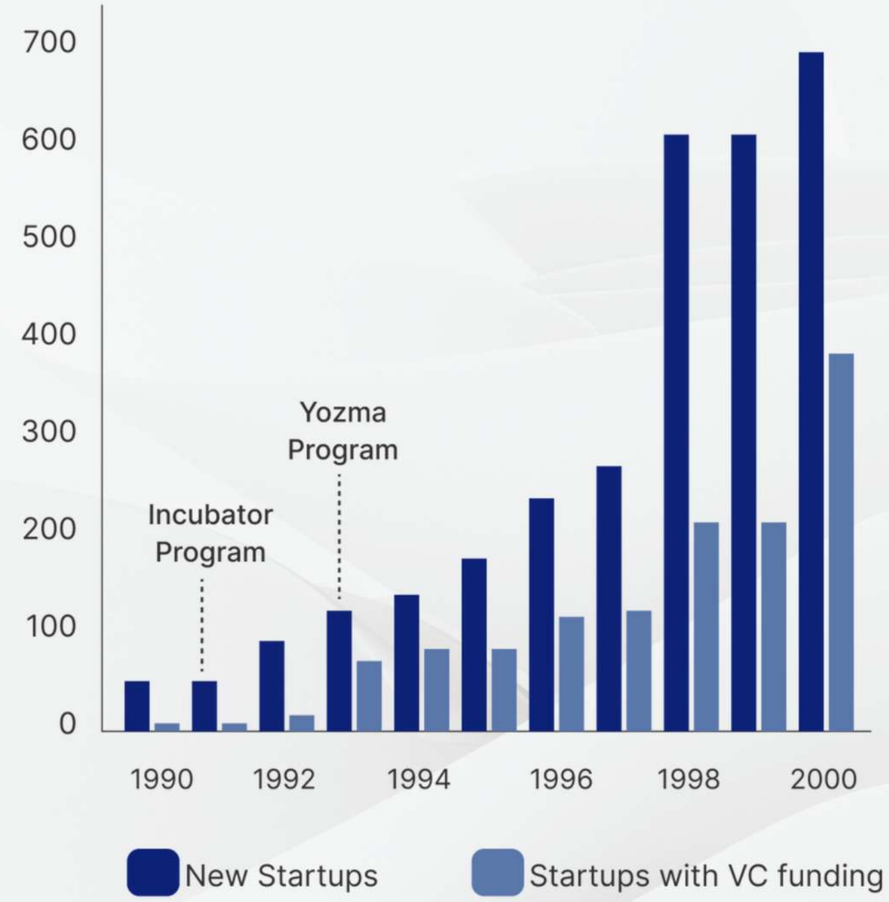
It's important to note that Israel's matching-fund playbook is an extension of its security doctrine: the state has long viewed scientific R&D as a strategic buffer against regional threats, integrating the Israel Defense Forces (IDF) with the civilian tech sector to maintain a qualitative edge. In fact, mandatory service in elite IDF tech units—especially 8200 and 81—funnels thousands of engineers who have already tackled real-world defense challenges into the civilian economy; Unit 8200 alumni alone have launched 1,000-plus start-ups, many in cybersecurity and other dual-use deep-tech fields[34].

This perpetual talent flywheel has created what analysts describe as a singular "military-technology complex"—one in which prototypes are stress-tested by the IDF and then spun out into global markets at speed. In that context, the state's flagship matching-fund schemes (R&D Law, Incubator Program, Yozma) function not only as market-failure correctors but as deliberate extensions of a security-driven industrial policy: public capital de-risks the earliest stages, private investors pile in once battlefield-validated, and the proceeds feed back into both defence and commercial innovation[35].

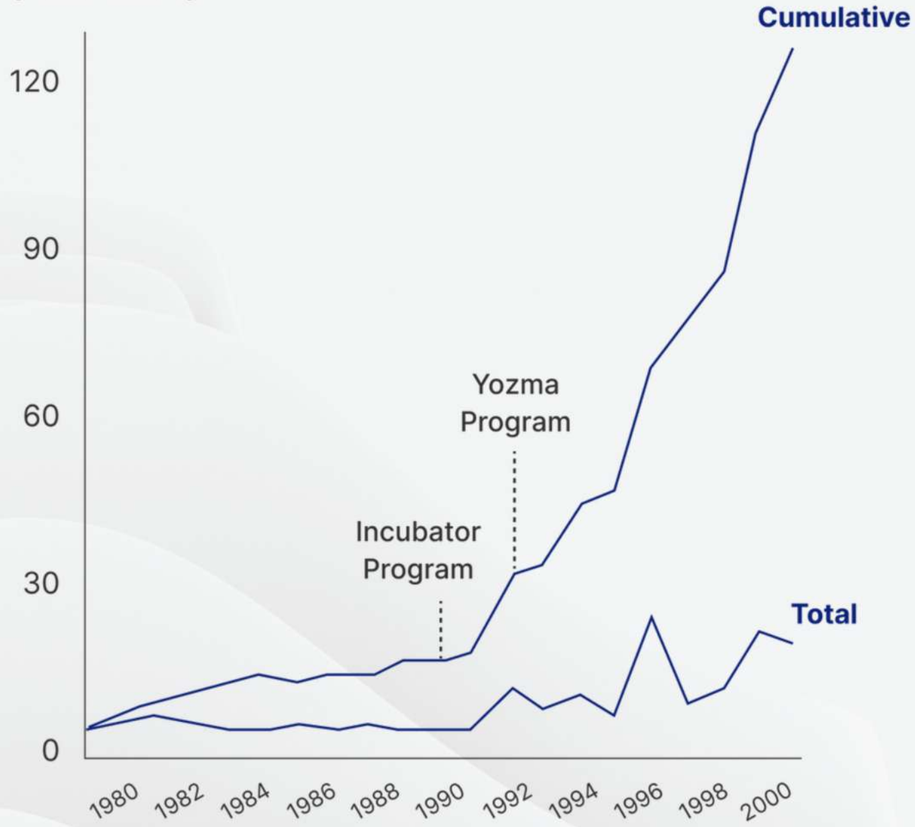
34. Is Israel the "Start-Up Nation" Because of Its Unique Security Situation?: https://besacenter.org/is-israel-the-start-up-nation-because-of-its-unique-security-situation/
35. Israel's Military-Technology Complex Is One of a Kind: https://foreignpolicy.com/2023/12/19/israels-military-technology-complex-is-one-of-a-kind/

Impact of Israel Matching Funds Programs on Startup Creation

Startups created in Israel each year (1990-2008)



Israeli startup IPOs in NASDAQ (1980-2000)



Source: Deep Tech: IDB

Inspired by Israel, Argentina's 2017 Entrepreneurs Law established FONDCE ("Fund of Funds") to underwrite both science-based accelerators and early-stage VCs with reimbursable, interest-bearing loans and partial operating grants. It also simplified company formation—allowing startups to incorporate in under 24 hours—and reduced red tape. Within two years, five deep-tech accelerators backed by FONDCE had invested in 79% of Argentina's investor-funded deep-tech ventures, demonstrating outsized startup creation relative to regional peers.

Chile's Economic Development Agency (CORFO) has deployed matching-fund programs since the early 1990s to correct private underinvestment in innovation[36]. Through its flagship FONTEC (now under the Innova umbrella), CORFO provides reimbursable grants covering 40–65 % of private R&D costs, backing thousands of business-innovation projects and fostering university–industry collaboration. Complementing this, the FONDEF fund co-finances pre-competitive joint R&D between academia and firms, further strengthening Chile's deep-tech research base. Alumni include ventures like **NotCo**—which leverages AI for plant-based food innovation, one of the biggest deep-tech —and **Autofact**, a data-driven automotive analytics platform, illustrating the program's reach and impact.

