PUBLIC
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DOCUMENT OF THE INDEPENDENT CONSULTATION AND INVESTIGATION MECHANISM

MICI-BID-BO-2023-0214
ELIGIBILITY MEMORANDUM

ENHANCING THE ENTREPRENEURSHIP AND INNOVATION ECOSYSTEM IN BOLIVIA

(BO-T1346)
(ATN/ME-17453-BO)

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This document is being made publicly available simultaneously with its distribution to the Board for information.
On the MICI Registration Process, Eligibility Determination, and Public Registry

The Registration process begins when the Independent Consultation and Investigation Mechanism (MICI) receives a Request sent by Requesters, alleging that they have suffered or may suffer harm due to actions or omissions of the Inter-American Development Bank Group (IDB Group) that may constitute a failure to comply with one or more of its Relevant Operational Policies within the context of an operation financed by an IDB Group institution.

The Registration Phase lasts five business days, in which the MICI verifies that the Request contains all information required for processing and that it is not clearly linked with any of the exclusions that limit the MICI’s actions. Following the registration of a Request, the MICI gives IDB, IDB Invest, or IDB Lab Management, as applicable, the opportunity to provide its perspective with respect to the allegations made in the Request, which must be sent to the MICI within 21 business days after registration in the form of a document known as the “Management Response.”

Once it receives the Response, the MICI has up to 21 business days to determine the eligibility of the Request based on the eligibility criteria established in its Policy.

If the Request is declared eligible, the process will begin for the phase selected by the Requesters; otherwise, the process will be deemed concluded.

All Requests received by the MICI and their processing will be recorded in the MICI’s online Public Registry. Case files will disclose all public information generated in processing a case.

The MICI does not award compensation, damages, or similar benefits. It is not empowered to suspend disbursements or halt operations.

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1 The MICI Director, in consultation with the Consultation Phase Coordinator and the Compliance Review Phase Coordinator, will determine the eligibility of the Requests. MICI-IDB Policy (document MI-47-8), subparagraph 23(d).
EXECUTIVE SUMMARY

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2 Paragraph 15 of the MICI-IDB Policy establishes that the MICI will keep the identity of the Requesters confidential, if they so request due to fears of retaliation. Therefore, this Memorandum does not include a link to the original Request that was submitted.
**EXECUTIVE SUMMARY**

The city of Santa Cruz, capital of the department of Santa Cruz, has the second-largest business base in Bolivia. Because of this, the IDB Group has been supporting initiatives in this location to promote new sectors of the economy. In this context, IDB Lab began to play a coordination role between the more advanced and less advanced entrepreneurship and innovation ecosystems, to accelerate the growth of emerging ecosystems that would otherwise continue on a linear development path.

Accordingly, on 11 July 2019, the Donors Committee of the Multilateral Investment Fund approved the operation “Enhancing the Entrepreneurship and Innovation Ecosystem in Bolivia” (BO-T1346) (“the project”), for a total amount of US$1,500,000, with US$750,000 contributed by IDB Lab in the form of nonreimbursable technical-cooperation funding and US$750,000 as a local counterpart contribution. The executing agency for the project is the Santa Cruz Chamber of Industry, Trade, Services, and Tourism (“CAINCO” or “the executing agency”). The project timeframe is 36 months for execution and 42 months for disbursement. According to public information from IDB Lab available as of the date of this document, the operation was completed on 15 February 2023.

The objective of this technical cooperation operation was to empower the entrepreneurship and innovation ecosystem, by promoting business ventures offering innovative solutions, increased connections among operators, and more service offerings targeted to entrepreneurs. The operation focused on the city of Santa Cruz, given its business environment, with plans to later expand the activities to enhance ecosystems in other Bolivian cities such as La Paz and Cochabamba.

On 4 July 2023, the MICI received a Request from three residents of Bolivia (“the Group of Requesters”). The Requesters asked that the MICI keep their identities confidential due to fears of retaliation.

In the Request, the Group of Requesters alleges harm due to gender-based discrimination and censorship actions in the workplace, and that this situation has had a negative impact on their living conditions. According to the Group of Requesters, this occurred within the framework of the project. Additionally, the Requesters note that they have suffered damage to their physical and mental health because of reprisals taken against them, which still persist, after they reported acts of gender-based discrimination.

The Group of Requesters expressed its desire for the MICI to process the Request, if deemed eligible, through both phases of the MICI process: the Consultation Phase and the Compliance Review Phase.

The MICI Director, in accordance with Section G of the MICI-IDB Policy (document MI-47-8), concludes that this Request is eligible because it meets all eligibility criteria established in the Policy.

