

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

CHILE

CHILE PRODUCTIVITY PACT

(CH-T1224)

DONORS MEMORANDUM

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PROJECT SUMMARY
CHILE
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The project objective is to implement a platform known as the “Chile Productivity Pact” for public-private collaboration in order to effectively link the actors in the ecosystem for the inclusion of persons with disabilities in the Chilean workforce, thereby bringing greater sustainability and impact to the implementation of the Inclusion Act (Law 21015).¹

Specifically, the Chile Productivity Pact will serve as the coordinating entity for the ecosystem of public- and private-sector actors whose mission is related to workforce inclusion.² In addition, knowledge will be generated in areas where information is lacking, such as the effect of social policy in facilitating employment of persons with disabilities and the impact of Law 21015 and of technologies supporting the inclusion of persons with disabilities in the workforce (disability employment).

This project is based on the experience of the “Colombia Productivity Pact” program,³ which developed a model focused on the rights of persons with disabilities and a strategy of linking up actors in line with the dynamics of the labor market, with employers and persons with disabilities playing leading roles in the job placement ecosystem.

This initiative aims to increase the number of persons with disabilities in the workforce and thereby leverage the impact of Law 21015. Under the new law, 2,000 persons with disabilities (40% of them women) are expected to enter the workforce and more than 400 employers are expected to adopt the “Productivity Pact” inclusion model.

¹ As of 1 April 2019, companies and public entities with 100 or more workers are required to comply with Law 21015, which promotes disability employment, so that persons with disabilities make up at least 1% of the workforce.

² Under the initial leadership of Fundación Descúbreme, the Chile Productivity Pact will coordinate efforts by employer associations, companies, civil society, educational and training entities, local governments, organizations of persons with disabilities, and universities, among others.

³ CO-M1033, an operation supported by IDB Lab from 2008 to 2014.

ANNEXES

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APPENDICES

Proposed resolution

**INFORMATION AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF THE
MIF PROJECT INFORMATION SYSTEM**

Annex IV	Itemized budget
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Annex VI	Project status reports and fulfillment of milestones and fiduciary agreements
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ABBREVIATIONS

SENADIS	Servicio Nacional de la Discapacidad [National Disability Service]
SENCE	Servicio Nacional de Capacitación y Empleo [National Training and Employment Service]
SOFOFA	Sociedad de Fomento Fabril [Manufacturing Association]

**CHILE
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EXECUTIVE SUMMARY

Country and geographic area:	Chile		
Executing agency:	Fundación Descúbreme		
Focus area:	Inclusive cities		
Coordination with other donors/ Bank operations:	This project has been coordinated with the Social Protection and Health Division (SPH) and the Labor Markets Division (LMK) of the Bank's Sector Social (SCL). Its design has been coordinated with that of regional operation RG-T3466, ⁴ executed by Fundación Once.		
Project beneficiaries:	2,000 persons with disabilities, 40% of them women, who will achieve sustainable entry into the workforce.		
Financing:	Technical cooperation:	US\$981,000	41%
	Total IDB Lab contribution:	US\$981,000	
	Counterpart:	US\$1,439,500	59%
	Cofinancing:		
	Total budget:	US\$2,420,500	100%
Execution and disbursement periods:	36 months for execution and 42 months for disbursement.		
Special contractual conditions:	The following will be conditions precedent to the first disbursement: (i) submittal of evidence that the project team has been formed; (ii) submittal of the annual work plan and execution schedule, to the Bank's satisfaction; (iii) Bank approval of outputs and deliverables provided by Fundación Corona under the knowledge transfer agreement (Colombia Productivity Pact); and (iv) establishment of the project governance structure (Board of Directors and Technical Committee).		
Environmental and social impact review:	In accordance with the Bank's Environment and Safeguards Compliance Policy (operational policy OP-703) of 7 May 2019, this has been classified as a category "C" operation.		
Unit responsible for disbursements:	CSC/CCH		

⁴ Currently in the process of being designed.