In 2022 Uruguay enacted Law 20.075—formally approved in 2023—to kick-start deep-tech ventures by prioritizing advanced digital platforms, biotechnology, and green-tech innovations. Building on this mandate, in May 2024 the government inaugurated the Uruguay Innovation Hub (UIH) as a

36. Early Stage Tech Fund, CORFO: https://wapp4.corfo.cl/fondoetapastempranas/index-en.html

public–private collaboration nexus, with laboratory space, pilot programs, mentorship tracks, and grant-based resources designed to help early-stage startups scale cutting-edge technologies. Concurrent with the UIH launch, the government allocated US $10 million for a 1:1 matching-funds program under UIH's management[37]. Under this scheme, vetted venture-capital firms and angel investors co-invest alongside UIH via convertible notes, with disbursements tied to clear technical and commercial milestones. Early participants—including biotech pioneer **Horizonte Biotech**, AI analytics startup **EcoSense Technologies**, and cleantech innovator **GreenWave Analytics**—have already leveraged these co-investments to accelerate R&D, validate prototypes, and expand into regional markets[38].

Shared R&D Infrastructure

From quantum rigs and petabyte-scale AI clusters to secure blockchain nodes and biotech wet-labs, Latin American innovators converge on one persistent bottleneck: the region's limited supply of specialised, capital-intensive R&D infrastructure.

37. Programa de matching funds: el nuevo intrumento del UIH: https://uih.uy/noticias/lanzamiento-matching-funds
38. Microsoft and Harvard Recognize Uruguay as an Innovation HUB: https://www.uruguayxxi.gub.uy/en/news/article/microsoft-and-harvard-recognize-uruguay-as-an-innovation-hub/

Governments have begun to chip away at the gap and the results are visible. Brazil now boasts **11 active biotech hubs**[39], Chile at least **three**, Uruguay at least **seven**[40], and Argentina at least **one**. Yet the region is still scratching the surface of what is needed; a concerted push to expand shared facilities and pilot plants could unlock far more research spin-outs and shorten the time from lab bench to market-ready product.

Recommendations

Build on the early successes of national programs by doubling down on open-access labs and pilot plants—expanding their capacity, replicating proven models in new countries, and coordinating investments region-wide—so that every deep-tech venture in Latin America can tap world-class facilities without prohibitive upfront costs. Below are some running examples:

- **Parque de Innovación de Buenos Aires (Argentina):** Urban innovation district under development that spans 12 city blocks and 340,000 m^2, uniting universities, research centers, co-working spaces, and startups in a vibrant ecosystem designed to boost research, entrepreneurship, and collaboration.

39. Brazil Biotech Report, Endeavour: https://endeavor.org.br/wp-content/uploads/2024/11/brazilbiotechreport_EN.pdf
40. Uruguay Innovation Hub: https://uih.uy/open-labs

- **Startuplab.01 (Chile):** CORFO and Fundación Chile launched Staruplab.01, a shared lab and cowork space for deep tech startups focused on climate tech, specifically. It is supported by the International Development Bank, and has partnered up with key players in the region, like GridX, for its programs[41].

- **Patagonia Biotech Hub (Chile):** In September 2024, another shared lab and cowork space was launched, specifically for biotech startups. It was backed by the Ministry of Science, in collaboration with local authorities and academia[42].

- **CBT SOFOFA HUB (Chile):** The Translational Biotechnology Center (CBT) is a Chilean initiative aimed at accelerating the adoption and scaling of biotechnology solutions across various industries, including biomedicine, mining, aquaculture, forestry, and agriculture. It offers networking opportunities, and academic and entrepreneurial training, in partnership with top academic, public and private institutions in Chile.

- **New Lab (Uruguay):** Newlab's first Latin-American hub—a partnership with Uruguay's innovation agency (ANII), Globant, UPM and other corporates—offers state-of-the-art prototyping labs, pilot testbeds and venture programs inside Montevideo's new Innovation Campus, serving climate-tech, advanced materials, bio- and digital-tech startups and connecting them with capital, industry partners and international markets[43].

41. StartupLab 01: https://fch.cl/iniciativa/startuplab01/
42. En Puerto Varas se inauguró "Patagonia Biotech Hub": el Primer Centro de Innovación Biotecnológica: https://www.eha.cl/noticia/local/en-puerto-varas-se-inauguro-patagonia-biotech-hub-el-primer-centro-de-innovacion-biotecnologica
43. https://www.newlab.com/locations/montevideo

Funding Gaps: Market Readiness for Deep Tech Companies

Market Readiness for Deep Tech Companies

Whatever the source of funding—whether public, venture capital, angel investors, or corporate venture capital—another challenge consistently identified in our research to bridge the funding gaps for deep tech in LATAM is the perceived **market readiness** of individual projects.
This issue runs deep and flows in both directions. On one hand, startups often lack the crucial market and business readiness needed to effectively secure investment. On the other hand, investors frequently lack a sufficient understanding of deep tech, resulting in a significant knowledge gap that deters them to commit the necessary capital.

This scenario sets up a classic chicken-and-egg paradox: does substantial groundwork from deep tech startups to attract funding come first, or **does adequate funding precede the ability to conduct meaningful deep tech development?**

Throughout our investigation, we've mapped out qualitative pain points that shed light on the complexities of market readiness from the startup perspective and investor readiness from the funding side. Strategies proposed to bridge these gaps range from shifting the narrative startups use during pitches—emphasizing broader impact rather than just technology—to comprehensive educational programs aimed at demystifying deep tech investments and dispelling persistent misconceptions.

Several projects in the region have successfully incorporated these strategies for years, generating valuable learnings and experiences. Yet, stakeholders unanimously highlight a critical missing element: the absence of a unified coalition capable of aligning and amplifying these individual efforts at a regional level. Establishing such a coalition is not just beneficial—it's essential.
It serves as the foundational pillar for attracting developing the regional ecosystem... and unlocking global-scale funding opportunities, a topic we'll explore further in the next chapter.

The Science-to-Startup Pipeline

One of the most critical challenges for deep tech startups lies in bridging the gap between scientific innovation and business execution. Many ventures are founded by brilliant scientists who, while exceptionally skilled in research and technology development, often face a steep learning curve when shifting into entrepreneurial leadership roles. Making the transition from academia to business is rarely quick—and even when successfully navigated, founders encounter broader structural barriers in the region.

In Latin America, for example, multinational companies tend to conduct little or no R&D locally, and large domestic firms often replicate innovation models from developed markets rather than investing in homegrown research. As a result, scientific founders are left to juggle multiple high-stakes roles at once: raising capital, taking their products to international markets, and continuing to push

technological frontiers. The weight of these demands makes it nearly impossible for one person to manage alone, highlighting the urgent need for deep tech startups to build multidisciplinary teams that integrate world-class science with strategic business leadership from the outset.
This disconnect is further rooted in the academic culture of many universities across the region, where entrepreneurship is still seen as a niche path rather than a viable or encouraged career option for scientific talent. Most researchers are trained to pursue academic excellence or institutional careers, not to build companies. As a result, the entrepreneurial potential of highly skilled scientists remains largely untapped.

Recognizing this gap, both public and private initiatives have begun stepping in to bridge it—launching specialized programs, fellowships, and accelerators aimed at equipping researchers with the business skills, mentorship, and networks needed to transform scientific breakthroughs into market-ready innovations.

GridX's MatchMaking Model

GridX is a pioneering venture capital firm and company builder that is reshaping the deep tech and biotech landscape in Latin America. With a bold thesis rooted in science-first innovation, GridX has raised **US$41.5 million** across two funds and built a portfolio of **81 companies**, **75% co-founded by women**[44]. These ventures span multiple countries in the region—including Argentina, Uruguay, Mexico, Colombia, Brazil, and Chile—and collectively employ **1,000 people**, including **700 scientists**.

44. https://www.linkedin.com/pulse/gridx-matchmaker-scientists-business-profiles-latin-america-nfqte/?trackingId=rt%2BbOIvsnxMZJVd%2FCUUbdQ%3D%3D

At the heart of GridX's model is its **matchmaking process**—a deliberate, rigorous approach to pair scientific founders with experienced business leaders. First, GridX identifies scientists not only with credible research, but with the drive to become entrepreneurs. In parallel, it recruits business professionals capable of executing in unfamiliar industries and supporting a long-term scientific vision. These pairs then undergo a **three-month trial phase**, testing compatibility and mutual understanding. If the match proves strong, GridX invests and helps build the company from the ground up.

