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BOLIVIA

**RURAL YOUTH INCLUSION IN DIGITAL PROCESSES FOR
TRAINING, EMPLOYMENT, AND ENTREPRENEURSHIP**

(BO-T1375)

DONORS MEMORANDUM

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PROJECT SUMMARY

BOLIVIA RURAL YOUTH INCLUSION IN DIGITAL PROCESSES FOR TRAINING, EMPLOYMENT, AND ENTREPRENEURSHIP (BO-T1375)

Indigenous young people in Bolivia's rural areas face significant challenges connecting to the Internet, accessing training, finding quality employment, and launching digital startups. The pandemic has significantly worsened the socioeconomic circumstances of young people and women in outlying and rural areas, as schools and business have shuttered and unemployment has risen. There is striking inequality between rural youth and those in urban areas, driving migration from Bolivia's rural communities to urban centers. In essence, the shortage of digital skills, connectivity, and access to digital tools, together with insufficient linkages between rural and urban areas and lack of opportunities for work and technology startups are marginalizing and excluding Bolivia's indigenous populations in rural and periurban areas from the economy and digitalization.

The proposed project seeks to increase socioeconomic opportunities for rural and periurban youth¹ who live or have relatives in northern Potosí and the Chaco region of the Department of Tarija, as well as periurban and rural migrant youth who reside in the city of El Alto in La Paz, through a one-stop model to make up for digital divides in skills and connectivity and foster connections between rural and urban areas. Specifically, the model will promote: (i) the development of digital, technical, business, and social/emotional skills in young people; (ii) the use of digital tools for employment and entrepreneurship; and (iii) the establishment of partnerships to lay the groundwork for a youth digital entrepreneurship ecosystem and rural/urban linkages.

The project will benefit 8,000 rural and periurban young people who live in, or have family ties to, northern Potosí and the Chaco region of Tarija, as well as periurban and rural migrant youth who reside in the city of El Alto in La Paz. The young people are expected to be between 16 and 35 years old, with at least 60% being women, and at least 75% self-identifying as members of indigenous peoples. The expected outcomes include: (i) 7,200 young people will complete their training in digital skills (basic, intermediate, and/or advanced), which will help them become more socioeconomically empowered; (ii) 250 will increase their income by finding employment with the project's support; and (iii) 350 will access internship opportunities; additionally, with the project's support: (iv) 200 youth businesses will be started; and (v) 350 youth businesses will be strengthened, increasing their sales.

The executing agency, ICCO, will develop solutions for better connectivity in rural areas, build a virtual training platform and digital tools for young people, promote their participation in programming bootcamps and hackathons, and offer training in digital skills and technologies, as well as social/emotional and business skills, to help improve their income-earning opportunities. The project will also capitalize on ICCO's successful experience with the Manq'a culinary schools financed by IDB Lab and the lessons learned from that initiative.

The total project financing is US\$2 million, which includes a US\$1 million contribution from ICCO and US\$1 million in IDB Lab nonreimbursable technical cooperation funding.

¹ Young people living in rural areas and those who self-identify as belonging to rural native and Afro-Bolivian nations and peoples.

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INFORMATION AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF THE IDB LAB PROJECT INFORMATION SYSTEM

DOC 1	Itemized budget
DOC 2	Diagnostic Assessment of Integrity and Institutional Capacity (DICI)
DOC 3	Project status reports, fulfillment of milestones, and fiduciary agreements
DOC 4	Procurement plan
DOC 5	Integrity review

ABBREVIATIONS

CEAs	Centros de educación alternativa (alternative education centers)
CEPB	Confederación de Empresarios Privados de Bolivia [Confederation of Private-Sector Entrepreneurs of Bolivia]
ECLAC	Economic Commission for Latin America and the Caribbean
ICCO	Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking [Interchurch Organization for Development Cooperation]
ILO	International Labour Organization
UDAPE	Unidad de Análisis de Políticas Sociales y Económicas [Social and Economic Policy Analysis Unit]
YEP	Youth Entrepreneurship Program

BOLIVIA
RURAL YOUTH INCLUSION IN DIGITAL PROCESSES FOR
TRAINING, EMPLOYMENT, AND ENTREPRENEURSHIP
(BO-T1375)

EXECUTIVE SUMMARY

Country and geographic location:	Bolivia: Northern region of the Department of Potosí, the Chaco region of the Department of Tarija, and the city of El Alto in the Department of La Paz.		
Executing agency:	Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking [Interchurch Organization for Development Cooperation], ICCO		
Focus area:	Knowledge Economy		
Coordination with other donors/Bank operations:	The project offers opportunities for interaction with loan 3822/BL-BO "Program to Support Employment II" of the Labor Markets Division (LMK); and IDB Lab projects ATN/ME-16415-BO "JaqueMate – Technology, Digital Skills, and Soft Skills to Beat Mathematics" and ATN/ME-17828-RG "ExO Mujer: Leading Technological Change for Climate Change Adaptation in the Gran Chaco Region." This project could yield valuable lessons and test intervention methodologies from which the country could learn.		
Project beneficiaries:	<p>The direct beneficiaries will be 8,000 rural and periurban young people who will access digital skills training. Of these young people, (i) 7,200 will complete their training in digital skills (basic, intermediate, and/or advanced), which will help them become more socioeconomically empowered; (ii) 250 will increase their income by finding employment with the project's support; and (iii) 350 will access internship opportunities; additionally, with the project's support, (iv) 200 youth businesses will be started; and (v) 350 youth businesses will be strengthened, increasing their sales.</p> <p>At least 60% of the total direct beneficiaries will be women, and at least 75% will self-identify as indigenous.</p>		
Financing:	Nonreimbursable technical cooperation:	1,000,000	50%
	Total IDB Lab contribution:	1,000,000	50%
	Counterpart:	1,000,000	50%
	Total project budget:	2,000,000	100%
Execution and disbursement period:	36 months execution, and 42 months disbursement.		
Special contractual conditions:	Conditions precedent to the first disbursement: (a) selection and appointment of the project coordinator; and (b) letter of commitment for timely availability of the local contribution resources.		
Environmental and social impact review:	This operation was prescreened and classified according to the requirements of the IDB's Environment and Safeguards Compliance Policy (Operational Policy OP-703) on 29 July 2021. As the impacts and risks are limited, the proposed category for the project is "C."		
Unit with disbursement responsibility:	The Bank's Country Office in Bolivia (CAN/CBO).		