I. PROBLEMS ADDRESSED

A. Description of problem

- 1.1 An estimated 15% of the world's population—more than one million people—are living with a disability of some kind,⁵ and 780 million of these people are age 15 or older. The National Study on Disability⁶ found that 20% of Chile's adults (2.6 million people) have a disability, that 50% of these adults with disabilities are in the first and second income quintiles, and that 65% of them are women.
- 1.2 In 2008 the Chilean government ratified the United Nations Convention on the Rights of Persons with Disabilities⁷ to promote the participation of persons with disabilities in all areas of human development, with a perspective of treating persons with disabilities as human beings who possess the same rights as anyone else, as opposed to viewing them as charity cases or in need of protection.
- 1.3 Disability employment is particularly low, even though work is considered an essential human activity that provides a sense of meaning and purpose for a person's full development. Work bolsters personal autonomy and the ability to live independently. It is a key component of adulthood, helps promote participation in society, and directly enhances one's quality of life. Access to employment and on-the-job training are critical for persons with disabilities.
- 1.4 Only 39.3% of persons with disabilities in Chile are employed, compared to 64% of people without disabilities, and they earn 35% less, on average, than persons without disabilities. Chile reflects the broader gender gap in terms of access to employment: women make up 65% of persons with disabilities but only 35% of persons with disabilities who hold a job.⁸ These gaps are also present in the types of jobs held by persons with disabilities: 96% are in positions with low levels of responsibility, as laborers or support staff (National Disability Service [SENADIS], 2015).
- 1.5 In June 2017, Chile passed the Inclusion Act,⁹ which set a hiring quota for persons with disabilities at 1% of the employer's staff. This quota is mandatory for public and private entities with 100 or more workers. This law opened up more than 2,500 jobs in 158 public entities and 25,000 jobs in 7,600 private companies. However, as in the rest of the world, Chile lacks a clear, coordinated roadmap for training, vocational and professional development, and subsequent job placement for persons with disabilities for full compliance with the law.
- 1.6 According to the Labor Department, 10,600 persons with disabilities were employed under contract with 2,561 employers as of May 2019.¹⁰ This means

⁵ World Report on Disability, World Health Organization, 2011.

⁶ https://www.senadis.cl/sala_prensa/d/noticias/6503/poblacion-con-discapacidad-cuenta-con-cifras-actualizadas

⁷ <https://www.un.org/development/desa/disabilities/>

⁸ <http://www.mintrab.gob.cl/12-mil-personas-con-discapacidad-se-han-incorporado-al-mercado-laboral-en-el-ultimo-ano/>

⁹ <https://www.dt.gob.cl/portal/1626/w3-propertyvalue-167780.html>

¹⁰ <https://www.dt.gob.cl/portal/1629/w3-article-117078.html>

that more than 5,000 companies still need to take measures to comply with the Inclusion Act.

- 1.7 This will require better coordination of existing job placement services and adaptation to the needs of the job market. As an example, the Santiago metropolitan area alone has more than 40 entities that range from municipal job placement offices to private consulting firms and civil society organizations, some of which have been carrying out incipient workforce-inclusion efforts on their own for more than 20 years.
- 1.8 A model is needed to link training and job placement services, through a collaborative effort by all entities and quality standards to ensure that, over the short and medium term, people are better prepared for the working world as a bona fide asset to the country's productive sector, so that they are hired for the value of their work, as opposed to simply obeying a law or as an isolated social-responsibility initiative. In addition, conditions should be created to help ensure that job training and placement processes are sustainable and successful.
- 1.9 **Productivity Pact.** The proposed initiative is based on the experience of the Colombia Productivity Pact (operation CO-M1033, supported by IDB Lab from 2008 to 2014), which developed a workforce-inclusion model for persons with disabilities based on the United Nations Convention on the Rights of Persons with Disabilities. The initiative in Colombia has helped more than 600 persons with disabilities enter the workforce and promoted public-private coordination mechanisms that remain in place to this day. To summarize these mechanisms, this model first acknowledges and advocates that persons with disabilities have the same right to participate in the workforce as any person. Second, it promotes the development of inclusive workplaces by helping employers implement reasonable accommodations. Third, the model transfers skills to help employers, training entities, and job services develop inclusive practices and processes.
- 1.10 **IDB Group experience.** IDB Lab has supported a number of initiatives for the economic inclusion of persons with disabilities in the region; one of the most prominent of these is the aforementioned Colombia Productivity Pact. The Bank's Social Sector also has an inclusion strategy for persons with disabilities that emphasizes the promotion of policies and programs to help tap the talent and potential productivity of persons with disabilities. The main lessons learned from these efforts on projects supported by IDB Lab are: (i) job training of persons with disabilities should include reasonable accommodations and use flexible criteria suited to market constraints and opportunities; (ii) niches in the job market for which persons with disabilities possess the greatest competencies should be identified; (iii) assistance is needed during the initial placement of persons with disabilities, and a psychosocial orientation that examines cultural aspects of disability should be carried out; (iv) this type of program should be operationally linked to the relevant public policymaking entities; (v) mechanisms for transferring knowledge and methodologies to local entities and employers need to be generated to help appropriate the models; and (vi) leadership specializing in job training and workforce inclusion of persons with disabilities should be promoted in a crosscutting manner and for each type of disability.