This approach began as an experiment. After mapping hundreds of projects and co-founding six initial ventures, GridX raised a **US$1 million prototype fund in 2016**. With the early backing of influential investors like Hugo Sigman and others from Grupo Insud, Bago, and Gador, GridX formally launched its model. By 2018, the success of its early companies allowed the team to raise **a US$10 million Fund I**. Then in **2022**, with increased traction and the **Inter-American Development Bank's Lab (IDB Lab)** joining as a limited partner, GridX launched **Fund II**, securing an additional **US$30 million**. To date, GridX's companies have raised **over US$100 million** from international investors and achieved their first exit, validating the long-term potential of the model.

Vesper Venture: Cofounding with Scientists

Vesper Ventures is a Brazilian venture builder focused on transforming high-impact scientific research into globally scalable startups. Unlike traditional venture capital firms that invest in

existing companies, Vesper takes a hands-on approach by partnering with scientists at the earliest stages—often before a company even exists.

At the heart of Vesper's strategy is its **co-founding model**, which involves directly engaging with universities and academic institutions to identify promising scientific talent and breakthrough ideas. Then, Vesper proactively seeks out researchers with strong entrepreneurial drive and works alongside them to form founding teams, shape business models, and guide product development.

Their numbers are eloquent: after evaluating approximately **4,500 scientific projects**, Vesper chose to **co-found 8 companies**. Yet the impact of these ventures is significant—they collectively hold **16 patents**, have raised over **US$30 million**, and bring together a team of more than **50 PhDs**.

Shifting the Narrative

Once deep tech startups have successfully aligned scientific innovation with business structure and begin fundraising beyond initial grants, a critical next step is to **strategically reframe how they present their value proposition**. Participants in our research repeatedly emphasized the importance of moving beyond a purely technical narrative—often focused on scientific complexity or engineering novelty—toward a more impactful and globally relevant story.

This narrative shift involves positioning deep tech as a vehicle for addressing **some of the most pressing global challenges** of our time, including climate change, energy transition, and public health.

As Christian Hernández —general manager at Zentynel and author of the book Catalysts of Change[45]—argues, the savviest biotech investors don't merely analyse spreadsheets—they buy into stories. "Facts alone don't move hearts — or wallets. Investors, regulators, and partners must not only understand the science but also feel the urgency and potential impact of what a company is building." The stumbling block, Hernández notes, is that many lab-driven founders struggle to translate bench-top breakthroughs into a narrative that resonates beyond technical circles. The ventures that secure marquee partnerships and oversubscribed rounds are those that recast complex research as a clear, compelling answer to big-picture challenges in health, agriculture, or industry.

Furthermore, deep tech investment is not about philanthropy or mission-driven investment in the traditional sense. Participants were clear: **deep tech is capable of generating strong ROI**, and its long-term value lies precisely in its ability to solve large-scale problems while delivering returns. Many investors today are drawn to this hybrid appeal—they want more than just financial gain, but they are not willing to compromise on performance. Deep tech, when framed correctly, offers both. As the deep tech agenda gains visibility and legitimacy, startups will be able to **leverage their mission as a strategic asset**, differentiating themselves in a crowded fundraising landscape and attracting long-term partners who are aligned with their global ambitions.

45. https://cristianhernandez.org/en/catalysts-of-change/

Global Mindset and Operations First

For deep tech startups in Latin America, adopting a global mindset from day one is not just an advantage—it's a necessity. While the region holds immense scientific talent and raw potential, local markets are simply not large or stable enough to support the scale that breakthrough ventures require. Whether due to limited ambition or barriers such as language—particularly difficulties with English—many founders still build with a local frame of reference. However, as participants in our research emphasized, there needs to be a fundamental shift in perspective: startups must be designed with **global relevance from the outset**, positioning their technologies and business models to compete on the international stage.

Yet mindset alone is not sufficient. **Operational readiness must go hand in hand with global thinking**. This means aligning company structures with international standards to attract foreign capital and strategic partners.

Best practices include setting up **holding companies in jurisdictions like Delaware, United States**, which is widely favored by international investors for its robust legal framework, business-friendly regulations, and transparent corporate governance.

In parallel, stakeholders also suggest registering their intellectual property early with the United States Patent and Trademark Office (USPTO)—the federal agency responsible for granting U.S. patents and registering trademarks–as it provides strong legal protection in one of the world's largest markets but also enhances credibility with investors and partners. In fact, it's often recommended to patent in the U.S. before filing in home countries, as it establishes a stronger foundation for future international patent extensions.

Another recommended route is leveraging the Patent Cooperation Treaty (PCT) for broader, cost-effective IP protection. By submitting a single PCT application—recognized by 158 member states—founders can secure "time-buys" to nationalize their patent filings across multiple jurisdictions, preserving rights while postponing major translation and filing fees.Unfortunately, only 14 out of 33 LATAM countries are registered, Uruguay being the latest signatory[46].

Additionally, adopting **English as the primary language** for all internal and external documentation—from pitch decks to legal contracts—signals professionalism and global readiness. It ensures smoother communication with international stakeholders and removes a common barrier to funding and expansion.

46. Patent Cooperation Treaty (PCT) Progress in Latin America: Uruguay Becomes the Newest Contracting Member: https://www.mayerbrown.com/en/insights/publications/2024/07/patent-cooperation-treaty-pct-progress-in-latin-america-uruguay-becomes-the-newest-contracting-member

Finally, startups should seek **international peer evaluation** early on—experts, investors, and industry leaders who can assess whether a solution is truly novel, disruptive, and competitive on a global scale. This validation boosts credibility and ensures the innovation meets world-class standards.

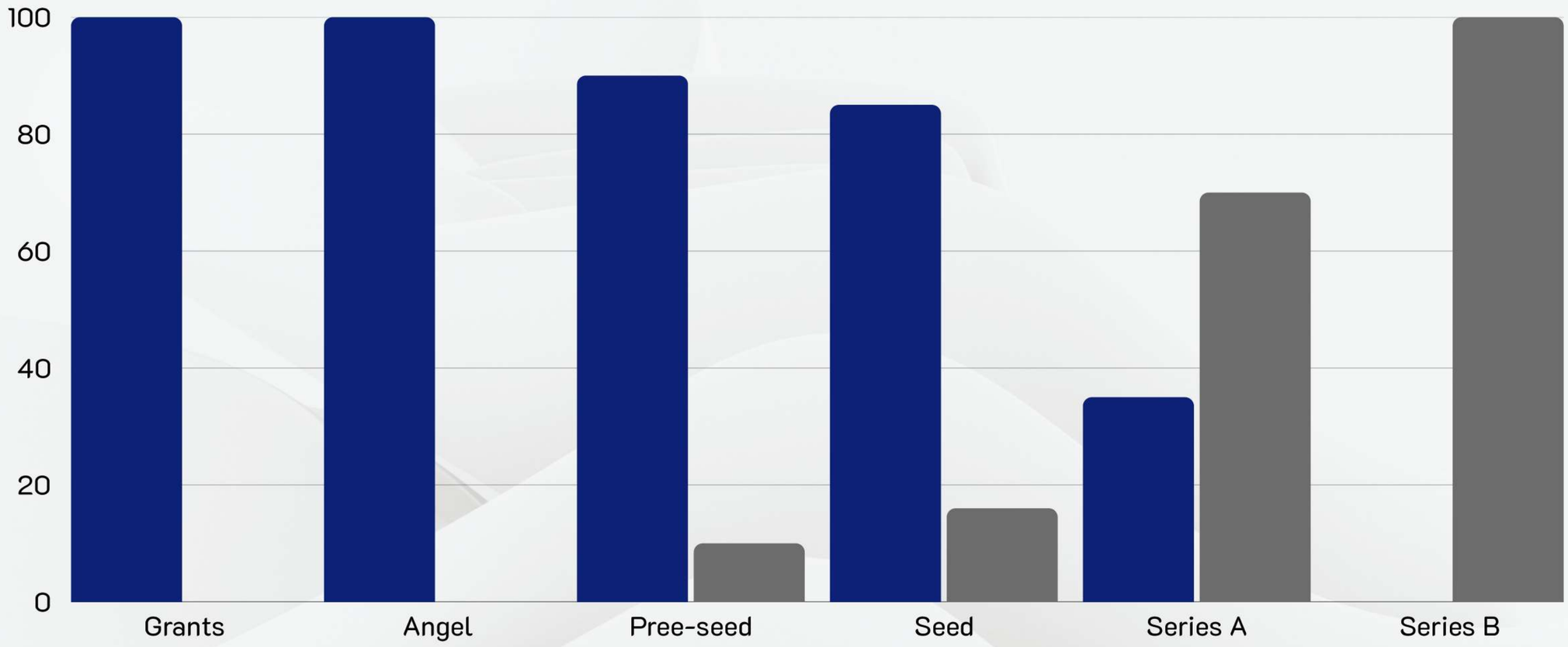
Together, these practices demonstrate that a startup is not only building cutting-edge technology but also structuring itself to **operate and thrive on a global stage**.

