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DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

REGIONAL

UNLOCKING THE POTENTIAL OF LATIN AMERICA: WOMEN STEMPRENEURS

(RG-T3019)

DONORS MEMORANDUM

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PROJECT SUMMARY

Numerous studies show the increasingly important role of business startups, especially those with high growth potential, for developing economies transitioning toward innovation- and knowledge-based economies, i.e., those in which new ideas and advanced technologies become economic and social solutions, generating positive structural changes in countries. Universities, as key players in the entrepreneurial ecosystem of countries, therefore have the potential to play a decisive role in facilitating the expansion of entrepreneurial human capital bases by training people and bringing together innovations, applied knowledge, and high-growth ventures. Specifically, universities are a natural place to form a critical mass of trained professionals in STEM fields (science, technology, engineering, and mathematics), which have the greatest potential to drive innovation, productivity growth, and economic development.

However, given their still-experimental nature, the efforts of universities in promoting high-growth entrepreneurship, especially focusing on STEM, continue to have limited impact.¹ Adding to this is the sharp gender gap in starting and building innovative businesses, representing a big missed opportunity for society as a whole.

Through this project, RedEmprendia—a network of 28 universities (15 of them in six countries of Latin America)² that promotes innovation and responsible entrepreneurship in Ibero-America—proposes to drive development of the ecosystem for entrepreneurship and innovation from the universities outward, invigorating and taking the process of generation and transfer of knowledge from the university to society to the next level through the creation and building of innovative STEM-related companies, the majority led by women, that generate high-skilled jobs and social impact. The project has three interconnected strategic lines of work: (i) **BoosterWE Program**: Comprehensive training in crosscutting and specific competencies, as well as mentoring of the entrepreneurs by experts, who guide them through the launching and growth of their businesses. The program will select entrepreneurs each year to participate in immersion short-stays of 6 to 12 weeks at established, innovative companies, to strengthen and accelerate their business training. (ii) **WeXchange Annual Forum**: Two-day forum providing the opportunity for the region's entrepreneurs to connect with mentors, investors, and others in the social innovation ecosystem and get training in areas specific to their international needs, along with a Pitch Competition. (ii) **Stars Acceleration Program**: Six-month intensive, mentorship-driven accelerator program for business ventures at a more advanced stage of development, i.e., those whose time-to-market is shorter. The businesses selected will also receive an initial investment of US\$10,000 to US\$50,000,

¹ “**Emprendimientos dinámicos en América Latina. Avances en prácticas y políticas**” [Dynamic entrepreneurship in Latin America. Advances in practices and policies]. Series: [Políticas Públicas y Transformación Productiva](#). Hidalgo, G., M. Kamiya, and M. Reyes. 2014. Andean Development Corporation (CAF).

² The RedEmprendia member universities in the region are: (i) in Argentina: Universidad de Buenos Aires and Universidad de La Plata; (ii) in Brazil, Universidade de São Paulo, Universidade Estadual de Campinas, Universidade Federal de Minas Gerais, and Universidade Federal do Rio Grande do Sul; (iii) in Chile: Pontificia Universidad Católica de Chile and Universidad de Chile; (iv) in Colombia: Universidad de Antioquia and Universidad Nacional de Colombia; (v) in Mexico: Instituto Politécnico Nacional, Sistema Tecnológico de Monterrey, Universidad de Guadalajara, and Universidad Nacional Autónoma de México; and (vi) in Peru: Universidad Peruana Cayetano Heredia.

provided by the investment vehicle to be set up and capitalized by RedEmprendia and other partners in the region.

As a result, the expected beneficiaries will be: 2,250 undergraduate and graduate student entrepreneurs, both men and women, as well as recent graduates, mainly in the public university system of Latin America, representing many different socioeconomic levels; 600 people who will find skilled jobs created by the business ventures; and 15 universities of the region, as noted above.