- 1.11 In addition, operation RH-T3466¹¹ is currently being designed. The executing agency for that operation, Fundación Once of Spain, seeks to implement a workforce-inclusion model for persons with disabilities in four countries in the region. This project will develop a joint knowledge and learning agenda with this regional initiative.

II. THE INNOVATION PROPOSAL

A. Project description

- 2.1 The project objective is to implement a platform known as the Chile Productivity Pact for public-private collaboration in order to effectively link the actors in the ecosystem for the inclusion of persons with disabilities in the Chilean workforce, thereby bringing greater sustainability and impact to the implementation of Law 21015.
- 2.2 Specifically, the partnership for the Chile Productivity Pact will (i) serve as the coordinating entity between the public and private sectors, employer associations, civil society, job training and educational entities, local governments, and other actors in the ecosystem; (ii) facilitate quality management processes; for the relevance of training offerings of job services and training entities serving persons with disabilities, as well as for qualifying and strengthening these services and entities, in view of the interests of those persons and the needs of the job market, especially in terms of the productive sector and the nature of the job market in the knowledge economy; and (iii) facilitate implementation of efforts to strengthen employers in terms of selection, training, monitoring, and evaluation of inclusion processes for persons with disabilities.
- 2.3 Specific efforts will be carried out to (i) develop training programs aimed at workforce inclusion for persons with disabilities in the digital economy, in areas such as online marketing, app programming and development, robotics, and big data; (ii) generate knowledge in areas where information is lacking, such as the effect of social protection policies in hindering or facilitating the employment of persons with disabilities and the impact of the Inclusion Act (Law 21015); and (iii) identify and test technological solutions to support the inclusion of persons with disabilities in the workforce. Examples of developed technologies include: (a) a headband that can be used to activate a computer through facial and head movements; (b) braille devices that assist people who are blind in writing documents; and (c) devices to assist in the handling of objects.
- 2.4 This model will be highly innovative in Chile. It will seek to link up (i) job services for persons with disabilities: training, placement, and on-the-job support; (ii) the inclusive demand for labor, by helping private companies and public entities

¹¹ The objective of this project is to expand and adapt the "Inserta" job services model, which is developing a complete system for assisting beneficiary persons with disabilities and employers, to four countries in Latin America. The model is developing (i) diagnostic assessments and analyses of social, labor, and legal environments; (ii) the "Inserta" forum with employers and other strategic partners to raise awareness and take action for workforce inclusion; (iii) a job service model with extensive use of technologies for workforce-entry and support processes for persons with disabilities and employers; and (iv) measures to promote disability awareness from a human rights perspective.

develop inclusion policies to support compliance with the law, inclusive hiring processes, organizational culture, reasonable accommodations, and adaptation of infrastructure to promote accessibility, etc.; and (iii) the increased participation of women with disabilities in the workforce.¹²