Specifically on Biotech, the biggest deep tech vertical in LATAM, The Endeavour report of Biotech 2024 in Brazil shows a similar trend: there is a steep decline when it comes to investment beyond seed phases in Brazil, which starkly contrast with internationalized biotechs[47].

47. Brazil Biotech Report, Endeavor: https://endeavor.org.br/wp-content/uploads/2024/11/brazilbiotechreport_EN.pdf

Internationalized biotechs raise more funds. The majority of Series A biotechs and 100% of Series B biotechs have a base outside of Brazil.

VC INVESTMENT BY COMPANY LOCATION



Source: Crunchbase, Slinghub, Endeavor

Showcase Metrics and Success Stories

In the process of fundraising and building investor confidence, clear, tailored metrics and compelling success stories are essential tools for deep tech startups. Unlike software or other “soft tech” ventures, where traction is often measured by user growth, churn rates, or recurring revenue, deep tech operates on fundamentally different timelines and value drivers.

One of the key hurdles startups face when engaging with investors is the **lack of standardized, relevant metrics** for evaluating deep tech performance. Applying the same indicators used in traditional tech sectors often leads to misunderstandings and undervaluation. Instead, metrics must be **contextualized according to each specific vertical**—for example, a biotech startup will need different benchmarks than a startup focused on quantum computing or advanced materials. Even within biotech, performance indicators should vary across sub-segments: a company working on alternative proteins in the food sector will follow a very different trajectory than one developing therapeutic molecules.

As discussed during LADP’s roundtable, many global investors remain unconvinced by Latin America’s deep-tech track record. As one participant emphasized, “one key element missing is a concrete track record that shows Latin American companies have global reach and impact.

Track records are super important for investors. While there are isolated examples, the overall image and history of successful exits in the region remain limited".

Echoing this sentiment, another participant noted from conversations with U.S. LPs, "they're not investing in Latin American companies because they don't see many exits in Latin America and they don't want to have a startup that has a strong focus on Latin America businesses, because they don't see exits, acquisitions, mergers or IPO's here".

This underscores the importance of **educating investors not just through theoretical frameworks, but with real-world examples**. Startups that have successfully navigated early-stage challenges—raising follow-on capital, entering regulated markets, or scaling scientific breakthroughs into commercial products—serve as powerful proof points. Showcasing these cases helps demystify the deep tech journey and builds much-needed credibility in a space where uncertainty is high and timelines are long.

Showcase & Visibility

Across Latin America, a multitude of initiatives—from podcasts and newsletters, to international demo days and national summits—work independently to spotlight the region's deep-tech talent Yet this mosaic of efforts is led by specific firms in specific countries, and often lacks the unifying architecture needed to unlock their collective power.

Hence the urgency to forge a **Latin American coalition** that can coordinate and synchronize these activities under a shared strategy, transforming scattered sparks of innovation into a cohesive force that presents the true scale and investment appeal of our frontier science to the world.
These are some of the events and initiatives that we have tracked so far:

- **Deep Tech Summit 2024 & 2025**: Brazil's largest science-based tech fair hosted by EMERGE[48]. First hosted in 2024, they are gathering 50 speakers, 100 exhibiting startups, 1 500 parcitings; explicit matchmaking between researchers, corporates and VCs, for their 2025 version in Innova SUP Complex in Sao Paulo.

48. https://emergebrasil.in/deep-tech-summit/

- **Impacto Deep Tech LATAM**[49]: Co-hosted by CITES, Draper Cygnus, GridX, Air Capital VC and The Ganesha Lab—and backed by IDB Lab—this inaugural retreat gathered investors on Uruguay's coast to debate "VC's return to hard science." Panels framed deep-tech's next thesis intersections (computing-energy-cryptography, new space, longevity) and showcased regional startups to LPs hunting climate- and health-driven bets.

- **Draper Cygnus Tech Week 2025, including a Deep Tech Summit day**[50]: First itinerant road-show to bring Tim & Adam Draper to the Southern Cone, fusing Silicon-Valley capital networks with local frontier-science founders in quantum, biotech, AI, spacetech and other deep tech verticals. Draper Cygnus has been signalled in different instances as one of the most prominent VCs in the region, with companies like Stamm

- **GridX US Biotech Roadshow 2025**[51]: Argentina's GridX took **21 Latin-American biotech spin-outs** on a three-city tour after a 3½-week investment-readiness program with Atento Capital. Demo-days in Tulsa, New York and San Francisco featured keynotes from SynBio leaders Michael Basch, John Cumbers and Po Bronson, giving founders direct exposure to U.S. life-science funds and corporates while signalling Tulsa's emergence as a landing-pad for LATAM science.

49. https://www.linkedin.com/posts/drapercygnus_deeptech-venturecapital-innovation-activity-7287455135776083968-9Zdh/
50. https://lu.ma/wjc8vmxr
51. https://www.gridexponential.com/roadshow-2025

LATAM's Deep Tech Success Stories

- **Alianza Deep Tech Colombia, Genera Summit**[52]: Created by MenteX, OlarteMoure and a roster of 15+ corporates, CVCs and universities, Alianza Deep Tech Colombia serves as an umbrella network that maps ecosystem actors and builds deal-flow pipelines; its north-star objective is to assemble a **US $100 million national deep-tech investment fund by 2027**. In August 2024 the alliance staged the inaugural **Genera Summit** inside Bogotá's Go Fest—the country's largest science-entrepreneur forum to date—bringing 60+ "sciencepreneurs" out of their labs to pitch investors and experts, and drawing backing from more than fifty regional funds and sponsors such as SingularityU and OlarteMoure. Riding that momentum, Alianza Deep Tech and MenteX have already announced **Genera Summit 2025** (26–30 August 2025, Ágora Convention Center, Bogotá)

- **BIGinBIO & Go Europe Connect, by The Ganesha Lab and CORFO**[53]: Now in its **10th cohort**, The Ganesha Lab's six-month scale-up academy invests **US $100 k** in each selected biotech startup, then mentors them for three years. Graduates pitch at BIOHUNT Miami; the CORFO-sponsored **Go Europe Connect 2025**[54] will move 22 bio-startups (12 Chilean) through soft-landing weeks in Spain and Germany to accelerate Horizon-Europe grant applications and EU investor traction.

52. https://mentex.co/summit/
53. https://files.theganeshalab.world/Brochure-BIGinBIO-Program-2025.pdf
54. https://www.linkedin.com/feed/update/urn:li:activity:7325968932203282432/

Recommendations

- As highlighted by separate participants in our research, the real challenge is leaping from isolated initiatives to a unified coalition that transcends national frontiers.

- One clear next step is to convene a single **flagship deep-tech forum**—not a routine conference but a marquee gathering designed to put Latin America squarely on the global investment map. Beyond product launches, the event would articulate what deep tech is and why the region's science matters: returning diaspora founders who marry world-class R&D with local insight; breakthroughs in biotech, climate tech, and spacetech that can scale seamlessly into developed markets; and a talent base priced for global competitiveness.

- A curated mix of exhibitions, keynote sessions, and investor road-shows would showcase these strengths, while an intentional invitation strategy ensures the room is filled with international LPs and strategic corporates, not just regional insiders. Crucially, this forum should be the cornerstone of a broader coalition agenda—spawning regular meet-ups, cross-border newsletters, and targeted investor-education tracks—to keep the momentum alive long after the lights go down.