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3 Since the current MICI Policy entered into effect, the MICI has regarded the date of formal receipt as the next business day after a new Request is received, to fully comply with the five days established in the Policy for processing Registration.
It is important to clarify that the eligibility determination process has at no time been an investigation of the executing agency, the project, or IDB Lab. Declaring a Request eligible does not determine the IDB Group’s compliance or noncompliance with its Operational Policies.

In addition, it is important to specify that a potential dispute resolution process, with the MICI as facilitator (Consultation Phase), will seek to provide an expedited, flexible solution for this situation. Moreover, it is pertinent to point out that the MICI is only able to conduct an investigation during the Compliance Review Phase. This investigation would focus exclusively on the actions that IDB Lab Management carried out to identify and address negative environmental or social impacts in accordance with the relevant Operational Policies.

Given the threat of and/or situation involving alleged reprisals, the MICI declares that it has zero tolerance for any type of reprisals. If this risk persists or materializes in any manner, the MICI will act in accordance with its Guidelines for Addressing Risk of Reprisals in Complaint Management.

This Memorandum was sent directly to the Group of Requesters and to Management for information on 25 September 2023. It will be distributed to the Donors Committee of the Multilateral Investment Fund for the same purposes, and to any interested third parties through the Public Registry, once the English version is available. After notifying the Donors Committee, the MICI Director will transfer the case to the Consultation Phase, since the Group of Requesters indicated
I. THE PROJECT

A. Geographic and social context

1.1 The Plurinational State of Bolivia is a South American country with a total population of 12,079,472,\(^5\) consisting of 50.1% men and 49.9% women. Santa Cruz, La Paz, and Cochabamba are the main departments, where most of the country’s population and largest urban areas are concentrated.

1.2 With respect to economic indicators, according to IDB Lab, Bolivia faces high poverty rates, even in Santa Cruz, one of its most industrialized cities and the capital of the department of Santa Cruz. Although Santa Cruz has the country’s second-largest business base (29% of companies are located there), its poverty rates are high.\(^7\) Bolivia’s economy has traditionally been commodity-based (hydrocarbons, minerals, and basic agroindustrial products). In this regard, according to project documents, innovation initiatives involving elements such as high-growth entrepreneurship, promotion of innovation, and new technology adoption have been crucial to reverse the lack of diversification, promote new sectors of the economy, and create jobs.

1.3 Along these lines, in 2013, the Bolivian government created the 2025 Patriotic Agenda,\(^8\) which during the past 10 years has sought countrywide initiatives to promote universal access to telecommunications and information and communications technologies. Pillar 4 of the agenda, scientific and technological sovereignty with identity, is based on transforming, industrializing, and establishing Bolivia as a technological innovation hub for food, and on developing knowledge and technologies.

1.4 Nevertheless, Bolivia’s innovation ecosystem, according to an IDB Group analysis, specifically from IDB Lab, has shown low rates of development for innovation projects and startups. The main causes are limited information flow on available services and opportunities; lack of coordination among entrepreneurs, businesses, academia, and investors; and few specialized service offerings.

1.5 In this context, IDB Lab began to play a coordination role between the more advanced and less advanced entrepreneurship and innovation ecosystems, to accelerate the growth of emerging ecosystems that would otherwise continue on a linear development path.

B. IDB Lab’s involvement

1.6 On 11 July 2019, the Donors Committee of the Multilateral Investment Fund approved the operation “Enhancing the Entrepreneurship and Innovation Ecosystem

\(^4\) Information taken from the Bank’s website and public documents on the related operation. These documents are available in the links section.

\(^5\) Bolivia has experienced population growth (2021).


\(^6\) IDB Lab is the trade name for the Multilateral Investment Fund (MIF). Donors Memorandum for “Enhancing the Entrepreneurship and Innovation Ecosystem in Bolivia” (BO-T1346), page 2.

\(^7\) Data from the National Institute of Statistics of Bolivia.

\(^8\) Available at: https://observatorioplanificacion.cepal.org/sites/default/files/plan/files/agenda%20patriotica%202025%20PDGES.pdf.
in Bolivia” (BO-T1346), for a total amount of US$1,500,000, with US$750,000 contributed by IDB Lab in the form of nonreimbursable technical-cooperation funding and US$750,000 as a local counterpart contribution. The executing agency for the project is the Santa Cruz Chamber of Industry, Trade, Services, and Tourism (“CAINCO” or “the executing agency”). The project timeframe is 36 months for execution and 42 months for disbursement. According to public information from IDB Lab available as of the date of this document, the operation was completed on 15 February 2023.