ANNEXES

Annex I	Results Matrix
Annex II	Summary Budget

APPENDICES

Proposed resolution

INFORMATION AVAILABLE IN THE TECHNICAL FILES

Annex III	Itemized budget
Annex IV	Diagnostic needs assessment (DNA) of the executing agency
Annex V	Project status reports (PSRs), achievement of milestones, fiduciary agreements, and institutional integrity

ABBREVIATIONS

LAC	Latin America and the Caribbean
IDB	Inter-American Development Bank
CTI	Competitiveness, Technology, and Innovation Division of the IDB Group
EXR	Office of External Relations of the IDB
MIF	Multilateral Investment Fund
GDI	Gender and Diversity Unit of the IDB
ORP	Office of Outreach and Partnerships of the IDB
STEM	Science, technology, engineering and mathematics
ICT	Information and communication technologies

**REGIONAL
UNLOCKING THE POTENTIAL OF LATIN AMERICA: WOMEN STEMPRENEURS
(RG-T3019)**

EXECUTIVE SUMMARY

Country and geographic location:	Argentina, Brazil, Chile, Colombia, Mexico, and Peru		
Executing partner:	Red Universitaria Iberoamericana de Incubación de Empresas (RedEmprendia)		
Focus area:	Knowledge Economy		
Coordination with other donors/Bank operations:	This operation was coordinated with the following Bank departments: IDB/CTI, IDB/EXR, IDB/ORP, and IDB/GDI.		
Project clients:	<ul style="list-style-type: none"> - 2,250 undergraduate and graduate student entrepreneurs, both men and women, as well as recent graduates, mainly in the public university system of Latin America. - 600 people who will find skilled jobs created by the business ventures. - 15 universities in the region.³ 		
Financing:	Technical cooperation:	US\$2,300,000	
	Investment:	US\$0	
	Loan:	US\$0	
	Other (explain):	US\$0	
	TOTAL MIF CONTRIBUTION:	US\$2,300,000	33%
	Counterpart:	US\$4,738,947	67%
	Cofinancing:		0%
	TOTAL PROJECT BUDGET:	US\$7,038,948	100%

³ The RedEmprendia member universities in the region are: (i) in Argentina: Universidad de Buenos Aires and Universidad de La Plata; (ii) in Brazil, Universidade de São Paulo, Universidade Estadual de Campinas, Universidade Federal de Minas Gerais, and Universidade Federal do Rio Grande do Sul; (iii) in Chile: Pontificia Universidad Católica de Chile and Universidad de Chile; (iv) in Colombia: Universidad de Antioquia and Universidad Nacional de Colombia; (v) in Mexico: Instituto Politécnico Nacional, Sistema Tecnológico de Monterrey, Universidad de Guadalajara, and Universidad Nacional Autónoma de México; and (vi) in Peru: Universidad Peruana Cayetano Heredia.

Execution and disbursement period:	36 months for execution, and 42 months for disbursement.
Special contractual conditions:	As a condition precedent to the first disbursement, a project Coordinator will have been selected.
Environmental and social impact review:	This operation was pre-evaluated and classified according to the requirements of the IDB Environment and Safeguards Compliance Policy (Operational Policy OP-703) on 16 September 2016. Since the impacts and risks are limited, the proposed category for the project is "C."
Unit with disbursement responsibility	MIF staff at the Bank's Country Office in Chile (MIF/CCH)

I. THE PROBLEM

A. Description

- 1.1 **The role of universities in promoting entrepreneurship in STEM fields (science, technology, engineering, and mathematics) for transitioning toward knowledge economies.** Numerous studies show the increasingly important role of business startups, especially those with high growth potential, for developing economies transitioning toward innovation- and knowledge-based economies, i.e., those in which new ideas and advanced technologies become economic and social solutions, generating positive structural changes in countries. Universities, as key players in the entrepreneurial ecosystem of countries, therefore have the potential to play a decisive role in transitioning toward the knowledge economy, facilitating the expansion of entrepreneurial human capital bases by training people and bringing together innovations, applied knowledge, and high-growth ventures.
- 1.2 Specifically, universities are a natural place to form a critical mass of trained professionals in STEM fields, which have the greatest potential to drive innovation, productivity growth, and economic development and have demonstrated strong rising demand. For example, in Latin America and the Caribbean, there is projected market demand for more than 1.2 million software developers by 2025. Also moving front and center are entrepreneurs in STEM fields, or STEMpreneurs, who combine their education in STEM fields with the skills and passion for entrepreneurship, to create highly innovative companies seeking to solve large-scale problems.⁴ Given their scalability and potential for growth and financial returns, STEM businesses are very attractive for investors.
- 1.3 In recent years, many universities in Latin America have been seeing early but steady progress in this regard. On the one hand, entrepreneurial education, particularly focusing on STEM fields, has been gaining momentum in academia, and, on the other, incubators, science and technology parks, and other structures have been created that have prompted the creation of student-led companies. For example, a study of the ecosystem in Brazil, Chile, and Argentina by Prodem⁵ indicates that just over a third of entrepreneurs have taken some entrepreneurship course at the university, and more than 60% of them said it was important in developing their entrepreneurial skills.⁶ This differs significantly from a decade ago, when there was very little recognition of the contribution of universities by

⁴ As an example, STEMpreneurs create algorithms to develop financial solutions for lending to low-income populations; use data analysis to develop decision-making tools that can improve both agricultural yields and risk management; or build nanosatellites that disruptively deliver data streams for observing borders and vehicle movements, detecting forest fires, tracking the number of cars in a supermarket parking lot to estimate earnings, or identifying shock waves of a tsunami.