I. THE PROBLEM

A. Description

- 1.1 In Latin America and the Caribbean, at least 12 million jobs² have been lost as a result of the crisis caused by the COVID-19 pandemic. At least 5.6 million of them were in the formal sector. Among the young population, one out of every six people 18 to 29 is believed to have stopped working since the beginning of the pandemic. For the population ages 15 to 24, the unemployment rate is estimated to have risen by almost twice as much as for people over 25.³ Young people have not only been hit disproportionately hard by the crisis in terms of job losses, but have also experienced interruptions in their education and training, seen their business ventures suffer, and watched their incomes fall, and face bleaker prospects for finding jobs in the future.⁴ This situation is even worse for **indigenous youth living in rural areas—particularly women**—due to large disparities in educational and economic opportunities with respect to urban areas. The pandemic has only underscored the relevance of the digital divide and its across-the-board impact on opportunities for rural youth. Insufficient Internet access, a lack of computer hardware, and low levels of digital skills in rural areas have exacerbated the social exclusion and marginalization already affecting the exercise young people's educational and economic rights.
- 1.2 In Bolivia, there are 2,866,291 young people between the ages of 15 and 29 (29% of the total population, above the regional average), 72% of whom live in urban areas, and 28% in rural areas.⁵ Facing a rural environment with seemingly limited conditions for economic and social development, young people migrate to urban centers in pursuit of opportunities they cannot find in their own communities. Yet, contrary to their expectations, migrating can lead to marginalization, greater psychosocial risks (drug and alcohol abuse, prostitution, etc.), lack of opportunities, inability to access basic services (electricity, water, sewer), and higher rates of underemployment and/or unemployment.
- 1.3 Rural youth in Bolivia have fewer training and employment opportunities. On average, indigenous people in rural areas have 5.6 years of schooling, whereas the national average is 9.3 years.⁶ Additionally, in 2018, prior to the pandemic, the 16-to-28 population had the highest level of unemployment in the country, around 8.5%, against a national average of 4.7%; these figures are only worsening as a result of the COVID-19 pandemic.
- 1.4 Informalization and casualization of employment have also been rising at an alarming rate. This is clear from the already high and growing levels of informality

² Data from the IDB's COVID-19 Labor Markets Observatory from February 2020 to 8 July 2021.

³ Cuso International study based on data from the Economic Commission for Latin America and the Caribbean (ECLAC) and the International Labour Organization (ILO). Cited in Acosta, L. J. (8 April 2021). "Pandemia de COVID-19 golpea fuertemente empleo juvenil en América Latina y el Caribe." Accessed at <https://www.reuters.com/article/salud-coronavirus-desempleo-latam-idMXL1N2LW00S>.

⁴ ILO (12 August 2020). "Empleo juvenil en tiempos de la COVID-19: El riesgo de una 'generación del confinamiento'." https://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/briefingnote/wcms_753103.pdf.

⁵ Data from the 2012 population census.

⁶ Data presented by the Social and Economic Policy Analysis Unit (UDAPE, 2015).

reflected in the increase of informal commerce and shopping stalls on the streets. It should be noted that Bolivia's informal employment rate is high, at over 80%, and there is a considerable gap between urban areas, where it is 96.6%, and rural areas, where it is 75.3%.⁷

- 1.5 Given this scenario, it is even more important to **promote the adoption, use, and application of digital technology and skills, in order to develop talent and entrepreneurship among rural youth⁸ and give them opportunities to increase their income.** However, in rural areas above all, there are digital divides that must be eliminated, e.g., lack of computer hardware, limited connectivity and digital literacy and education, and failure to promote digital businesses, etc. Policies and programs also need to be supported to foster Internet, smartphone, and social media use.
- 1.6 The regional Youth Entrepreneurship Program (YEP), implemented by IDB Lab (2016-2019), developed several different methodologies for strengthening organizations that support young entrepreneurs. Noteworthy among them is [Manq'a](#), created by ICCO, which has solid experience with projects targeting indigenous populations in both rural and periurban environments. Since its creation in 2014, Manq'a has validated a sustainable and scalable model to provide vulnerable young people living in poverty with comprehensive support using gastronomy as a tool for social and economic inclusion. This model is based on: (a) technical training in culinary arts, plus the development of social/emotional skills; (b) a job placement structure in partnership with a network of "friends of Manq'a" companies and their social enterprises; (c) training in business management with support and mentoring to create and/or strengthen youth-led startups; and (d) the implementation of social enterprises (catering companies, restaurants, and culinary tourism services) that help these businesses achieve sustainability by generating their own revenue, while providing work opportunities for young people.
- 1.7 Manq'a initially opened 10 culinary schools in El Alto in the department of La Paz. Since then, its experience has been successfully replicated in Sucre, Bolivia, and scaled up to three countries: Colombia, Guatemala, and Honduras. In all cases, Manq'a's target population continues to be poor and highly vulnerable, but in Colombia the model works specifically with young people leaving the guerrillas or from families displaced by the armed conflict, or, more recently, with Venezuelan migrants. Through July 2021, more than 5,000 vulnerable young people had benefited from the model. In all, 70% of its beneficiaries are women, and 40% manage to find a job or start a business.⁹

⁷ ILO data presented in the article "Transición a la formalidad en la economía rural informal en América Latina y el Caribe," https://www.ilo.org/americas/temas/sector-rural-y-desarrollo-local/WCMS_713607/lang-es/index.htm. The ILO also reports that informal employment in rural areas of Latin America and the Caribbean is 1.5 times higher than in urban areas.