- 2.5 **Component I: Mobilization and coordination of actors in the ecosystem (IDB Lab: US\$109,000; counterpart: US\$205,000).** The objective of this component is to create the Chile Productivity Pact platform for effective coordination of the public and private sectors.
- 2.6 The following activities are planned: (a) mapping of significant actors in the disability employment ecosystem; (b) participatory diagnostic assessment of the labor inclusion status of persons with disabilities in companies, as a baseline; (c) collaborative design of the Chile Productivity Pact model on the basis of quality standards, experience with the Colombia Productivity Pact, and other national and international experiences; (d) diagnostic supply-and-demand assessment of labor and training; and (e) identification of technologies that provide support for disability employment and job-related problems that can be addressed by participating employers through technological solutions.
- 2.7 The outcome will be (i) a Chile Productivity Pact workforce-inclusion model with quality standards for training and inclusion, as agreed upon by the appropriate actors (public entities, private companies, technical training entities, municipal job placement offices, private employment agencies, organizations of persons with disabilities, and employer associations); and (ii) a baseline of the workforce inclusion status of persons with disabilities in Chile.
- 2.8 **Component II: Development and implementation of quality management processes (IDB Lab US\$112,000; counterpart: US\$328,000).** The objective of this component is to train the appropriate actors in the “Chile Productivity Pact” workforce-inclusion model for persons with disabilities in view of the methodologies, standards, and good practices developed in Component I.
- 2.9 The activities of this component will be (i) adjustments to training modules for all actors in the workforce-inclusion ecosystem; and (ii) online and in-person training. The call for participation by training entities and employment agencies will be issued through the project’s partner organizations, such as the National Training and Employment Service (SENCE), technical training entities, Red Incluye, the Manufacturing Association (SOFOFA), and the Comunidad de Organizaciones Solidarias. The selection criteria for participating entities will be approved on an ex ante basis by the Bank.
- 2.10 As a result, at least 130 employment agencies, 300 trainers, six organizations of persons with disabilities, six public entities, and 400 companies will have received training and will have adopted the Chile Productivity Pact quality model, which includes a quality framework to ensure development of basic job skills and assistance in helping persons with disabilities gain entry into the workforce.
- 2.11 **Component III: Advisory services for training and workforce inclusion processes (IDB Lab: US\$178,000; counterpart: US\$208,000).** The objective of

¹² Thirty-three percent of those participating in Fundación Descúbreme’s job placement processes are women. The project aims to increase this figure to 40%.

- this component is to transfer methodologies and provide advice and technical assistance to each of the actors in the ecosystem who have received training for the development of inclusive products, services, and processes, with emphasis on the inclusion of women with disabilities.
- 2.12 The activities of this component will be (i) development of profiles and implementation of reasonable accommodations for different types of disabilities, for training courses; (ii) assistance in the training of persons with disabilities to ensure compliance with the model's standards; and (iii) assistance to employers in developing job placement processes with participating employment agencies in order to implement practices for inclusion and gender equity.
- 2.13 As a result, a survey will be conducted of the job skills of training participants; 1,600 persons with disabilities will be trained in skilled professions, especially those related to digital skills and new technologies; and the number of employers complying with the Inclusion Act through the hiring of persons with disabilities will increase by at least 14%.
- 2.14 **Component IV: Knowledge generation, innovation, and entrepreneurship for inclusion (IDB Lab: US\$512,000; counterpart: US\$642,000).** This component will (i) identify, test, and determine the usability, as well as the contribution to employer productivity, of technological solutions to promote environments that facilitate optimal performance by persons with disabilities;¹³ (ii) develop a cost-effective monitoring system to support processes for the strengthening of actors in the ecosystem and for inclusion and retention of persons with disabilities in the workforce; (iii) implement an ongoing documentation process so that the Chile Productivity Pact may be replicated in other parts of the country; and (iv) under the leadership of the Bank's Social Sector, develop a methodology to assess the impact of the Inclusion Act in its first four years,¹⁴ along with short-term studies, including an evaluation based on behavioral science, to identify factors that help boost compliance with the law.¹⁵
- 2.15 This component will include the following activities: (i) prospecting technologies to facilitate disability employment in the business world; (ii) at least two bidding processes, in partnership with a technological business accelerator, to design and prototype solutions for workforce inclusion for persons with disabilities by leveraging new technologies (3D printing, data science, artificial intelligence, etc.); (iii) monitoring of employers' businesses to measure impacts on productivity and other variables; and (iv) development of a methodology to evaluate the impact of the Inclusion Act.
- 2.16 As a result of this component, (i) minimum viable products will be developed for three technological solutions, together with the corresponding market tests;

¹³ Examples include a headband that can be used to activate a computer through facial and head movements, braille devices to assist people who are blind in writing documents, and devices to assist in the handling of objects.

¹⁴ The impact evaluation will also take into account information on hiring, seniority, wages and compensation, turnover, absenteeism, and productivity. Experiments will also be carried out to determine whether behavioral science might help boost compliance with the law.