Funding Gaps: Corporate Venture Capital

Cross-verticals, Regional Deep Tech Coalition

While there are initiatives focused on deep-tech or entrepreneurship in certain countries or industry verticals, none span the full spectrum of sectors nor operate at a truly regional scale. To unlock Latin America's vast potential in capital-intensive, long-horizon technologies—from biotech and advanced materials to AI and clean energy—we need a neutral, mission-driven platform that brings together and sustains engagement among government, academia, entrepreneurs, risk capital, and corporations across all verticals.

Core Design Principles

- **Multi-sector governance**- The coalition must seat all five sectors at the same table. Quarterly touch-points are needed because "full participation is rare" and alignment takes "a year and a half of constant meetings, reinforcing the vision." We recommend establishing a regular cadence of touch-points (e.g., quarterly plenaries, monthly working groups) to maintain alignment, reinforce the shared mission, and build trust over time.

- **Endeavor-style founder network**- There is already “enough critical mass among Series A and post-Series A founders” to sustain a mature peer community, yet previous efforts struggled to gain traction, as noted by key stakeholders. We recommend launching a structured peer network—featuring round-tables, masterclasses, and mentoring circles—that enables founders to share best practices, refer deal flow, and collaborate across borders.

- **Market-facing functions**- Individual ecosystems often “find it difficult to map LPs interested in tech in the Americas,” host international showcases, or maintain ongoing CVC relationships. We recommend creating a dynamic registry of LPs and corporate VCs, plus organizing investor road-shows and regional showcase events to bridge capital gaps and facilitate co-investment and R&D partnerships.

- **Flagship visibility platform**- A single, rotating summit was proposed to “put Latin America on the map,” explaining what deep tech is and why the region is compelling. We recommend hosting an annual, city-anchored summit with keynotes, exhibitions of cutting-edge startups, investor forums, and inward road-shows, to amplify the region’s narrative and attract sustained foreign capital.

- **Shared data & research**- Attendees asked for an open repository of statistics, deal databases, and IP information to reduce diligence friction and enable evidence-based storytelling. We recommend building and curating an open-access data platform—complete with regular whitepapers and case studies—to underpin policy advocacy and streamline investor decision-making.

- **Geopolitical lens**- To ensure Latin America gains autonomy rather than dependency in the emerging deep-tech order, the coalition should track strategic investment flows and coordinate regional positions on technology sovereignty. We recommend embedding a dedicated working group that monitors global regulatory shifts and develops unified policy recommendations for strengthening regional technological self-determination.

Together, these comments outline a coalition that is simultaneously a connector, data hub, and advocacy platform, tailored to the longer time-horizons and capital intensity of deep tech.

The New Battlefronts of Tech: Why LATAM is a Lab for the New World Order

Why Latin America is a Lab for the New World Order

World politics is tending towards a paradox. Geopolitics is restoring Cold War dynamics, with states seeking technological autonomy that guarantees superiority over adversaries. However, national governments have scarcer means and more dependencies, on each other and on new actors such as technological multinationals. The geography of innovation has significantly changed and "No country alone can make an iPhone today," as economist Eirc Beinhocker aptly puts it.

The return of spheres of influence is taking place in a world of hardwired networks, where old alliances have become less certain, with the United States taking distance from NATO. This combination is creating new battlefronts for critical technologies, where large and small countries play a new game of **appropriation versus autonomy**.

This trend is evident in regions like Latin America. Many Latin American countries hold an indispensable supply of resources for the development of deep tech, from raw materials to energy, and new markets. Yet, they have had, so far, wasteful institutions, disjointed ecosystems, and fragile economies to affirm themselves as strong players in global tech. Hence, they have lent themselves mostly to appropriation, giving away precious resources in exchange for basic infrastructure.

Now that there is less West and more Rest in geopolitics, how will resource-rich places like Latam re-align to the emerging world dis-order?

The Politics of Appropriation in a Networked World

In 1945, Vannevar Bush published Science: The Endless Frontier. His prescient pamphlet advocated that the United States had to invest in what today we would call deep tech, to engineer advantages in knowledge into economic and military competitiveness. The world had been divided into two spheres of influence: the American West and the Soviet East. While the US could trust the Soviet Union as long as they had common enemies, peace required assurances against a possible, formidable adversary. Therefore, industrial autonomy was needed to sustain and defend one's sphere of influence. Bush wrote:

"A nation which depends upon others for its **new basic scientific knowledge** will be slow in its **industrial progress** and weak in its **competitive position** in world trade, regardless of its mechanical skill."

Eighty years after the publication of Science: The Endless Frontier, Vannevar Bush's predictions have become the doctrines of states, from the US to China. Today, geopolitical preparedness is technological preparedness, and vice versa. We are back to the '60s: competition between states

plays out at the technological frontier. The new Space Race is broader and more complex than the Sputnik era, ranging from Artificial Intelligence to Quantum Technologies to Biotechnologies. Now like then, breakthroughs in innovation are breakthroughs in preparedness and preemption. Every investment in inventions is a dual-use investment in a world where alliances are more fragile and conflicts are more frequent. Later on, in 1970, Bush produced another timeless work, Pieces of Action, where he stated:

“In order for great progress to be made on methods and weapons of war, there has to be **a system of close joint effort of military and civilian men, especially engineers**. The civilians must have independence and the opportunity to explore the bizarre; it is not enough that they be the engineers or contractors to the armed forces. Above all, there must be mutual respect and reliance. This must be present whenever we have to fight again.”

Today, the United States, China, the European Union and others are trying to repatriate these capabilities, where possible, or appropriate them. This approach is evident in the latest changes in American policy, where the Trump Administration is using tariffs as a tool to coerce adversaries and allies alike into buying or becoming Made in the USA. It’s a tit-for-tat – or eye for eye – that includes everything from the Ukraine mineral deal in exchange for protection, to the bullying of Canada into becoming American, to tariff and immigration wars with Latin American nations, to forcing the purchase of US dollars to sustain the country’s unsustainable deficit.

The Biden administration had already started, imposing export controls on technologies deemed critical for national security and offering chunky carrots to build American in America through the Inflation Reduction Act. In 2022, Taiwan Semiconductor Manufacturing Company (TSMC), for instance, received $6.6 billion in direct funding and $5 billion in low-cost loans through the CHIPS Act to build a foundry in Arizona, away from Chinese influence. As a result of the US Government's tariff touting, TSMC announced *they* would invest an additional $100 billion to expand its advanced semiconductor manufacturing operations in Arizona.

As for China, they understood early that geography is destiny, again. In fact, part of China's National Development and Reform Commission 2024 directives include a strategic positioning of their deep tech industries in the global landscape, "as a result of a "shift on the international balance of power that is transforming the traditional division of global labour– the rise of the East and a relative decline of the West."

China has been building a network of Silk Roads worldwide, where silk is the natural resources and minerals that are quintessential to building new tech. As Ángel Melguizo and Margaret Myers put it, "as geopolitical conditions limit China's tech investment and trade prospects in developed country markets, many of China's ICT and high-end manufacturing companies have sought to engage more extensively with Latin America and the Caribbean and other parts of the Global South." If the iPhone cannot come to China, then China goes to the iPhones – as the old saying goes.

Now, China is venturing to LATAM regarding Deep Tech. Why?

China’s Deep Tech Plans

China has woven deep technology into the fabric of its long-term development model, positioning it as a pillar of an innovation-driven, self-reliant economy for a while. While the release of DeepSeek — the Chinese foundation model that stunned the global AI community with its multimodal accuracy and parameter-efficiency — looked like an overnight sensation, it was anything but.