⁸ Young people living in rural areas and those who self-identify as belonging to rural native and Afro-Bolivian nations and peoples.

⁹ At least 40% of the 5,000 young people trained have received direct support from ICCO on their path to economic empowerment through its follow-up and monitoring process. This figure does not include young people trained at Manq'a who find employment or start a business venture without the direct monitoring and support from ICCO.

- 1.8 The Manq'a initiative offers several relevant lessons for the design of this operation, including that it should: (i) take a holistic approach that includes training not only in business management, but also in social/emotional skills; (ii) support entrepreneurs as they start and build their businesses; (iii) offer personalized advisory support for business management; and (iv) as an overriding need, promote business digitalization processes, including at Manq'a, given the importance of digital solutions for reaching a larger market and the pandemic's impact on digital transformation. The new project will seek to capitalize on these lessons and develop new tools and processes to achieve a greater impact.
- 1.9 The project's impact hypothesis is that implementing a holistic model that: (i) integrates digital skills and solutions to provide training and connectivity in rural and periurban areas, (ii) strengthens the entrepreneurship ecosystem and rural youth inclusion in the formal market, and (iii) mainstreams a gender perspective can contribute to solving the shortage of digital skills and tools, insufficient linkages between rural and urban areas, and lack of opportunities for work and technology startups, all of which marginalize and exclude Bolivia's indigenous populations in rural and periurban areas from the economy and digitalization.

B. Beneficiaries

- 1.10 The project will work in rural and periurban areas in the departments of La Paz, Potosí, and Tarija. Specifically, actions will target 8,000 rural and periurban young people who live in, or have family ties to, northern Potosí and the Chaco region of Tarija, as well as periurban and rural migrant youth who reside in the city of El Alto in La Paz. These areas have been selected on the following criteria: (i) their poverty level (e.g., northern Potosí is one of Bolivia's poorest regions); (ii) their productive potential; (iii) conditions for establishing linkages with urban centers to ensure access to markets and facilitate transportation; and (iv) the presence of ICCO (El Alto) and its partners (Tarija and Potosí) to coordinate project actions.
- 1.11 The young people are expected to be between 16 and 35 years old, with at least 60% being women, and at least 75% self-identifying as belonging to indigenous peoples (due to the project's geographic location, they will primarily be Aymara, Quechua, Weenhayek, and Guaraní). The project will also seek to reach economically and socially vulnerable young people. An estimated 94% will be earning less than the national minimum wage (approximately US\$305 per month), and approximately 82% will have completed part, or all, of secondary school.
- 1.12 Utilizing virtual training platforms and digital tools to be developed by ICCO, and participating in programming bootcamps and hackathons, these young people will receive training in digital skills and technologies, as well as social/emotional and business skills, to help improve their income-earning opportunities. The young people will be identified and selected on the basis of their socioeconomic circumstances and their personal aspirations and motivations.
- 1.13 The personal profile sought for this project is embodied by Wara and Antonio. **Wara** is a 20-year-old bilingual woman (she speaks Spanish and Quechua) of Quechua origin who left her community in Potosí four years ago in search of a better education and a job. She currently lives with her uncle and aunt in a periurban area of El Alto, is in her last year of secondary school, and sells consumer goods informally in the streets. To access remote education during the

- pandemic, she has utilized her mobile smartphone and purchased data plans to connect to the Internet. She believes that by using technology she could find a way to sell products from the countryside directly at city markets where producers command higher prices.
- 1.14 **Antonio** is 24 years old and self-identifies as Guaraní, though he only speaks Spanish. He was born in a community in the province of Gran Chaco and now lives in Tarija, where he emigrated with his family when he was a child. He has spent the last three years working in a carpentry woodshop, where he has discovered a passion for furniture design. He now searches online for new models and ideas using his cellphone. Antonio is interested in improving his digital skills so he can learn to use software to improve his designs and, eventually, open his own woodworking shop.
- 1.15 The project's indirect beneficiaries will be national and local governments that will have a proven, tech-based model and means to offer economic opportunities to urban and periurban youth who self-identify as indigenous. Other projects supported by IDB Lab and additional financiers will also benefit, as they may capitalize on the good practices generated from this project, leading to knowledge exchange on the use of technological innovation and the identification of digital solutions for rural youth.