¹⁵ This project will complement the evaluation efforts begun in the nonreimbursable technical-cooperation operation RG-E1598.

- (ii) three large companies will adopt technological solutions for the inclusion of persons with disabilities in the workforce; and (iii) studies will be carried out to assess the return on investment for employers hiring persons with disabilities and evaluate the impact of the Inclusion Act.
- 2.17 Also, in coordination with IDB Lab operation RG-T3466, the following activities and knowledge products will be developed: (i) a resource guide for employment of persons with disabilities; (ii) a joint communications and branding strategy; and (iii) joint events.
- 2.18 Lastly, Fundación Descúbreme, as the representative of the Zero Project initiative in the region,¹⁶ will ensure that the project is positioned in the framework of the annual organization of this event.

B. Results, measurement, monitoring, and evaluation

- 2.19 **Expected results.** In terms of impact, the project is expected to enhance the standard of living and quality of life of persons with disabilities, using sustainable workforce-inclusion processes to help generate and/or increase their income. The project also aims to evaluate the dropout rate of persons with disabilities from training processes; identify factors in increasing employer compliance with the law; assess aspects such as productivity, return on investment, turnover, etc.; and increase the number of persons with disabilities who develop digital skills.
- 2.20 **Project monitoring and evaluation.** As part of Component IV (paragraph 2.14(ii)), the project will develop an integrated management system to help monitor the work of the execution team and project partners, including workforce entry and staff turnover rates, as well as issues related to productivity and return on investment for employers. Indicators will be jointly identified with operation RG-T3466 and measured using a single standard for both projects.¹⁷ All indicators will be disaggregated by gender.
- 2.21 The project will aim to generate lessons learned and best practices related to various business models and types of job activity, as well as the inclusion of persons with disabilities in the workforce, to help replicate and scale the operation on a national level.

III. ALIGNMENT WITH THE IDB GROUP, SCALABILITY, AND RISKS

A. Alignment with the IDB Group

- 3.1 **IDB Lab.** This project is part of the “knowledge economy” and “inclusive cities” focus areas, as it promotes social inclusion and the development of digital and employability skills through the use of new technologies. It will be implemented alongside project RG-T3466, which will test Fundación Once’s “Inserta” model in four countries in the region. Not only will this generate a benchmark for the region, but it will help document best practices for the sustainable inclusion of persons with disabilities in the workforce.

¹⁶ <https://zeroproject.org/>

¹⁷ As a minimum, both projects will generate common definitions for the development and monitoring of indicators for training, employment, and job retention after 3 and 12 months.

- 3.2 The project also harnesses the experience and lessons learned from the Colombia Productivity Pact program (operation CO-M1033), which was initially supported by IDB Lab and will transfer methodologies and quality standards to the project in Chile (see paragraph 1.11).
- 3.3 **IDB Social Sector.** The project is closely aligned with the Gender Action Plan of the Gender and Diversity Division of the Bank's Social Sector. This plan stresses the importance of IDB Group actions to help reduce exclusion and invisibility and to make full use of people's talents. The project is also aligned with the strategic sector framework document of the Bank's Labor Markets Division and Social Protection and Health Division. In addition, the project complements the inclusion strategy for persons with disabilities developed by the Social Sector in 2018.
- 3.4 **Country strategy.** The project is aligned with the Bank's country strategy with Chile for 2018-2022, in which reducing social challenges and improving the quality of life of people in urban areas are identified as priority areas.
- 3.5 **Sustainable Development Goals.** The project is aligned with Sustainable Development Goal 8, particularly with targets 8.2 ("Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors") and 8.5 ("By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value").

B. Scalability

- 3.6 Scalability will be based on (i) generation of a cost-effective model for job training and employment services for persons with disabilities under Law 21015, by generating and implementing capacities in the public sector, private companies, and employment agencies; (ii) implementation of job service programs by the Ministry of Labor and SENCE, while providing continuity to programs implemented by civil society organizations; and (iii) assistance from the Bank's Social Sector in implementing permanent policies for disability employment.