Deep Tech –aka “New Infrastructure, as it’s referred to in China– sits at the heart of China’s strategy for sustainable, innovation-led growth, a priority woven into top-level policy blueprints and regulations. The country’s 14th Five-Year Plan (2021-2025) spells out an extensive support system for deep-tech progress[55], while the 2021 Science and Technology Progress Law reaffirms Beijing’s determination to keep pushing frontier research that can reshape industry[56]. Translating these goals into action, the Ministry of Industry and Information Technology—together with six other ministries—has recently spotlighted a roster of “future industries” (quantum computing, 6G, space technologies, next-generation materials, among others) as pillars of China’s new “quality productive forces.”
The message is clear: deep-tech fields will anchor the nation’s next phase of economic modernization. Countries seeking to boost their own deep-tech capacity can look to this integrated, long-range approach as a template for sustaining innovation-driven growth.

55. https://www.ndrc.gov.cn/xxgk/zcfb/ghwb/202103/P020210323538797779059.pdf
56. https://www.most.gov.cn/xxgk/xinxifenlei/fdzdgknr/fgzc/flfg/202201/t20220118_179043.html

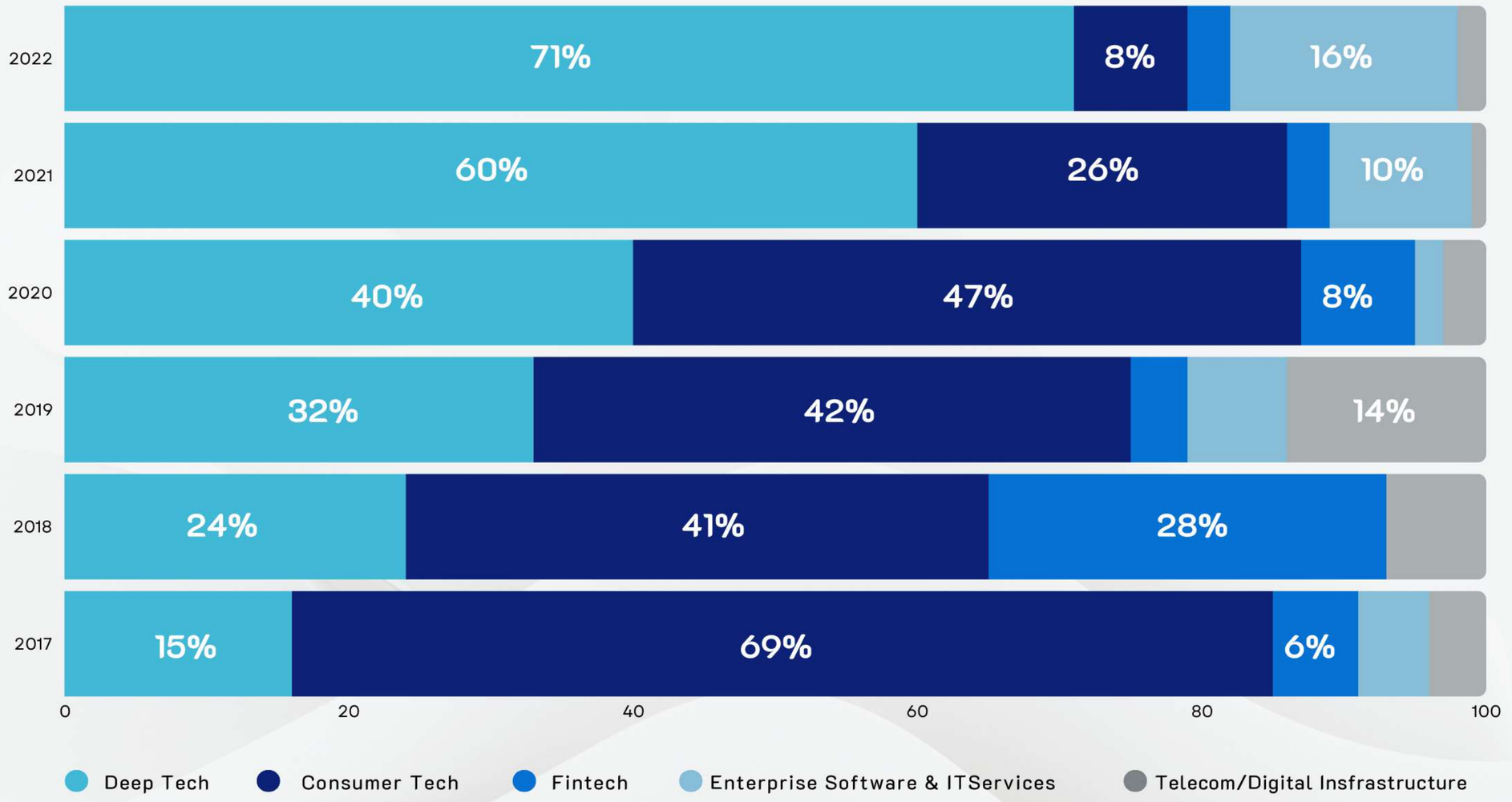
A flagship element of China's deep-tech push is the **"20 + 8" cluster agenda**, which earmarks twenty strategic emerging industries and eight forward-looking fields—biotechnology, next-generation ICT, advanced manufacturing, and more—and bundles them into regional hubs where companies, research institutes and investors can collaborate at scale[57].

Complementing this, the Chinese Communist Party has rolled out a suite of ecosystem-building programmes. In **November 2022** the Ministries of Science & Technology and Education green-lit ten **pilot "future industry" parks** in eight provinces and municipalities (Beijing, Shanghai, Jiangsu, Hubei, Guangdong, Sichuan, Shaanxi and Heilongjiang)[58]. Each site combines co-creation spaces, incubators, accelerators and full industrial parks, underpinned by a **30-point talent scheme** designed to lure top global researchers and founders[59].

The payoff is visible: between **2017 and 2022, deep-tech's share of total domestic tech investment jumped from 15 % to 71 %**, reflecting how quickly capital has followed this coordinated policy drive[60].

57. 深圳"20+8"产业集群上线2.0版本, 2024: https://www.sz.gov.cn/cn/xxgk/zfxxgj/zwdt/content/post_11192907.html
58. 专家观点】未来产业的发展态势、时空布局与政策建, 2024: https://www.ndrc.gov.cn/wsdwhfz/202404/t20240428_1366248.html
59. Shenzhen to grow as hub of innovation, 2023: https://www.chinadailyhk.com/hk/article/359324
60. 2023 Emerging Trends in Asia, GPCA, 2023: https://www.globalprivatecapital.org/app/uploads/2023/02/GPCA_2023-Emerging-Tech-Trends-in-Asia_vF.pdf

China Tech Investment Composition, 2017-2022 (% of Capital Invested)