II. THE INNOVATION PROPOSAL

A. Project description

- 2.1 The project will contribute to increasing socioeconomic opportunities for rural and periurban youth in specific regions of the departments of La Paz, Tarija, and Potosí through a one-stop model to make up for digital divides in skills and connectivity and foster connections between rural and urban areas. Specifically, the model will promote: (i) the development of digital, technical, business, and social/emotional skills in young people; (ii) the use of digital tools for employment and entrepreneurship; and (iii) the establishment of partnerships to lay the groundwork for a youth digital entrepreneurship ecosystem and rural/urban linkages.
- 2.2 **Innovation.** The innovation consists of conceptualizing and validating a holistic model to include rural indigenous youth in digital transformation processes, which develops digital solutions to deliver training in certain skills (digital, technical, social/emotional, and business) and promote jobs and entrepreneurship in rural and periurban areas. Alternative solutions (e.g., connectivity) will be offered to an underserved vulnerable population, strengthening the urban/rural startup ecosystem and fostering labor market inclusion, all with a gender lens. This would also be one of the few IDB Lab projects to address the issues facing rural youth, and so serve as a benchmark in the institution's portfolio and contribute many lessons learned for other countries of the region and the IDB Group.
- 2.3 The project will: (i) expand coverage of Internet access in coordination with local telecommunications companies and/or through networks collectively owned and managed by the community that become collaborative projects seeking to exercise their right to connectivity; (ii) implement a digital education platform to develop digital, technical, social/emotional, and business skills; (iii) offer programming

- bootcamps to help young people develop intermediate and advanced digital skills; and (iv) host hackathons to develop technology solutions to problems involving urban/rural linkages in two or three days; all these methods and tools will consider successful stories in the region and the specific needs of the project's target areas in their implementation; (iv) capitalize on the successful model introduced by Manq'a, which has become a self-sustaining social enterprise that teaches young people technical and social/emotional skills and fosters their economic empowerment by helping them get jobs and start companies; (v) generate tech-based solutions to improve efficiency and scale, e.g., digitalization of startup and employment services; and (vi) support the creation of digital businesses and online e-commerce markets.
- 2.4 **Gender and diversity.** The project will develop a gender diagnostic assessment to identify barriers faced by women in rural and urban contexts when seeking access to technology and processes for training and economic empowerment. This assessment will help identify actions to promote women's engagement (offering incentives, scholarships, social assistance, etc.). The objective is for 60% of the beneficiaries to be women, considering that, for example, according to the baseline of the "Mapeo del Ecosistema de Tecnología Digital en Bolivia" [Mapping of Bolivia's Digital Technology Ecosystem],¹⁰ there are 152 startups in operation, yet only 13% are women-led, and 57% have no women at all on their tech teams. ICCO also leads the Movimiento Vuela Libra [Fly Free Movement],¹¹ a Latin American organization that combats gender-based violence, particularly commercial sexual exploitation. A partnership will be formed with this entity, so that victims and individuals at risk of violence can participate in the different levels of the project. Similarly, the training offered through the Manq'a schools, which will be part of the project, includes a gender diagnostic assessment and strategy to encourage full women's engagement. Activities will thus be promoted to engage and empower women, while considering their family duties and need for flexible schedules.
- 2.5 One of the institutional outcomes ICCO seeks is to promote "empowered, autonomous, and sustainable communities." To do this, it has developed work methodologies with local partners based on building a "dynamic, respectful working partnership with indigenous, native, and Afro-descendent peoples." To work with communities in the project's target areas, the project team will thus capitalize on the experience, trust, and partnerships developed by these ICCO partners: Manq'a¹² (El Alto), Programa de Desarrollo Integral Interdisciplinario [Comprehensive Interdisciplinary Development Program (PRODII)]¹³ (northern Potosí), and Centro de Estudios Regionales para el Desarrollo de Tarija [Regional Studies Center for the Development of Tarija (CERDET)]¹⁴ (Chaco region of Tarija).
- 2.6 **Proposed project model.** To achieve the solution, the project will be structure into three categories of investment: (i) technical assistance; (ii) administration; and

¹⁰ <https://mapeoticbolivia.org/>.

¹¹ <https://www.vuelalibre.info/>.

¹² <https://manqa.org/>.

¹³ <https://prodii.org/>.

¹⁴ <https://www.cerdet.org.bo/>.

(iii) audits, evaluations, and contingencies. The technical assistance, in turn, will be split into three components, as described below.

- 2.7 **Component I: Comprehensive training (IDB Lab: US\$434,220; Local contribution: US\$498,908).** The objective of this component is to provide periurban and rural youth with comprehensive training appropriate to their geographic, social, and economic context with a special focus on their digital skills. Diagnostic assessments will be done of sociocultural factors, gender gaps in the tech sector (access to Internet, hardware, digital skills training, work, and wages), and barriers to technology use, employment, and entrepreneurship for young people in rural areas. Based on these inputs, a methodology will be developed to teach basic digital skills.¹⁵ This methodology will also be used in Manq'a schools' training programs. It will be developed by a contracted technology vendor and then transferred to ICCO staff, who will be responsible for the youth training. Building on this, ICCO will develop and implement a digital learning platform covering different subject matters, such as gastronomy, tourism, nutrition, local production, and others. Training in intermediate¹⁶ and advanced¹⁷ digital skills for young people will be provided by a contracted technology vendor. Bootcamp methodologies¹⁸ will be identified for this purpose. To select young people for this training, a promotion and recruitment strategy will be developed with the involvement of authorities from the project's target communities. This strategy will encourage the participation of rural women and youth and establish methods for identifying young people to receive intermediate and advanced digital skills training based on their aptitude and motivation. To avoid dropout during the training and ensure that resources are used efficiently, the following criteria and lessons learned from project BO-M1071 on young entrepreneurs will be taken into account: (i) identify young people with a higher likelihood of completing a training program; and (ii) select facilitators with a high level of social/emotional skills, so they can serve as an example and help the young people complete their training. The project will also include a pilot on sustainability strategies for digital skills training (partial or full recovery of training costs) to ensure that young people can pay for this service once they obtain employment and/or start a business, using regional best practices as a

¹⁵ The training is expected to last one month and focus on the effective use of technology, which is necessary in almost all occupations, including Internet search, online communication, and the use of professional platforms and digital financial services.