⁵ See: “**Índice de condiciones sistémicas para el emprendimiento dinámico**: una herramienta para la acción en América Latina” [Index of systemic conditions for dynamic entrepreneurship: A tool for action in Latin America]. Kantis, H., J. Federico, S. Ibarra García, Rafaela: Asociación Civil Red PYMES Mercosur, 2014.

⁶ See: “¿Emprendedores ‘ambiciosos’ en Argentina, Chile y Brasil?: el papel del aprendizaje y del ecosistema en la creación de nuevas empresas dinámicas” [‘Ambitious’ entrepreneurs in Argentina, Chile, and Brazil? The role of learning and the ecosystem in dynamic business startups]. Kantis, H. 2014. Red de investigaciones del Mercosur.

entrepreneurs.⁷ Meanwhile, with the opening of accelerators and technology parks, universities have launched a major effort to support student entrepreneurs with the conditions, structures, and methodologies to encourage the generation of innovative ideas and reduce the risks inherent in starting and growing a company.

- 1.4 **Importance of women's STEM entrepreneurship.** Recognition is gaining that expanding women's leadership in high-impact entrepreneurial business ventures such as those related to STEM disciplines is not a matter of "image," but a crucial factor for economic growth in the countries concerned. The report, "Global women's entrepreneurship research: Diverse settings, questions, and approaches," notes that women are 1.17 times more likely than men to create social enterprises rather than businesses for purely financial ends, and 1.23 times more likely than men to create businesses with environmental concerns. While women are beginning to emerge in the region who as engineers, scientists, and technologists create their own companies with high innovation content,⁸ some within the university setting, there is still a long way to go, as described below.
- 1.5 **Diagnostic assessment of the problem.** Given their still-experimental nature, the efforts of universities to promote high-growth entrepreneurship, especially focusing on STEM, continue to have limited impact.⁹ While more and more initiatives are emerging to bridge the gap between universities and enterprises, the reality is that most of these, which often need to create new structures and cultures, are in their early stages or still need to mature and consolidate.
- 1.6 Adding to this is the **sharp gender gap in starting and building innovative businesses in the university setting, especially focusing on STEM**, representing a big missed opportunity for society as a whole: although 60% of higher education graduates and 45% of researchers in Latin America are women (UNESCO, 2007), only 11% of women university students in Latin America are in these disciplines.¹⁰ The data indicate that for STEM companies, women are more active as consumers, but significantly less so as CEOs, CFOs, CIOs,¹¹ or founders. According to the study "[WeGrow: Unlocking the Growth Potential of Women Entrepreneurs in Latin America and the Caribbean.](#)" comparing the opportunities and challenges of men and women entrepreneurs in the region, 40% of men operate in the information and communication technology (ICT) sector, compared to just 6% of women.
- 1.7 The **core problem** to be addressed by this project is the low level of innovations generated on the campuses of Latin American universities that are transformed into

⁷ "Developing entrepreneurship. Experience in Latin America and worldwide". Kantis, H., V. Moori-Koenig, and P. Angelelli. 2004. Washington: Inter-American Development Bank.

⁸ Examples of STEM ventures led by women are a startup that tracks and detects anomalies in livestock health remotely and autonomously, and helps farmers prevent epidemics and combat theft of livestock (Uruguay); an employment platform for the generation of connected workforce, providing immediate access to creative talents worldwide, in the Cloud, on demand, transparently, and without complications (Argentina/USA); a drone factory offering transportation alternatives to serve the most needy (Dominican Republic); and others.

⁹ "Emprendimientos dinámicos en América Latina. Avances en prácticas y políticas" [Dynamic entrepreneurship in Latin America. Advances in practices and policies]. Series: [Políticas Públicas y Transformación Productiva](#). Hidalgo, G., M. Kamiya, and M. Reyes. 2014. Andean Development Corporation (CAF).