1.7 The objective of this technical cooperation operation was to empower the entrepreneurship and innovation ecosystem, by promoting business ventures offering innovative solutions, increased connections among operators, and service offerings targeted to entrepreneurs. The operation focused on Santa Cruz, given its business environment, with plans to later expand the activities to enhance ecosystems in other Bolivian cities such as La Paz and Cochabamba.

1.8 To achieve its objective, the project included the following three components:

- **Component 1. Coordination of the ecosystem** to connect current and potential entrepreneurs, mainly through measures providing them access to information, opportunities, and support for their growth and financing through the creation of a network of ecosystem operators, mapping of the ecosystem, and development of a connection platform, in addition to ecosystem dissemination and communication.

- **Component 2. Promotion and education for entrepreneurship and innovation**, which included activities to promote the emergence and development of entrepreneurship, the growth of entrepreneurial ventures, and innovation. Specific measures promoted the creation of women’s business ventures and innovations. This component also included activities to promote women’s engagement in the ecosystem, such as organizing the MIT Global Startup Lab for Women Program; fostering women’s participation in WeXchange events; and helping women develop their management and business skills (InnovaWomen).

- **Component 3. Financial services and investment for entrepreneurs**, which focused on measures to increase financing opportunities for startups and investment opportunities for potential investors by promoting connections between the two groups.

1.9 The project’s implementation was expected to directly benefit: (i) 1,700 entrepreneurs and other ecosystem operators participating in entrepreneurship and innovation

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9 CAINCO is a business association in Santa Cruz, Bolivia, with 2,000 member businesses from the industry, trade, and services sectors, whose objective is to promote business development and competitiveness. Several of this project’s measures were carried out by Santa Cruz Innova, a CAINCO initiative to connect ecosystem operators and promote the development of entrepreneurship and business innovation in the area. For purposes of this operation, the executing agency appointed one staff member as project director accountable to IDB Lab. It also engaged a coordinator (planning and implementation of activities, personnel, stakeholder relations) and an assistant.

10 On 15 August 2019, the Inter-American Development Bank (IDB), acting in its capacity as administrator of the resources for IDB Lab, and the executing agency signed a contract for nonreimbursable technical-cooperation funding ATN/ME-17453-BO for execution of this operation.
activities; (ii) 140 business ventures accelerated; (iii) 25 business ventures that secure financing; (iv) 16 businesses adopting innovations from the ecosystem; (v) 20 individuals who become angel investors in innovative business ventures; and (vi) other ecosystem operators becoming part of the ecosystem and improving their ability to support entrepreneurs.

1.10 With respect to the environmental and social risks, in accordance with the Bank’s Environment and Safeguards Compliance Policy (Operational Policy OP-703), this project was classified as a category “C” operation due to the minimal impacts that were identified.

1.11 With respect to gender considerations, which represent the main allegation being made in the MICI Request, the Donors Memorandum, under Component 2, mentions that in disseminating project activities, a special emphasis would be placed on promoting the equitable participation of women and the opportunities offered by the project. Moreover, the document mentions targeted activities to promote women’s entrepreneurship, such as participation of women entrepreneurs in platforms and forums; access to the educational and incubation and acceleration resources identified by the project; and access to financial service offerings as a result of the project.

II. THE REQUEST

2.1 On 4 July 2023, the MICI received a Request from three residents of Bolivia (“the Group of Requesters”). The Requesters asked that the MICI keep their information confidential. Given this and pursuant to the Guidelines for Addressing Risk of Reprisals in Complaint Management, the MICI is managing the documentation in a confidential manner. Information classified as public is available in the MICI Public Registry (case file for Request MICI-BID-BO-2023-0214).

2.2 In the Request, the Group of Requesters alleges harm due to gender-based discrimination and censorship actions in the workplace, and that this situation has had a negative impact on their living conditions. According to the Group of Requesters, this occurred within the framework of the project “Enhancing the Entrepreneurship and Innovation Ecosystem in Bolivia” (BO-T1346), financed by IDB Lab. Additionally, the Requesters note that they have suffered damage to their physical and mental health because of reprisals taken against them, which still persist, after they reported acts of gender-based discrimination.

2.3 Specifically, the Group of Requesters alleges a number of actions and situations primarily on the part of the executing agency during project execution, and known to IDB Lab. The claimants allege that these incidents constitute noncompliance with the Operational Policy on Gender Equality in Development (Operational Policy OP-761).