Source: 2023 Emerging Trends in Asia, GPCA

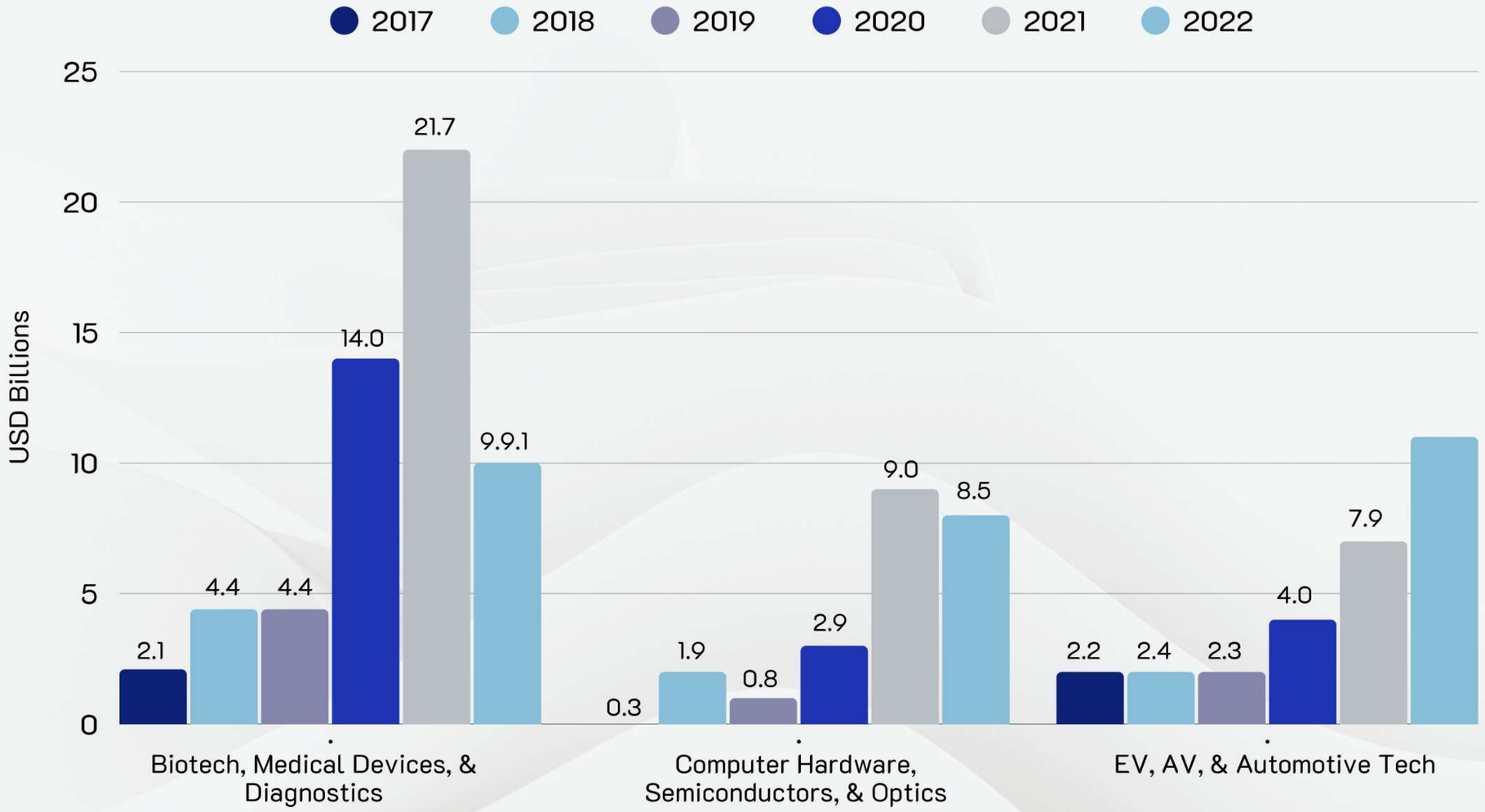
Moreover, China's deep tech market is projected to grow at a compound annual growth rate (CAGR) of 19.2% through 2034—outpacing the **15.6 % CAGR projected for the United States** and trailing only **Australia & New Zealand's 22% trajectory**[61].

When looking at the industries of investment, the biotech sector dominated deep tech investments until , attracting roughly $22 billion in private capital—a figure that was double that of the next largest vertical, computer hardware.

However, 2022 marked a significant pivot: biotech investments contracted sharply to $10 billion, while the EV, AV, and Automotive Technology segment surged from $7.9 billion to $11.1 billion, thereby seizing the top position.

61. Future Market Insights, 2024: https://www.futuremarketinsights.com/reports/deep-tech-market

Private Capital Investment in Top Deep Tech Verticals in China, 2017-2022



Source: Crunchbase, Slinghub, Endeavor

Tangible Outcomes of China's Deep-Tech Push

Since, China has begun to harvest visible technological dividends. In **January 2025 Beijing-based DeepSeek released its DeepSeek-R1 model**, matching the best U.S. foundation models while training on far leaner compute budgets; analysts now describe its open-weight successor (R1-0528) as one of the strongest code-generation systems outside Silicon Valley[62]. The same "thrift-at-scale" mindset underpins **ManusAI**, a Chinese agentic platform many observers rate above current state-of-the-art[63].

Quantum ambitions are also keeping pace. A recent paper unveiled **Zuchongzhi 3.0**, a 105-qubit superconducting processor whose architecture mirrors Google's Willow chip and executes sampling tasks that stump classical supercomputers[64].

62. Chinese AI start-up DeepSeek pushes US rivals with R1 model upgrade, Reuters: https://www.reuters.com/world/china/chinas-deepseek-releases-an-update-its-r1-reasoning-model-2025-05-29/
https://www.reuters.com/world/china/chinas-deepseek-releases-an-update-its-r1-reasoning-model-2025-05-29/?utm_source=chatgpt.com
63. Is China's Manus a Game Changer for Agentic AI?, 2025:
https://www.boozallen.com/insights/tech-news/is-chinas-manus-a-game-changer-for-agentic-ai.html
64. Establishing a New Benchmark in Quantum Computational Advantage with 105-qubit Zuchongzhi 3.0 Processor: https://arxiv.org/abs/2412.11924

Hardware supremacy is most obvious on the road: Chinese brands now account for **about 60 % of global EV sales**, and in 2024 **BYD shipped 4.27 million vehicles and booked USD 107 billion in revenue—outstripping Tesla's 1.79 million deliveries and USD 97.7 billion top line**[65].

Furthermore, in March 2025 the General-Secretary of the Chinese Communist Party unveiled a **US $138 billion** public-private fund to bankroll "deep-tech" ventures—quantum computing, advanced semiconductors, artificial intelligence, next-generation renewables—projects so high-risk and long-horizon that few states dare to underwrite them.

Scale matters: the quantum component alone is **almost 30 times larger** than the combined quantum programmes of the United States and European Union. Framed as a response to post-Trump trade wars and an increasingly fractious world order, Beijing pitched the initiative as a way for "AI to become a positive energy for cooperation and multilateralism," but the subtext is unmistakable: China intends to redraw global value chains and secure technological self-reliance.

65. Electric car sales break new records with momentum expected to continue through 2023: https://www.iea.org/reports/global-ev-outlook-2023/executive-summary

Chinese engagement in LATAM

Let's be clear: the United States and Europe still dominate Latin America's investment landscape. In 2023, they supplied roughly 33 % and 22 % of the region's total incoming FDI, respectively, according to ECLAC. China, by contrast, registered a negligible 0.4 %—a steep drop from the 3 % it posted the year before[66].

Even sources that cast Beijing's position in a brighter light, such as the China Overseas Foreign Direct Investment Monitor for Latin America and the Caribbean, put its 2023 outlay at just US **$8.8 billion**, or **about 10 %** of all FDI arriving in the region[67].

Yet momentum is clearly shifting: the European Union now projects that by **2035 China will have become Latin America's single largest trading partner**[68], a turn that could reshape supply chains, technology partnerships and, ultimately, the competitive playing field for Deep Tech ventures in LATAM.

66. Foreign Direct Investment in Latin America and the Caribbean, 2024: https://www.cepal.org/en/publications/80565-foreign-direct-investment-latin-america-and-caribbean-2024
67. Monitor de la OFDI china en América Latina y el Caribe 2024, 2024: https://docs.redalc-china.org/monitor/images/pdfs/menuprincipal/DusselPeters_MonitorOFDI_2024_Esp.pdf
68. China's increasing presence in Latin America: Implications for the European Union: https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/769504/EPRS_BRI(2025)769504_EN.pdf

On top of their domestic “New Infrastructure” plans, part of China’s directives include a strategic positioning of their deep tech industries in the global landscape. In a letter published on June 2024 by the National Development and Reform Commission, they **elevate the role of emerging and developing countries in R&D and high-tech industries as a result of a “shift on the international balance of power that is transforming the traditional division of global labor– the rise of the East and a relative decline of the West”**.