¹⁰ "Women in Science and Technology." Castillo, R., M. Grazzi, and E. Tacsir. IDB Technical Note, 637.

¹¹ Chief Executive Officer (CEO), Chief Financial Officer (CFO), and Chief Information Officer (CIO).

strong entrepreneurial ventures with high growth potential, particularly those led by women. A large number of universities in the region face considerable barriers to building such companies within their own setting, given the absence or weakness of the following set of key factors:

- **Low level of entrepreneurial culture and skills**, especially among women students in STEM fields, significantly limiting their ability to transform innovative ideas into enterprises with high impact potential.
- **Limited policies, initiatives, and support service offerings** by universities to stimulate innovation and development in connection with launching high-impact entrepreneurial ventures focusing on STEM fields.
- Related to this last point, **limited access to seed capital by university entrepreneurs, especially women**, to finance the proof of concept and business development phase, as well as limited access to qualified mentors, which is as important as access to finance.

- 1.8 **Project beneficiaries.** The project beneficiaries will be 2,250 undergraduate and graduate student entrepreneurs, both men and women, as well as recent graduates, mainly in the public university system of Latin America, representing many different socioeconomic levels. Priority will be given to women entrepreneurs, especially those who are studying or have completed courses of study in STEM disciplines. An additional 600 beneficiaries will have access to skilled jobs created by the startups. Also benefiting will be 15 universities in the region participating in the project.

II. THE SOLUTION

A. Project description

- 2.1 The project **objective** is to build an ecosystem for entrepreneurship and innovation from the universities outward, helping the new startups emerging from them to disrupt, access financing, boost productivity, grow, and create jobs in new economy sectors. The project is focused primarily on increasing women's participation in this type of startup, but the idea is to help them overcome the barriers described, without becoming segmented.
- 2.2 The project is aligned with the MIF's **Knowledge Economy** focus area, seeking to create and build a highly innovative business community based on the knowledge generated at universities, while supporting women's entrepreneurship, which is key to economic development.
- 2.3 The project will promote a program acting across the board to support the entrepreneurial process at all stages: (i) awaken and identify the entrepreneurial spirit in people of the university community; (ii) start and grow high-impact entrepreneurial ventures with a strong technological component; (iii) provide and promote access to private funding; and (iv) add female talent to the entrepreneurship "value chain," particularly focusing on STEM.
- 2.4 **Innovation.** This would be the MIF's first project designed to capture and transform the talent and innovation generated at the region's universities on such a scale. Never before has a high-growth entrepreneurship promotion program been put in place at leading universities in six countries at the same time and with so much scale

potential for the rest of the region's universities.¹² This would also be the MIF's first program to foster women entrepreneurs in STEM sectors, while also supporting building their businesses.

- 2.5 Specifically, RedEmprendia will invigorate and take the process of knowledge generation and transfer from the university to society to a higher level through the creation and consolidation of innovative companies related to STEM knowledge fields, the majority led by women. The project seeks to show that it can be an important tool for the region to promote the emergence of more and better entrepreneurs, both men and women, contributing to the creation of skilled jobs, particularly among young people, and to an increase in the female labor force participation rate in the coming years. RedEmprendia will work with 28 universities, 15 of them located in six countries of Latin America (Argentina, Brazil, Chile, Colombia, Mexico, and Peru), and 13 in Spain and Portugal, which will facilitate an exchange of knowledge among all countries involved in the program.¹³ The project has **three interconnected strategic lines of work**: (i) BoosterWE Program; (ii) WeXchange Annual Forum; and (iii) Stars Acceleration Program.
- 2.6 **Component I: BoosterWE Program.** This component seeks to encourage STEM students and graduates of the 15 RedEmprendia universities in the region to get involved in the entrepreneurial process, providing them with training, experience in business management, support, and social recognition. It is a business "pre-incubation" program, with specific measures to identify and support women STEMpreneurs (75% of participants are expected to be women). The program will have the following components:
- (i) **Knowledge seeds:** These full- or half-day sessions will raise awareness and offer training in crosscutting skills (e.g., negotiation, finance for entrepreneurs, lean startup) and specific skills (e.g., search engine optimization, search engine marketing, intellectual property) for entrepreneurs, as well as talks or dialogues with successful women who can be role models encouraging other women to become sci-tech entrepreneurs.
 - (ii) **Entrepreneurial short-stays:** 243 entrepreneurs will be selected on a series of criteria to be determined, to participate in immersion short-stays of 6 to 12 weeks at established, innovative companies, to strengthen and accelerate their business training. There, they will have the opportunity to interact with the host company's entrepreneurship team, as well as local ecosystem stakeholders. The short-stays will be at companies in countries and sectors of interest to entrepreneurs, either in their home country or abroad. These short-stays are expected to help the entrepreneurs validate their business model or technology