11 Since the current MICI Policy entered into effect, the MICI has regarded the date of formal receipt as the next business day after a new Request is received, to fully comply with the five days established in the Policy for processing Registration.


13 This complaint is related to Request MICI-BID-BO-2022-0183, which was not registered for a MICI process.
2.4 In terms of prior contact with Management, the Requesters state that in 2021, they informed IDB Lab personnel in Bolivia about the situation that was affecting them, but the issue was not resolved satisfactorily.

2.5 Lastly, regarding the MICI process, the Group of Requesters expressed its desire for the MICI to process the Request, if deemed eligible, through both phases of the MICI process: the Consultation Phase and the Compliance Review Phase.

III. MANAGEMENT RESPONSE

3.1 Management was notified of the registration of Request [MICI-BID-BO-2023-0214] on 4 August 2023, pursuant to paragraph 21 of the MICI-IDB Policy, and delivered its Response to the MICI on 31 August 2023. The main points of the public version of the Management Response are summarized below.

3.2 With respect to the operation, IDB Lab states that during the project design stage, the importance of mainstreaming a gender equality approach into indicators and activities was contemplated, assessing the implications of mainstreaming considerations to identify equal opportunities and benefits regarding the investments and activities carried out using the financing, particularly under Component 2. Management also states that the operation met the objective of promoting gender equality and the empowerment of women.

3.3 In addition, Management notes that the following took place: a review of the documents for the executing agency’s legal registration; an integrity review of board members and top executives; an iDelta assessment to gather institutional information; and a Diagnostic Needs Assessment of the Executing Agency. Moreover, throughout project execution, the provisions of the Guide for Milestones-based Management and Financial Supervision for IDB Lab and Social Entrepreneurship Program Technical Cooperation Projects were followed.

3.4 With respect to project execution, Management notes that due to the COVID-19 pandemic, some activities were carried out during the lockdown and under restrictions imposed in connection with health issues in Bolivia. Nevertheless, it states that most of the outcomes expected for the operation were achieved. Moreover, with respect to activity supervision, Management notes that during the execution of the operation’s activities, the project sought to follow principles and achieve indicators that consider women’s engagement and exclude stereotypes such as gender, class, ethnicity, sexual orientation, and age.

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14 The public version of the Management Response document is included in the links section.

15 Management requested an extension from the MICI, to submit the Management Response later than the 21 business days that the Policy indicates (in this case, 28 August 2023), to be able to confirm information with the various staff members involved in the operation. After communication with the MICI, the document was submitted to the MICI three days after the maximum period established.

16 This operational and management tool measures the development effectiveness of projects financed with IDB Lab resources.
IV. MICI ACTIONS

4.1 In accordance with Section G of the MICI-IDB Policy and the eligibility criteria set out in paragraph 22, the Request intake and eligibility determination process followed the timeline below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>4 July</td>
<td>Request received</td>
</tr>
<tr>
<td>18 July</td>
<td>Video call with the Group of Requesters</td>
</tr>
<tr>
<td>28 July</td>
<td>Request registered and notifications sent to the Group of Requesters and IDB Lab Management</td>
</tr>
<tr>
<td>4 July to 25 September</td>
<td>Document review and desk work</td>
</tr>
<tr>
<td>9 July</td>
<td>Video call with the IDB Lab Project Team</td>
</tr>
<tr>
<td>31 August</td>
<td>Receipt of Management Response</td>
</tr>
<tr>
<td>5 September</td>
<td>Video call with the Group of Requesters</td>
</tr>
<tr>
<td>25 September</td>
<td>Eligibility Memorandum issued</td>
</tr>
</tbody>
</table>

4.2 Following receipt of the Request, in addition to reviewing the relevant documentation for this stage, the MICI had several interactions with the Group of Requesters and IDB Lab Management to better understand the project and the allegations in the Request, and to clarify the MICI’s role, as well as to provide information about the opportunities and limitations of the MICI phases in response to a complaint.

4.3 The MICI is grateful to all parties for their willingness to address and respond to the various requests for information and communication, both to the Group of Requesters for the various interactions, as well as to the Project Team for being open and available to the MICI team to address the issues raised in the complaint and those related to the eligibility determination process.

4.4 Importantly, the MICI decided not to conduct a field visit as part of its eligibility determination process, and to issue this Memorandum earlier (its original deadline was 27 September 2023) to enable a rapid resolution of the complaint.