¹⁶ The training is expected to last six months and focus on graphic design, digital marketing, advertising, and social media management for job seekers and entrepreneurs.

¹⁷ The training is expected to last one year and teach skills necessary to create, manage, and analyze technological information. These skills relate to programming for software and application development, network management, open data, machine learning, cybersecurity, the Internet of Things, and blockchain technology.

¹⁸ Programming bootcamps are a disruptive and incipient educational model that emerged less than 10 years ago in the United States. They are basically intensive digital technology training programs lasting between three and six months, offered by innovative startups in the education space to upskill or reskill workers, or as an alternative or supplemental option for young people seeking technical and university courses.

- benchmark.¹⁹ This component also envisages financial assistance and incentives to encourage low-income indigenous women and youth to participate.
- 2.8 The expected outcomes are: (i) 8,000 young people accessing basic digital skills training, 25% of whom will be young people at Manq'a schools; (ii) 300 young people accessing intermediate digital skills training; and (iii) 100 young people accessing advanced digital skills training. Less demand is expected from young people interested in intermediate and advanced programming skills, because individuals usually have to go through rigorous selection processes to ensure they have the passion, time, and interest to gain these skills. Moreover, a very limited number of bootcamps are offered in Bolivia, and they tend to cost more than basic skills courses. So, for now, fewer young people are expected to participate in the more advanced training programs.
- 2.9 **Component II: Creating economic opportunities through employment or entrepreneurship (IDB Lab: US\$245,340; Local contribution: US\$262,380).** The objective of this component is to help young people get jobs and/or start individual or collective businesses to invigorate the economy in their communities and regions. To do this, digital skills training programs will integrate ICCO-validated instruments to identify and prioritize young people who have greater potential be economically empowered, given their personal and professional skills, aspirations, and other characteristics. The project will identify economic opportunities in technology, hospitality, and other sectors in each target area. It will strengthen economic empowerment models by leveraging technology to scale up the development of social/emotional, professional, and business skills in young people through personalized face-to-face and remote support. This will increase the efficiency and scale of comprehensive services to support: (i) the labor market integration of young people, including job training, labor supply and demand matching, and on-the-job support; and (ii) the creation and strengthening of youth-led businesses, including entrepreneurship training, business advisory and mentoring services, and access to virtual markets. To achieve this: (i) the labor market integration and entrepreneurship teams will be strengthened; (ii) the Friends of Manq'a network²⁰ and mentors network²¹ will be expanded with emphasis on the technology and communications sector; and (iii) digital solutions will be developed to offer business advisory and mentoring services to young entrepreneurs and/or employees.
- 2.10 Hackathons will also be hosted to develop digital solutions and implement startup financing mechanisms in an innovative manner, such as through crowdfunding, angel investors, and seed capital competitions.

¹⁹ For example, IDB Lab projects with Laboratoria in Peru, Dev.f in Mexico, and the Valentina program in Guatemala.

²⁰ The "Red de amigos Manq'a" [Friends of Manq'a network], established by ICCO, is made up of hospitality sector business including restaurants, hotels, and food companies that share the goal of offering job opportunities to vulnerable youth under fair and favorable conditions.

²¹ A service offered by businesspeople and professionals with extensive experience in business management through a volunteer program. This methodology was transferred with the support of Youth Business International (YBI) as part of the Youth Entrepreneurship Program (YEP).

- 2.11 The expected outcomes are: (i) 800 young people receiving entrepreneurship, mentoring, and business management services with the support of the digital platform; (ii) 800 young people receiving employment services with the support of the digital platform; (iii) 200 young people participating in hackathons to develop digital solutions; and (iv) 200 young entrepreneurs receiving seed capital financing through innovative solutions promoted by the project.
- 2.12 **Component III: Managing partnerships, knowledge communities, and scale (IDB Lab: US\$118,909; Local contribution US\$98,279).** The objective of this component is managing partnerships to ensure that project implementation will achieve the expected outcomes by leveraging the most successful local and regional experiences. Partnerships will be formed with multiple government and private sector stakeholders that are key to providing Internet connectivity, provide the most vulnerable young people with hardware, help young people enter the job market, and provide support to startups. For example: (i) in partnership with telecommunications companies that offer coverage in the target areas and specialized technology vendors capitalizing on such coverage, Wi-Fi zones²² will be implemented through inclusive businesses operated by the community itself, to get the whole community connected with a single network and offer an on-demand service that can be self-sustaining; and (ii) a youth-led digital community will be created to promote information-sharing and rural/urban linkages by developing digital material that promotes rural tourist destinations, project success stories, and products and services offered by entrepreneurs, in addition to answering frequently asked questions to help young people enter the labor market and start businesses. A knowledge management model will also be developed to document, systematize, and communicate the project's outcomes and lessons learned. This will assist in publicizing this integrative, innovative, and sustainable project model that bridges the rural/urban divide using the digital talent of rural youth in a replicable and scalable way. The development and implementation of this holistic work model will systematically documented, and infographics and case studies prepared on successful experiences.
- 2.13 The expected outcomes are: (i) 400 young people participating in a digital community created by the project to share information and lessons learned that promote and raise the visibility of opportunities arising from the rural/urban connection; (ii) 50 public and/or private sector stakeholders collaborating with the project to improve young people's economic opportunities; (iii) nine rural and periurban communities in La Paz, Tarija, Potosí, and/or elsewhere, where the project is implemented and scaled up; and (iv) two solutions developed to provide Internet connectivity in rural and periurban areas through inclusive and sustainable community management models.

²² The executing agency has made preliminary contact with telecommunications companies offering Internet services in the country: ENTEL, Tigo, and Viva. Experiences in the region will also be taken into account, such as ELVOFAL in Colombia, an ICCO partner, as well as the experience of Rhizomática in Mexico, which supports communities that need or want to build and maintain their own autonomous telecommunications infrastructure.