C. Project and institutional risks

- 3.7 **Operational risk.** There is a risk that the strengthened entities may fail to incorporate lessons learned to make their processes and value offerings more inclusive. To mitigate this risk, (i) efforts will be carried out with SENCE and SENADIS to ensure that effective incentives are in place for training providers and employment agencies to implement reasonable accommodations and inclusion standards; and (ii) assistance will be provided to employers in developing inclusion policies, and capacity for future assistance will be generated in trade associations participating in the Chile Productivity Pact.
- 3.8 **Institutional risks.** There is a risk that Fundación Descúbreme may focus on cognitive disabilities, given its history of working in this area. This risk will be mitigated by the presence of a multidisciplinary team, the involvement of organizations of people with different types of disabilities, and assistance from the Colombia Productivity Pact.

IV. FINANCING INSTRUMENT AND PROPOSED BUDGET

- 4.1 The total cost of the project is US\$2,420,500, of which US\$981,000 will be provided by IDB Lab in the form of nonreimbursable technical cooperation. The remainder will be provided as the local counterpart by Fundación Descúbreme and project partners.
- 4.2 The use of nonreimbursable technical cooperation is justified by the need to test a completely innovative model in Chile and provide seed financing to highlight the importance of persons with disabilities participating in the workforce and the potential returns for employers and society as a whole.

Categories	IDB Lab	Counterpart	Total
Component 1: Mobilization and coordination of actors in the ecosystem	109,000	205,000	314,000
Component 2: Development and implementation of quality management processes	112,000	328,000	440,000
Component 3: Advisory services for training and workforce inclusion processes	178,000	208,000	386,000
Component 4: Knowledge generation, innovation, and entrepreneurship for inclusion	512,000	642,000	1,154,000
Financial coordination	-	51,500	51,500
Evaluation and ex post review	45,000	-	45,000
Contingencies	25,000	5,000	30,000
Grand total	981,000	1,439,500	2,420,500
% of financing	41%	59%	100%

V. EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE

A. Description of executing agency

- 5.1 Fundación Descúbreme¹⁸ will be the executing agency for this project and will sign the agreement with the Bank. It is a nonprofit organization related to CorpGroup, a Chilean business group, and founded in 2010 with the mission of promoting the full inclusion of persons with cognitive disabilities.
- 5.2 Since its founding, Fundación Descúbreme has helped more than 160 people with cognitive disabilities find jobs with more than 90 employers; 80% of them are currently working and 65% have held a job for more than a year. It serves as a consultative body to the United Nations Economic and Social Council and has a network of 150 organizations that work directly with persons with disabilities. At the national level, its “Inclusive Cycle” program won the “Zero Project: Innovative Practice in Employment 2017” award, beating out 160 other nominees for the distinction. In terms of public policy advocacy, it played a key role in the debate that led to passage of the Inclusion Act. As of 2019, Fundación Descúbreme is the Zero Project representative in the region.
- 5.3 Fundación Descúbreme is a member of Red Incluye (a network of 30 organizations related to workforce inclusion), the Comunidad de Organizaciones Solidarias (200 civil society organizations), the SOFOFA

¹⁸ <http://www.descubre.cl/>

Disability Commission, and the Civil Society Council of the Ministry of Labor and the Office of the General Comptroller. It is also a member of the Spanish Association of Assisted Employment, of the Association of People Supporting Employment First, and Inclusion International (which includes 150 organizations of persons with intellectual disabilities worldwide).

- 5.4 As initial partners of the Chile Productivity Pact, the Ministry of Labor, SENADIS, SENCE, and SOFOFA are committed to the operation and will provide technical expertise and resources, both in cash and in kind.

B. Implementation structure and mechanism

- 5.5 Fundación Descúbreme will establish an execution unit and the organizational structure needed to execute project activities and manage resources effectively and efficiently. The project will be led by the director of projects and partnerships of Fundación Descúbreme.

- 5.6 To ensure effective governance and coordination, the project will have the following consultative and leadership bodies:

- (i) Board of Directors;¹⁹
- (ii) Technical Committee;²⁰
- (iii) Global Advisory Council;²¹
- (iv) IDB Lab Project Coordination Committee.²²

¹⁹ The program's decision-making body in charge of strategic leadership, the Board of Directors consists of Fundación Descúbreme, Fundación Corona, and the legal representatives or delegates of the project's strategic partners (public or private entities that make the initiative possible and are committed to it through technical, administrative, logistical, and/or financial contributions for project execution and sustainability). The Board of Directors will be kept informed of project status and may suggest improvements as appropriate.