V. ELIGIBILITY DETERMINATION ANALYSIS

5.1 As part of the eligibility determination process, the MICI considered the information presented in the Request, the Management Response, various project documents, and other relevant documents.\(^\text{17}\)

\(^{17}\) The documents reviewed are available in the links section of this document.
5.2 Pursuant to paragraph 22 of the MICI-IDB Policy, a Request will be deemed eligible by the MICI, if it is determined that the Request meets all the following criteria:

a. The Request is filed by two or more persons who believe that they have been or may be affected and who reside in the country where the IDB Lab-financed Operation is implemented. If the Request is filed by a representative, the identity of the Requesters on whose behalf the Request is filed will be indicated, and written proof of representation will be attached.

b. The Request clearly identifies an IDB Lab-financed Operation that has been approved by the Board, the President, or the Donors Committee.

c. The Request describes the Harm that could result from potential noncompliance with one or more Relevant Operational Policies.

d. The Request describes the efforts that the Requesters have made to address the issues in the Request with Management and includes a description of the results of those efforts, or an explanation of why contacting Management was not possible.

e. None of the exclusions set forth in paragraph 19 applies.

5.3 In the case of Request **MICI-BID-BO-2023-0214**, the analysis of eligibility criteria established in the Policy is as follows:

5.4 The Request was filed by three residents of Bolivia, who requested that their identities remain confidential due to fears of retaliation. The MICI has the contact information for the Group of Requesters. Consequently, **criterion 22(a)** has been met.

5.5 The Request identifies the project “Enhancing the Entrepreneurship and Innovation Ecosystem in Bolivia” (BO-T1346), a nonreimbursable technical-cooperation operation that the Donors Committee of the Multilateral Investment Fund approved on 11 July 2019. Consequently, **criterion 22(b)** has been met.

5.6 The Request describes potential harm due to gender-based discrimination and censorship in the workplace, as well as the subsequent impact on the living conditions of the Requesters. Additionally, the Requesters note the damage caused to their physical and mental health because of reprisals taken against them that still persist, since they reported such occurrences. The complaint includes allegations about the lack of a mechanism within the project to address concerns regarding matters of discrimination.

5.7 The impacts described above could be tied to potential noncompliance with the Operational Policy on Gender Equality in Development (Operational Policy OP-761) and with the Environment and Safeguards Compliance Policy (Operational Policy OP-703). Consequently, **criterion 22(c)** has been met.

5.8 Regarding prior contact with Management, the MICI has information that corroborates these interactions. Therefore, **criterion 22(d)** has been met.
5.9 Regarding the exclusions provided in paragraph 19, the MICI concludes that none of the exclusions\(^{18}\) in subparagraphs 19(a), 19(b), 19(c), 19(e), and 19(f) applies because the Request does not raise issues beyond the scope of the MICI; contains the contact information for all members of the Group of Requesters; has not already been reviewed by the MICI through any of its phases; the cited operation was approved by the Donors Committee of the Multilateral Investment Fund in 2019; and the Request was received less than 24 months after the last disbursement.

VI. CONCLUSION

6.1 The MICI Director, in accordance with Section G of the MICI-IDB Policy (document MI-47-8), concludes that this Request is eligible because it meets all eligibility criteria established in the Policy.

6.2 It is important to clarify that the eligibility determination process has at no time been an investigation of the executing agency, the project, or IDB Lab. Declaring a Request eligible does not determine the IDB Group’s compliance or noncompliance with its Operational Policies.

6.3 Similarly, it is important to specify that a potential dispute resolution process, with the MICI as facilitator (Consultation Phase), will seek to provide an expedited, flexible solution for this situation. Moreover, it is pertinent to point out that the MICI is only able to conduct an investigation during the Compliance Review Phase. This investigation would focus exclusively on the actions that IDB Lab Management carried out to identify and address negative environmental or social impacts in accordance with the relevant Operational Policies.

6.4 Lastly, given the threat of and/or situation involving alleged reprisals, the MICI declares that it has zero tolerance for any type of reprisals. If this risk persists or materializes in any manner, the MICI will act in accordance with its Guidelines for Addressing Risk of Reprisals in Complaint Management.

6.5 This Memorandum was sent directly to the Group of Requesters and to Management for information on 25 September 2023. It will be distributed to the Donors Committee of the Multilateral Investment Fund for the same purposes, and to any interested third parties through the Public Registry, once the English version is available.

6.6 After notifying the Donors Committee, the MICI Director will transfer the case to the Consultation Phase, since the Group of Requesters indicated that it is interested in the Request being processed through both MICI phases.

\(^{18}\) As of 1 July 2021, the exclusion in subparagraph 19(d) of the MICI-IDB Policy was rescinded, so it is not reviewed in this Memorandum.