Not coincidentally, research by Melguizo and Myers shows that:

”The number of Chinese projects in Latin America grew by 33 per cent from 2018-2023, compared with the previous five-year period of 2013-2017, even as the total value declined. In other words, Chinese companies are making more investments in the region but are pursuing smaller-scale projects on average. These investments are also more focused on what China calls “new infrastructure“ (新基建), a term which encompasses telecommunications, fintech, renewable energy, and other innovation-related industries. In 2022, 60 per cent of China’s investments were in these frontier sectors, a key economic priority for the country.”[69]

69. Ahead of the curve: Why the EU and US risk falling behind China in Latin America: https://ecfr.eu/article/ahead-of-the-curve-why-the-eu-and-us-risk-falling-behind-china-in-latin-america/

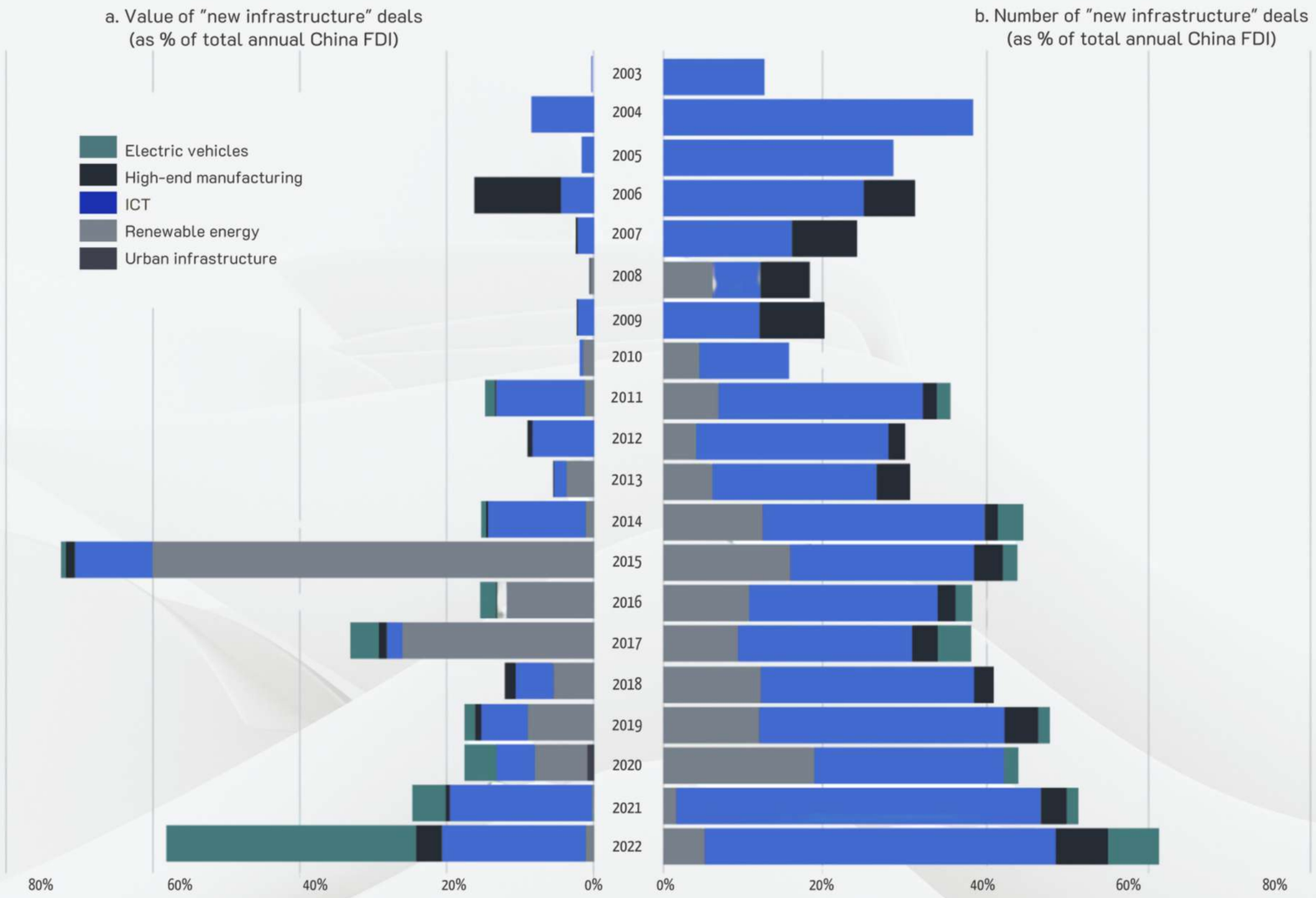
Do not be fooled by the decline in total investment by China. In reality, the Chinese government and companies recalibrated the sectors in which they invest – from brick-and-mortar to high-tech. Chinese investments shifted from canals, rails, and energy infrastructure, to deep tech, “consistent with Beijing’s laser focus on its own economic upgrading and global competitiveness”. In fact, in 2022, China’s Ministry of Science and Technology had explicitly committed to enhancing scientific and technological cooperation with Latin American and Caribbean countries, with specific emphasis on technology transfer and innovation in sustainable development[70].

When we polled regional stakeholders about China’s footprint in Latin-American deal flow, most admitted they have **yet to see sizeable cheques hit the ground**. Interest is unmistakably rising—particularly in biotech and ag-tech—but, so far, curiosity has not matured into transactions large enough to bend the market’s arc.

Still, those same stakeholders warn that the real inflection point arrives when states unleash large-scale public capital—and Beijing is already teeing that up. In March 2025, China launched a **US $138 billion sovereign vehicle** to bankroll “high-risk, long-horizon” plays in quantum computing, AI, cutting-edge chips and clean energy[71].

70. Sci-tech cooperation hailed with Latin America: https://en.ncsti.gov.cn/home/gridview/202406/t20240613_164722.html
71. China Launches $138 Billion Government-Backed Venture Fund, Includes Quantum Startups: https://thequantuminsider.com/2025/03/07/china-launches-138-billion-government-backed-venture-fund-includes-quantum-startups/

CHINA FDI IN "NEW INFRASTRUCTURE" INDUSTRIES, 2003-2022



Source: Author calculations using Dealogic and FdiMarkets; includes both M&A and greenfield FDI data.

Scale matters: the quantum component alone is **almost 30 times larger** than the combined quantum programmes of the United States and European Union. Framed as a response to post-Trump trade wars and an increasingly fractious world order, Beijing pitched the initiative as a way for *"AI to become a positive energy for cooperation and multilateralism,"* but the subtext is unmistakable: China intends to redraw global value chains and secure technological self-reliance.

Beijing framed the move as a response to trade-war turbulence, promising that "AI will become a positive energy for cooperation and multilateralism," yet the subtext is plain: China aims to redraw global value chains and lock in technological self-reliance.

Only two months later, China rolled out a **US $9 billion credit facility for Latin-American governments**[72].

The signal could not be clearer: China's deep-tech surge is inseparable from its bid to tighten economic—and therefore geopolitical—ties across the hemisphere.

72. China offers Latin America and the Caribbean billions in bid to rival US influence: https://www.reuters.com/world/china-latin-america-trade-exceeded-500-billion-2024-2025-05-13/

Appropriation vs Autonomy – The Latin American Dilemma

The new Chinese Digital Silk Road to LATAM could find greater space in the emptiness left by crumbling multilateralism and traditional alliances being weakened by trade wars. The wave of export controls issued by the Trump administration is aimed at slowing China down on its path to Artificial General Intelligence. But will that be enough contingency?

First, DeepSeek has stunned techies and markets by releasing competitive AI models at a fraction of the cost of American rivals, showing that the Chinese model for top-down execution can be equally effective and more resourceful. Second, the battle for chips is crucial yet only in front of the war for technological supremacy. China has started building its policies of coercion and appropriation well before its rivals, anticipating that value-based alliances would be replaced by interest-based ones. As Martin Wolf wrote in the Financial Times: "It is possible that some allies will decide that, although they prefer the US, China is at least more predictable. That would be an insane position for these countries to be in. But it would be the almost inevitable result of Trump's gangsterish approach to international relations." In fact, the new Cold War is much hotter on more fronts and with more players than the US and China wanting to take the stage. Take India, which now ranks in the top 5 in 45 of 64 technologies that are deemed critical by ASPI. Take Saudi Arabia and the UAE, which are spending hundreds of billions of petro-dollars to become technological and geopolitical hubs.

This might change now, with geopolitics being more populous and driven by more selfish interests. Today, as Monica Duffy Toft aptly puts it: “regime type no longer appears to hinder a sense of shared interests. It is hard power only—and a return to the ancient principle that “the strong do what they can and the weak suffer what they must.” In such a world, multilateral institutions such as NATO and the EU would be sidelined and the autonomy of smaller nations threatened.”

With less West and more Rest contending for tech dominance, Latin America will surely be a new battleground for innovation. Who appropriates what remains to be seen.

Contact

ladp.io

contact@ladp.io