²⁰ The Technical Committee will consist of Fundación Descúbreme, Fundación Corona, a representative of the public sector, a representative of the business/employer sector, a representative of training entities and employment agencies, a representative of civil society organizations, and a representative of IDB Lab, the latter of whom will hold observer status. The representatives will be democratically elected through a consensus mechanism from among the participants in the Advisory Council of the Chile Productivity Pact. The Technical Committee will ensure effective implementation and monitoring of the project's process, outcome, and impact indicators; support project development; and generate proposals and recommendations to help coordinate services and implement the model. To make work processes more efficient, the Technical Committee may decide to form working groups that will report to the Technical Committee on matters that are key to project success, such as training, workforce inclusion, and communications.

²¹ The Global Advisory Council will consist of the IDB Group, Fundación Corona, the Chile Productivity Pact, Fundación Once, and other relevant entities that work for the inclusion of persons with disabilities in the workforce. It will meet twice a year, either in person or by virtual meeting, for the primary purpose of sharing experiences and lessons learned.

²² The IDB Lab Project Coordination Committee will consist of Fundación Once and Fundación Descúbreme, and its primary purpose will be to share best practices, methodologies, indicator reporting standards, and innovations developed.

VI. FULFILLMENT OF MILESTONE AND SPECIAL FIDUCIARY ARRANGEMENTS

- 6.1 **Disbursement by results and fiduciary arrangements.** The executing agency will agree to IDB Lab's standard arrangements for disbursement by results, as well as its procurement and financial management policies applicable to the private sector. This is consistent with the diagnostic needs assessment of the executing agency. Fundación Descúbreme has a financial management system acceptable to IDB Lab and a monitoring and accountability structure for submittal of its financial statements to the Bank. Project disbursements will be contingent upon verification of milestone fulfillment, in accordance with the means of verification agreed upon between the executing agency and IDB Lab. Fulfillment of milestones will not relieve the executing agency of the duty to fulfill the indicators in the logical framework and meet the project objectives.
- 6.2 Using a risk- and performance-based project management approach, project disbursement amounts will be determined on the basis of the project's estimated liquidity needs for up to six months. These needs will be agreed upon between IDB Lab and the executing agency and will reflect the activities and costs programmed in the annual planning exercise.
- 6.3 The first disbursement will be contingent upon fulfillment of conditions precedent, and subsequent disbursements will be contingent upon fulfillment of the following two conditions: (i) verification by IDB Lab that milestones have been fulfilled, in accordance with the annual planning exercise; and (ii) justification by the executing agency of at least 80% of the cumulative advance payments of funds.
- 6.4 If disbursement milestones are not fulfilled, the executing agency will submit, for the Bank's no objection, an action plan for milestone fulfillment. If the action plan proves ineffective, the Bank may cancel the undisbursed amount.
- 6.5 **Procurement.** For the procurement of goods and consulting services, the executing agency will be governed by the Bank's procurement policies (documents GN-2349-15 and GN-2350-13), in accordance with market practices for the private or commercial sector that are acceptable to the Bank.
- 6.6 **Single-source selection of Fundación Corona.** For effective transfer of the workforce-inclusion model for persons with disabilities tested by the Colombia Productivity Pact, the Bank will use resources from the contribution for the single-source selection of Fundación Corona, which is leading the Colombia Productivity Pact initiative, for up to US\$290,000. According to the Bank's policies for the selection and contracting of consultants (document GN-2350-13), this procurement process will be considered a single-source selection covered by paragraph 3.11(d), which identifies "experience of exceptional worth for the assignment" as grounds for single-source selection. There is a specific need and exceptional worth in the knowledge and experience that Fundación Corona brings to the project as a result of its experience in developing the Productivity Pact model.

VII. INTELLECTUAL PROPERTY

- 7.1 The Bank will hold intellectual property over any work produced or results attained as part of the Chile Productivity Pact. The Bank may, at its discretion, issue a free nonexclusive license for noncommercial purposes for the dissemination, reproduction, and publication in any medium of these works exclusively owned by the Bank. The executing agency will ensure that all contracts signed with consultants as part of this operation expressly grant all copyright, patent, and any other intellectual property rights to the Bank.