B. Project results, measurement, monitoring, and evaluation

- 2.14 Some of the indicators of expected outcomes of the project in the 36 months of execution are: (i) 8,000 young people will access digital skills training; (ii) 7,200 young people will complete their training in digital skills (basic, intermediate, and/or advanced), which will help them become more socioeconomically empowered; (iii) 250 young people will increase their income by finding employment; and (iv) 350 young people will access internship opportunities; additionally: (v) 200 youth businesses will be started; and (vi) 350 youth businesses will be strengthened, increasing their sales. At least 60% of the total direct beneficiaries will be women, and 75% will self-identify as indigenous.
- 2.15 ICCO will make a monitoring system called PROMEVA (“project monitoring and evaluation”) available for storage of all information related to the content of projects and programs. This tool is designed to concentrate general data (summary, objectives, photographs, baselines, expected outcomes, etc.) and financial information, record indicators and targets met, georeference project locations, and track progress in relation to the objectives set. The ICCO-developed digital platform will also have a system for monitoring beneficiaries with socioeconomic information disaggregated by gender, training progress, dropout, grades, etc.
- 2.16 ICCO will be responsible for delivering project status reports (PSRs) within 30 days after the end of each six-month period, or more frequently as determined by IDB Lab via at least 60 days’ advance notice in writing to ICCO. The PSR will contain information on the progress of execution, milestones met, and completion of the objectives as stated in the Results Matrix and other operational planning tools. The PSR will also describe issues encountered during execution and possible solutions. Within 90 days after the end of the execution period, the executing agency will deliver a final PSR to IDB Lab (final PSR) that highlights results achieved, project sustainability, and lessons learned.
- 2.17 **Sustainable Development Goals (SDGs).** The project will contribute to the following SDGs: (a) 4. Quality education: Increase the number of youth who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship, with special emphasis on the vulnerable, women, and indigenous peoples; (b) 5. Gender equality: Enhance the use of information and communications technology, to promote the empowerment of women and gender equality; (c) 8. Decent work and economic growth: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity, and innovation, and encourage the formalization and growth of microenterprises and small businesses, including through access to financial services, in order to reduce the proportion of young people who are not employed nor studying or receiving training; and (d) 17. Partnerships for the goals: Enhance partnerships among multiple stakeholders to mobilize and exchange knowledge, specialization, technology, and financial resources.

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

A. Alignment with the IDB Group

- 3.1 The project is aligned with the Bank’s **Vision 2025 “Reinvest in the Americas: A Decade of Opportunities,”** which emphasizes that the COVID 19 crisis offers new

opportunities that should be seized, giving special importance to new growth strategies conducive to inclusion.

- 3.2 The project is aligned with the second **Update to the Institutional Strategy**, since it contributes to the development challenge “social inclusion and equality” through the area of emphasis “promoting technology and innovation,” by providing training and job placement services to vulnerable populations (youth, women, migrants, etc.), contributing to increase the supply of qualified workers in high-demand sectors. The project is also aligned with the crosscutting theme of “gender equality and diversity,” since special efforts have been included, to increase the participation of women and indigenous communities in rural areas in the technology sector.
- 3.3 The project is aligned with the **IDB country strategy with Bolivia** (document GN-2843), specifically the priority area of “increasing productivity and diversification in the economy” and its specific objectives (ii) “promotion of innovation” and (iii) “creation of an enabling environment for business formalization and growth, mainly for micro and small enterprises.”
- 3.4 The project also complements IDB Lab operations **ATN/ME-16415-BO** “JaqueMate – Technology, Digital Skills, and Soft Skills to Beat Mathematics” and **ATN/ME-17828-RG** “ExO Mujer: Leading Technological Change for Climate Change Adaptation in the Gran Chaco Region,” as well as the efforts of the Labor Markets Division (LMK) under loan **3822/BL-BO** “Program to Support Employment II.” In relation to this last synergy, ICCO has signed an institutional collaboration agreement with the Ministry of Labor, Employment, and Social Welfare, Employment Support Program (PAE) that includes the following objectives: (i) coordinate capacity-building efforts for people seeking employment in the gastronomy, hotel, tourism and/or technology sector with the expectation of their subsequent job placement; (ii) contribute to better labor market functioning by strengthening the skills, capabilities, knowledge, proficiency, and entrepreneurship opportunities; and (iii) work together to raise awareness of the program’s benefits among Manq’a partner businesses, to promote their involvement.
- 3.5 The **Skills Development Sector Framework Document** (document GN-3012-1) identifies the importance of investing in the development of cognitive, technical, and social/emotional skills enabling people to access high-quality jobs and be successful in the labor market. This project is also aligned with the **Labor Sector Framework Document** (document GN-2741-9), which identifies the challenge of raising labor productivity and helping workers achieve higher pay and employment stability. At the same time, it is aligned with the Future of Work and Twenty-first Century Skills initiatives, which look at: (i) use of technologies to better equip citizens with twenty-first century skills; and (ii) strategies to help young people transition to jobs with greater income-earning opportunities. The project is also aligned with the IDB Group’s **Employment Action Framework with Gender Perspective** by supporting entrepreneurs and the development of human talent with a gender perspective in emerging sectors.
- 3.6 The project is aligned with IDB Lab’s **Knowledge Economy** focus area, especially the skills and future of work area, which emphasizes the need to accelerate the adoption of crosscutting skills—like digital and social/emotional skills—, which are valuable in all positions or when starting a business. It also leverages the

IDB Lab's experience and the lessons it has learned from testing models that speed up the acquisition of twenty-first century skills by vulnerable populations. At the same time, it allows the institution to continue learning about new models that focus on indigenous youth and women in a rural context.