¹² Research has shown that, although there are programs to promote greater women's engagement in science and technology fields in general, no programs similar to the one proposed in this project focusing on women STEMpreneurs are known to exist. RedEmprendia has experience working with the Woman Emprnde program of Spain's Universidad de Santiago de Compostela, to promote women's engagement in the entrepreneurial process (focusing on women entrepreneurs in general, not STEM), and several good practices have been drawn from it and incorporated into the design of this project.

¹³ RedEmprendia operates in Ibero-America: six countries of Latin America (Argentina, Brazil, Chile, Colombia, Mexico, and Peru) plus Portugal and Spain, but this project only has contributions for Latin America.

in another market and, upon their return, start their own business having already made contacts and adopted an international outlook.

- (iii) **Coaching and guidance:** Entrepreneurs participating in entrepreneurial short-stays will receive personalized mentoring from the RedEmprendia Mentors Network, to develop their projects. Each beneficiary will interact with mentors in the entrepreneur's country of origin and the host country, which will help improve the networking of entrepreneurs in the program, especially women, connecting them with investors, executives, and other established entrepreneurs. The entrepreneurs will have access to specialized mentors in different areas, including business management, as well as legal counsel, e-commerce, internationalization, biotechnology, social innovation, digital marketing, intellectual and industrial property, venture capital, and others, depending on the specific needs of their companies.

- 2.7 **Component II: WeXchange Annual Regional Forum.** This component will address the lack of access to robust contact networks of mentors and investors for women. This two-day forum provides the opportunity for the region's women entrepreneurs to connect with mentors, investors, and others in the social innovation ecosystem and get training in areas specific to their international needs. In addition, the Pitch Competition, organized during the year in the runup to the event, where a group of finalist entrepreneurs have the opportunity to present their startups to an international jury of ecosystem investors and experts.
- 2.8 The forums will be held in different countries of the region each year, in collaboration with the RedEmprendia Spin event¹⁴ and others working on innovation and entrepreneurship. WeXchange will play an instrumental role in raising awareness about the need to include women in the entrepreneurial process, awaken and identify female entrepreneurial talent, and support and recognize the best entrepreneurial initiatives by women in Latin America. The MIF has organized WeXchange since 2013, with successful results: more than 1,000 entrepreneurs, mentors, investors, and stakeholders in the women's entrepreneurship ecosystem from 25 countries have attended these events since 2013. Many have taken ideas back to their countries that replicate the WeXchange spirit of helping entrepreneurs in the region gain more visibility and access to finance. RedEmprendia has regarded WeXchange as a catalytic program offering many synergies with its STEM entrepreneurship initiative. For the MIF, this interest represents validation from the private sector. Guided by RedEmprendia and its member universities, WeXchange is expected to achieve scale and established itself as the biggest and most innovative platform for promoting women's entrepreneurship in the region. The idea is that, starting with future WeXchange events and as part of the project, the universities will expand their role as key drivers and beneficiaries of the event in terms of content development, dissemination, and involvement of their women entrepreneurs in the events.
- 2.9 **Component III: Stars Acceleration Program.** This component will promote the growth and consolidation of highly innovative companies launched by

¹⁴ RedEmprendia Spin is the largest Ibero-American university entrepreneurship event, held every two years, alternating between Spain/Portugal and Latin America. The event includes lectures, a marketplace, workshops and seminars, and networking sessions, as well as awards for the best entrepreneurial projects and an investment forum. The 2016 Spin event was attended by more than 2,000 entrepreneurs from 200 countries representing nearly 100 universities, and 100 investors.