B. Scalability

- 3.7 ICCO seeks to strengthen this innovative model for rural populations, especially women, with the support of public and private sector partners and forge alliances to make it sustainable and scalable.
- 3.8 As a first step, the project envisages implementing this model initially in six rural and periurban communities, while its efficiency and effectiveness are tested and validated. It will then be expanded, within the project execution period, to three more communities. Insofar as possible, these communities will be close to the targeted areas and will have characteristics related to a high percentage of the youth population with few education and employment opportunities, medium-high migration to urban areas, connectivity problems, and few educational programs in digital skills. Sustainability strategies for digital skills training (partial or full recovery of training costs) will be explored by working to ensure that young people can pay for this service once they obtain employment or start a business, using regional best practices as a benchmark.²³ Additionally, since these courses will be on a digital platform, they will have a high potential to be marketed to other groups in different parts of Bolivia. Training will be a permanent part of the educational model implemented by ICCO in different areas, and highly likely to be transferred to public-sector entities. ICCO can thus gain experience, learn lessons, and find partners to continue replicating and scaling the model locally and, if possible, regionally, after the project ends.
- 3.9 Relevant aspects of the project, such as digitalization of services, are also expected to be transferred to other parts of Bolivia and other countries where ICCO works to empower vulnerable young people personally and economically, like Colombia, Guatemala, and Honduras. The project will also seek to: (i) transfer the model and provide training to the Ministry of Education through the alternative education centers (CEAs), which may introduce it in their training programs; and (ii) form partnerships with municipal governments that contribute resources to scale the model by expanding and transferring it to other rural and periurban communities.

C. Project and institutional risks

- 3.10 The projects carries general and specific risks inherent to the economic, sociocultural, rural, and periurban context, as well as the target population.
- 3.11 In terms of **general risks**, a new wave of COVID-19 could affect sectors of the economy where young people might find work or start businesses, as well as the continuity of their training. The project will mitigate this risk by digitalizing the services it offers young people. This will allow it to continue supporting them in their training, job searches, and business ventures at a time when achieving results could be more difficult. The project will also explore the possibility of a

²³ For example, Laboratoria in Peru, Dev.f in Mexico, and the Valentina program in Guatemala.

hybrid model to allow some in-person activities in small groups, while observing health and safety protocols, to motivate young people and support them more effectively

- 3.12 In terms of the **risks associated with the geographic and economic context**, there may be: (i) insufficient employment opportunities for young people in the rural areas where the project will take place; and (ii) a limited number of ideas for ventures and/or digital startups, given the target population and conditions in the project target areas. To mitigate these risks, the project will coordinate with: (i) the employment programs of the central government, such as the Employment Support Program (PAE) of the Ministry of Labor, Employment, and Social Welfare, with which ICCO has partnered, and the Ministry of Productive Development with its technology and employment promotion units; as well as those of local governments, such as the economic development departments and youth units; making it possible to efficiently identify opportunities and explore the possibility of young people accessing government aid; and (ii) a technology partner to identify digital solutions that could facilitate the implementation of new ventures and/or improve existing youth-led startups in the project areas.
- 3.13 In terms of the **risks associated with the sociocultural context**: (i) cultural factors in the project areas, especially rural areas, might discourage women from participating in training programs and seeking employment and business support; and (ii) there may be mistrust and/or disinterest within the project's target communities. To address these risks, the project's promotion strategy, which will incorporate the gender perspective, will: (i) identify these factors and appropriate mitigation measures to be implemented from the outset, i.e., from the time the communities are first approached; (ii) determine the best way to approach communities and identify the most influential interlocutors; and (iii) engage community authorities, local governments, etc., in selection and recruitment efforts, and incorporate lessons learned by ICCO and its partners from prior work in these communities into such efforts.
- 3.14 In terms of the **risks associated with the target population**, young people may not have: (i) sufficient access to technology, including an Internet connection; and (ii) sufficient financial resources to launch their business ventures. To mitigate these risks, the project will: (i) build partnerships with enterprises and governments, to equip young people with basic technology, such as the central government technology company Quipus (<https://quipus.gob.bo/>) with which there has been prior dialogue, and the Confederation of Private-Sector Entrepreneurs of Bolivia (CEPB) through the Global Compact (https://www.pactoglobal.org.bo/nuestro-trabajo/#mesa_laboral), where ICCO will lead the labor forum and may involve entrepreneurs for the purposes of the project; (ii) set up seed capital funds in partnership with other institutions (financial institutions, businesses, etc.) and by various other means (crowdfunding, angel investors, etc.); and (iii) offer scholarships and stipends for young people with the greatest needs, so they can access and complete training.
- 3.15 In terms of the **implementation and sustainability risks**: (i) technology vendors that will collaborate in developing a methodology for intermediate and advanced digital skills may not maintain interest or commitment during the project's execution or after it ends. To mitigate this risk: (i) ICCO will be actively involved in the

intermediate and advanced digital skills training as part of a strategy to train its staff and transfer the model to them, so they can eventually deliver training directly. Additionally, sustainability strategies for digital skills training (partial or full recovery of training costs) will be explored by working to ensure that young people can pay for this service once they obtain employment and/or start a business, using regional best practices as a benchmark.²⁴

IV. INSTRUMENT AND BUDGET PROPOSAL

- 4.1 The project has a total cost of US\$2 million. Of that amount, US\$1 million (50%) will be contributed by IDB Lab as nonreimbursable technical cooperation funding, and US\$1 million (50%) will be contributed by the counterpart (at least US\$500,000 will be in cash, and up to US\$500,000 may be in kind).
- 4.2 **Retroactive recognition of counterpart contributions.** As of 1 July 2021, an estimated amount of US\$35,000 will be recognized as chargeable against the local contribution.

Project components	IDB Lab (US\$)	Counterpart (US\$)	Total (US\$)
1. Technical assistance	798,469	859,567	1,658,036
1.1 Comprehensive training	434,220	498,908	933,128
1.2 Creating economic opportunities through employment or entrepreneurship	245,340	262,380	507,720
1.3 Managing partnerships and knowledge	118,909	98,279	217,188
2. Administration	176,128	140,433	316,561
3. Audits, evaluations, and contingencies	25,403	0	25,403
Grand total	1,000,000	1,000,000	2,000,000
% of financing	50%	50%	100%

V. EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE

A. Description of the executing agency

- 5.1 Stichting Interkerkelijke Organisatie voor Ontwikkelingssamenwerking [Interchurch Organization for Development Cooperation], ICCO is a nongovernmental organization for development founded in the Netherlands. Over the last 52 years, it has worked in 15 countries of Asia and Africa and nine countries of Latin America. It has a basic cooperation framework agreement in place with the Plurinational State of Bolivia and is properly registered to operate in the country. Its work focuses on connecting rural and urban areas, where it supports projects involving small-scale producers, women, youth, and indigenous people with the vision of promoting human and sustainable development. Currently, ICCO's most important areas of work are: (i) rural economic development; (ii) new technology; (iii) youth

²⁴ For example, Laboratoria in Peru, Dev.f in Mexico, and the Valentina program in Guatemala.

empowerment and (self-) employment); (iv) climate change-resilient agrifood systems; and (v) inclusive finance.

- 5.2 ICCO thus works with local, national, regional, and global partners to build capacity, provide technical and financial assistance, foster the exchange of experiences, develop project models, and establish networks among numerous stakeholders (public and private sector entities, knowledge institutions, media outlets). It has experience managing projects for IDB Lab, the International Fund for Agricultural Development (IFAD), the European Union, the Ministry of Foreign Affairs of The Netherlands, and others. Its work experience with IDB Lab has helped it strengthen its capabilities by mainstreaming sustainability and scalability in its projects, leading to success stories like the Manq'a model, which has been scaled locally and internationally and now has a social enterprise as a part of its sustainability strategy.

B. Implementation structure and mechanism

- 5.3 ICCO Cooperation will be responsible for project implementation and execution. For implementation, it will hire a project coordinator using resources from the IDB Lab and local contributions, to carry out the activities under each of the components, as well as support the monitoring and evaluation activities. ICCO will provide the physical, operational, and logistical structure necessary to execute the operation efficiently and effectively. It will also be responsible for the necessary counterpart to supplement the contribution resources in executing the activities.

VI. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 6.1 **Results-based disbursement and fiduciary arrangements.** According to the institutional evaluation and the Diagnostic Assessment of Integrity and Institutional Capacity (DICI), which found a “low” risk level, ICCO Cooperation is a civil association under private law with its own administration and procurement policies that satisfy criteria of transparency, economy, and efficiency. From the organizational standpoint, it possesses the fiduciary and financial capacity to execute the project. Accordingly, for the purpose of supervision of this operation, ICCO’s operational policies will be used²⁵ and applied for the project’s administration and procurement.
- 6.2 The executing agency will agree to the following with IDB Lab in relation to disbursements, procurements, and financial management:
- 6.3 Disbursements will be made upon fulfillment of specific technical conditions (for the first disbursement and any subsequent disbursements) and submission of the following, to the Bank’s satisfaction: (i) disbursement request form, and (ii) six-monthly financial planning. To submit, the executing agency will submit the respective justifications of use of funds in the formats provided by IDB Lab.
- 6.4 The executing agency will also provide evidence that it has: (i) validated milestones for the corresponding calendar year (ii) met the milestones for that

²⁵ Pursuant to Appendix 4 of documents GN-2349-9 and GN-2350-9.

- year, as agreed upon by the Bank; and (iii) made the local contribution, as budgeted.
- 6.5 **Procurement.** The executing agency's policies will be used for **procurement**. The planning of procurements necessary for project execution and fulfillment of milestones will be submitted annually. IDB Lab will determine which procurements it considers technically critical and review the technical aspects of such procurements under the ex ante modality.
- 6.6 **Milestones.** A preliminary table of results-based milestones is included as an annex. At the start of the calendar year, the milestones to be met during the year will be validated, or modified as necessary, without altering the project's objectives or outcomes.
- 6.7 **Financial statements and reviews of use of the contribution.** The executing agency will prepare and make its annual financial statements available to the Bank. It will also keep a record of in-kind contributions, which will be certified by a professional agreed upon by the Bank.
- 6.8 With the contribution resources, the Bank may review the financial statements and make revisions to the use of the resources for the project, after verifying financial and procurement practices.

VII. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY

- 7.1 **Access to information.** Under the Bank's Access to Information Policy, this document is public.
- 7.2 **Intellectual property.** The Bank will be the holder and owner of any and all intellectual property rights, with the exception of the "Manq'a" registered trademark, including but not limited to copyright, in relation to and/or associated with all deliverables to be produced. The Bank may grant a nonexclusive license to the executing agency free of charge, including the rights of dissemination, reproduction, or publication of information about any output in any medium. The dissemination, reproduction, or publication must indicate that it has been financed by IDB Lab. Any use of the name or logo of the Inter-American Development Bank or IDB Lab by the executing agency for this or any purpose will require the Bank's prior written authorization.