undergraduate and graduate students and recent graduates, as well as researchers, in STEM disciplines who are at a more advanced stage of development, i.e., those whose time-to-market is shorter and in some cases already have clients and sales. The program will select and accelerate highly innovative STEM companies less than three years old, preferably whose products or services have grown out of research conducted at the university, for six months in high-innovation environments called StarLabs. Two open public competitions will be launched each year, to accelerate a total of 120 businesses¹⁵ from any university in Latin America. The acceleration process, run by technical staff of universities and RedEmprendia experts and mentors, will offer customized training, access to the RedEmprendia international network of mentors, investment readiness, and potential access to RedEmprendia internationalization programs. Each accelerated startup will also receive US\$10,000 in seed capital grants, to be used for the construction of prototypes, minimum viable products, and practical validation of the business strategy in the market. The two best companies among the ten selected at each StarLab in each cycle will receive an additional capital contribution of US\$30,000 to US\$50,000, provided by the investment vehicle to be set up and capitalized by RedEmprendia and other partners in the region. Additionally, the most promising startups will have opportunities to access additional resources through other local ecosystem investors (angel investors, seed and venture capital funds, etc.), facilitated by the many different ecosystem actors involved in the project.

- 2.10 The first phase of deployment of the Stars program will occur as part of this project, getting two StarLabs up and running at universities of the region: one at Universidade de São Paulo and one at Pontificia Universidad Católica de Chile. Expansion is subsequently planned to the six Latin American countries where RedEmprendia is active.
- 2.11 In summary, BoosterWE, WeXchange, and Stars will support STEM entrepreneurs, both men and women, who have the greatest potential for knowledge transfer from the university to society, throughout the lifecycle of their business venture. **BoosterWE** will identify and support STEM graduate entrepreneurs, both men and women, offering them experience in business management; **WeXchange** will facilitate contacts with mentors and investors; and **Stars** will then provide all the strategic advisory support, access to sources of private funding, and international market outreach that they need to accelerate the growth of their business initiative and create jobs, wealth, and prosperity.

B. Project Outcomes, Impact, Monitoring, and Evaluation

- 2.12 Key indicators to measure the expected outcomes of the project are as follows:¹⁶
 - a. Number of undergraduate and graduate student entrepreneurs trained, both men and women, as well as recent graduates, mainly in the public university system of Latin America (target: 2,250)
 - b. Number of people who find skilled jobs created by the business startups (target: 600)
 - c. Average annual sales growth of the firms supported by the project (target: 20% per annum)

¹⁵ Preference will be given to the companies with the greatest potential launched under the BoosterWE program.

¹⁶ All indicators will be disaggregated by gender.

- d. Number of new firms established (target: 100)
 - e. Number of business ventures that raise funding through contacts with investors and StarLabs advisory support (target: 120)
 - f. Number of supported businesses that internationalize their operations (target: 60).
- 2.13 **Baseline and monitoring.** The project will have an internal monitoring and evaluation system that will be used throughout its lifecycle. The tasks will be performed by the focal point (RedEmprendia) in collaboration with the universities involved, as described in Section 5 of this document.
- 2.14 Project monitoring will include: (1) periodic measurement of pre-established indicators based on the project objectives and expected outcomes (Logical Framework); (2) periodic measurement of performance indicators for the businesses supported by the project;¹⁷ and (3) preparation of six-monthly monitoring reports and their review.
- 2.15 The indicators will be measured using data sheets for six-monthly monitoring of activities (for each partner/university and activity), which will be updated with the execution progress of the planned activities. The data sheet formats and indicators will be developed by RedEmprendia at project outset and approved by the Management Committee and the IDB/MIF. RedEmprendia will ensure that each university completes the information every six months for timely reporting to the Bank and the Management Committee.
- 2.16 **Evaluation.** Two evaluations will be performed: (a) a midterm process evaluation focusing on the strategy to meet the objectives set; and (b) an outcome and impact evaluation at project-end (measuring efficiency, relevance, impact, and sustainability), focusing on key questions such as: (i) the role of different actors in catalyzing STEM enterprises; (ii) the social impact of the incubated products and services; (iii) innovative approaches in attracting and growing STEM companies led by women; (iv) the financial instruments best meeting the needs of STEMpreneurs in general, and women STEMpreneurs in particular, etc.
- 2.17 **Closing workshop.** At month 33, RedEmprendia will organize a closing workshop in coordination with the Bank, to jointly assess the results achieved with the other ecosystem actors, as well as identify additional tasks to ensure that the actions begun under the project are sustainable, and identify and disseminate lessons learned and best practices.

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

A. Alignment with the IDB Group

- 3.1 The project is aligned with the Competitiveness, Technology, and Innovation Division (CTI), Office of External Relations (EXR), the Gender and Diversity Unit (GDI), and the Inter-American Investment Corporation, as it seeks to contribute to:

¹⁷ These indicators will be set by RedEmprendia and may include such dimensions as team composition, sales, customer diversification, financing mechanisms, contribution margins, fixed and variable costs, corporate governance, milestones in prototype development and market testing, establishing formal business operations in the mainstream economy, etc.

- Increased investment and financing flows in science, technology, and innovation in the countries of the region, to narrow the gap with more advanced economies and improve public-private dialogue, especially university-to-business (CTI)
- Advances in the availability of high-skilled human capital, not just scientific researchers but entrepreneurs and engineers, giving special attention to the inclusion of women (CTI and EXR, acting through IDB Demand Solutions)
- Narrowing the gender gap for STEM women as employees, business leaders, and job creators (GDI and EXR)
- Advances in gender equity and diversity, including support for women-led entrepreneurial ventures (a crosscutting area in the IIC's new business strategy)

B. Scalability

- 3.2 The project has been designed to be scaled to other universities that join RedEmprendia in the future. The network has set a goal to reach 40 universities by 2020.¹⁸ RedEmprendia's sustainable growth is ensured by the support of Banco Santander and the ongoing need demonstrated by Ibero-American universities for a project of this kind. RedEmprendia also has international partnerships to support the initiative with corporations like PayPal, Indra, and Google. The learnings from this project could be collected by CTI, which could work with governments and innovation systems to replicate the model at other universities of the region. CTI is currently doing research on women in STEM, in order to close the gap in data.

C. Project risks

- 3.3 **Low demand for participation in programs under the project.** A critical mass of interested female students and entrepreneurs in STEM fields who apply to the programs offered by the project may not be found within the university setting. This risk will be mitigated through a comprehensive communication campaign leveraging far-flung networks such as Universia, the universities themselves, and other ecosystem actors (accelerators, associations of entrepreneurs, etc.) in the different countries where the project is conducted.
- 3.4 **Undercapitalization of the StarLabs investment vehicle.** There is a risk that the required level of capitalization and cofinancing for initial investments in the accelerated businesses may fail to materialize. This risk is considered low, since RedEmprendia has the financial backing of Banco Santander for setting up the fund, and there is a burgeoning number of seed and venture capital funds in the project countries looking for investment opportunities in STEM fields developed by startups.
- 3.5 **RedEmprendia management capabilities.** RedEmprendia has no prior experience with the MIF, nor has it previously administered an investment vehicle. Consequently, there is an institutional capacity risk related to the management of a program of regional magnitude such as this. To mitigate this risk, RedEmprendia will enable this project to draw on the prior experience of highly qualified professionals in coordinating projects implemented with 28 universities of Ibero-America. RedEmprendia will also make special efforts to cultivate buy-in and build installed capacity that will remain with staff at the participating universities.

¹⁸ Strategic document, "RedEmprendia Horizonte 2020."

IV. COST AND FINANCING

- 4.1 The project has a total cost of US\$7,038,948. Of that amount, US\$2,300,000 (33%) will be contributed by the MIF, and US\$4,738,948 (67%) by the counterpart.

Project components	MIF	Counterpart RedEmprendia and Santander	Cofinancing Universities	Total
Component 1: BoosterWE	1,372,950	802,660	604,800	2,780,410
Component 2: WeXchange	194,800	159,000	75,000	428,800
Component 3: StarLab	658,700	2,267,989	630,000	3,556,689
Administration		65,000		65,000
Project website		3,000		3,000
Evaluation	30,000			30,000
Ex post reviews	23,000			23,000
Contingencies	20,550	131,499		152,049
Grand total	2,300,000	3,429,148	1,309,800	7,038,948

- 4.2 The project will be financed by Banco Santander and the participating universities. The universities agree to make in-kind contributions to: (i) provide project execution assistance to RedEmprendia for training, competitions, selection of startups, etc.; and (ii) conduct monitoring and supervision of project activities and support the initiative's beneficiary entrepreneurs at each university.

V. PROJECT PARTNERS AND IMPLEMENTATION STRUCTURE

A. Description of project partner(s)

- 5.1 Red Universitaria Iberoamericana de Incubación de Empresas (RedEmprendia), a nonprofit entity organized under the laws of Spain, will be the executing partner for this project and sign the agreement with the Bank. RedEmprendia was founded in 2008 by Banco Santander, Universia (Santander Universidades), and a network of 28 universities in eight countries of Ibero-America (Argentina, Brazil, Chile, Colombia, Mexico, Peru, Spain, and Portugal), 15 of them in Latin America. RedEmprendia's objective is to transfer the "university entrepreneurship" model to all Ibero-American countries and their universities, helping to create a strong culture of innovation and entrepreneurship in university communities that spills over into society and becomes institutionalized as a new core mission, alongside teaching and research.
- 5.2 **Experience on similar projects.** Since its founding, RedEmprendia has designed and consolidated nearly a dozen initiatives. In its first four years, more than 600 businesses were incubated and accelerated in incubators or scientific and technical departments of member universities, and 1,500 patent applications were filed. To accomplish this, RedEmprendia signed collaboration agreements with an extensive list of public and private sector organizations such as Fundación Iberdrola, Fundación Cultural Banesto, Sonae, and others.
- 5.3 The strategic partner and the main backer of RedEmprendia is Banco Santander, through Universia, which has been working for the past 18 years on initiatives to

promote a culture of entrepreneurship and innovation, digitalization of universities, internationalization, and employability. Currently, Universia is supporting more than 1,200 universities and research centers throughout the world, allocating 160 million euros in 2015 alone. The project will contribute to strengthening the IDB's strategic partnership with Banco Santander. In 2014, the IDB signed a memorandum of understanding with Banco Santander focused on the design and implementation of projects to promote banking in the region, including financial and nonfinancial services for SMEs.

- 5.4 Other ecosystem actors in both the public and private sectors are also expected to be actively engaged for the execution of activities, such as: government agencies promoting science and technology as well as entrepreneurship, angel investor networks, seed and venture capital funds, incubators, accelerators, and corporations associated with STEM sectors in the six countries of the region that are home to RedEmprendia member universities. Collaborations will be sought for coorganization and cofinancing of specific initiatives, dissemination efforts, coordination, and exchange of knowledge and lessons learned.
- 5.5 RedEmprendia is headquartered in Santiago de Compostela, Spain. A legal entity will be established in Chile at project launch under the same conditions of governance, administration, and operation as RedEmprendia Spain, and will administer the project as regional representative office of RedEmprendia in the country. RedEmprendia Chile will sign a coexecution agreement with RedEmprendia Spain (as executing agency) under the same terms and conditions as established in the agreement between RedEmprendia Spain and the Bank.

B. Structure and Implementation Mechanism

- 5.6 RedEmprendia will establish an execution unit in Chile and the necessary structure to execute the project activities and effectively and efficiently manage the project resources. RedEmprendia will also be responsible for delivering project status reports (PSRs).
- 5.7 For project execution, the executing partner intends to engage key stakeholders and beneficiary universities under a dedicated operating structure to effectively run the activities planned over the course of the project. This structure is comprised of the project Coordinator and Management Committee.¹⁹
- 5.8 For project execution, collaboration agreements will be signed between RedEmprendia²⁰ and the universities involved, addressing the specific activities to be performed by the universities under the project and the resources to be devoted to the project by each university for its successful implementation. Financing agreements will also be signed between RedEmprendia and Banco Santander, reflecting the total amount to be financed by Banco Santander and the activities to be performed by RedEmprendia under the project, as well as other legal matters for successful implementation of the project. Coordination and representation mechanisms will be agreed upon at the first meeting of the project Management Committee and will require the Bank's no objection.

¹⁹ The terms of reference for the responsibilities of the project Coordinator and Management Committee will be submitted for the Bank's no objection prior to the start of project implementation.

²⁰ Initially, the agreements will be led by RedEmprendia Spain. RedEmprendia Chile will assume all project administration responsibilities once the legal entity has been established and approved to operate under Chilean law.

VI. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 6.1 Results-based disbursements and fiduciary arrangements.** The executing partner and universities that sign collaboration agreements involving the management of MIF resources will agree to the standard MIF arrangements concerning results-based disbursements, procurement, and financial management, as specified in Annex V.

VII. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY

- 7.1 Access to information.** This document is public under the Bank's Access to Information Policy.
- 7.2 Intellectual property.** All work and outcomes achieved under the project will be the intellectual property of the IDB. The Bank will grant a free, nonexclusive license to the executing agency, including the rights of dissemination, reproduction, and publication of any output in any medium. Dissemination, reproduction, and publication must indicate that the output has been financed by the MIF. Any use of the name or logo of the Inter-American Development Bank or the Multilateral Investment Fund by the executing agency for any purpose will require prior written authorization from the Bank.