

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

CHILE

PROMOTING SECOND CHANCE ENTREPRENEURSHIP

(CH-M1030)

DONORS MEMORANDUM

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ABBREVIATIONS

BCI	Banco Crédito de Inversiones
CORFO	Corporación de Fomento de la Producción [Production Development Corporation]
CPC	Confederación de la Producción y del Comercio [Production and Trade Association]
ESR	Environmental and Social Impact Review Committee
FGCE	Fondo General de Cooperación de España [Spanish General Cooperation Fund]
GEM	Global Entrepreneurship Monitor
PSR	Project status report

PROMOTING SECOND CHANCE ENTREPRENEURSHIP¹

(CH-M1030)

I. EXECUTIVE SUMMARY

Beneficiary country:	Chile								
Executing agency:	Confederación de la Producción y del Comercio (CPC)								
Beneficiaries:	Direct beneficiaries will be entrepreneurs. The project will also indirectly benefit the business climate as a whole (employees, investors, creditors, customers, suppliers, etc.)								
Financing:	<table> <tr> <td>Modality:</td><td>Nonreimbursable</td></tr> <tr> <td>MIF</td><td>US\$1,207,000²</td></tr> <tr> <td>Local counterpart</td><td>US\$1,446,500</td></tr> <tr> <td>Total:</td><td>US\$2,653,500</td></tr> </table>	Modality:	Nonreimbursable	MIF	US\$1,207,000 ²	Local counterpart	US\$1,446,500	Total:	US\$2,653,500
Modality:	Nonreimbursable								
MIF	US\$1,207,000 ²								
Local counterpart	US\$1,446,500								
Total:	US\$2,653,500								
Objectives:	<p>The project's general objective is to develop a more favorable environment for dynamic entrepreneurship in Chile.</p> <p>The project's specific objective is to promote institutional coordination in order to create a model that minimizes the social cost associated with business failure, through tools to prevent business failure and help failed entrepreneurs start over.</p>								
Execution timetable:	Execution period: 42 months								
Special contractual clauses:	Conditions precedent to the first disbursement: (i) hiring of the Project Coordinator; (ii) hiring of the Project Assistant; and (iii) presentation of an instrument confirming the Advisory Committee has been formed.								
Exceptions to Bank policy:	None.								
Environmental and social review:	The Environmental and Social Impact Review Committee (ESR) reviewed the project on 11 April 2008, without comment (ESR 14-08).								

¹ Title taken from the European Commission policy with goals similar to those of this project.

² This amount includes US\$6,005, which will be channeled to the impact evaluation account managed by the MIF office.

II. BACKGROUND

- 2.1 Empirical studies have demonstrated the importance of new dynamic businesses to economic growth and social development. The primary reasons given in the international literature are: (i) the flexibility of such businesses in times of change, thus acting as a dynamic stimulant to the entire economy; (ii) their significant ability to create and implement new technologies (innovation is what causes many of them to come into existence); (iii) they are one of the main driving forces behind a country's competitiveness and growth; (iv) they are sources of inspiration and transformation of social values (creativity, innovation, aversion to risk, etc.); and (v) they support social mobility. That is why there have been initiatives in the most developed countries to create a favorable environment that facilitates and promotes the creation and development of dynamic businesses with high growth potential.
- 2.2 According to the 2007 National Chile Report of the Global Entrepreneurship Monitor (GEM), 13.4% of the country's adult population is engaged in entrepreneurial activities. Although Chile offers a rich institutional environment for entrepreneurship (Fundación Chile, CORFO, Ministry of the Economy, etc.) and pioneering initiatives in related areas (incubation, seed and venture capital, science and technology) compared to most countries in the region³, there are still few business initiatives with high potential for creating wealth. Most of the new ventures focus on businesses with little potential for growth and little innovation, even though GEM metrics suggest a perception in the country that numerous opportunities are available.
- 2.3 Because of their social and economic importance, the development of a business environment that facilitates the growth of dynamic businesses is a top priority for the Chilean government. Developing comprehensive public and private lines of activity to promote growth in Chile so that the country is not dependent exclusively on its traditional industries is vital if it wants to accede more rapidly to the level of a developed country. According to experts consulted by GEM, business initiatives with high potential for creating wealth are hampered by two factors: (a) entrepreneurial ability to identify, evaluate, and tap new opportunities; and (b) linkage of such projects to appropriate sources of financing. According to GEM other limiting factors are the business environment in Chile and the low level of investment in research and development, shortcomings in business education, and prevailing social and cultural norms.
- 2.4 **The problem.** 88% of those surveyed by the GEM feel that "the national culture does not encourage entrepreneurs to take risks." In other words, social and cultural factors hinder the development of entrepreneurial activity. Chile's national culture does not encourage risk-taking, and thus entrepreneurship. This represents a significant entry barrier to the creation of new businesses, especially those motivated by opportunity and high growth. One of the critical factors in

³ The MIF has played a key role in the country in designing and launching these areas through its pilot projects, especially in risk or entrepreneurial capital, seed capital and business development services.

entrepreneurs' and society in general's aversion to risk is the fear of business failure and the stigma associated with it, with the attendant consequences on family and professional life.

- 2.5 The role of business failure in economic life is not well understood in Chilean society. In the eyes of society, there is a close relationship between business failure and personal incompetence or fraud, which creates unnecessary obstacles to entrepreneurs who are willing to take risks and start up a business venture, or who are willing to try again. There is a tendency to stigmatize the failed entrepreneur as an incompetent manager who may even be considered negligent or fraudulent, and it is not uncommon for them to have any subsequent economic, financial, and business activity severely limited or supervised. With few exceptions, society assumes that if an entrepreneur has failed or gone bankrupt, it is because he or she "must have done something wrong". This misunderstanding means that there are virtually no tools to prevent or mitigate the effects of failure and to help failed entrepreneurs start over, and that they tend to hide and delay the situation until it is virtually impossible to avoid the negative consequences of it becoming public. A vicious cycle is thus created, which significantly curbs entrepreneurial activity in the country.
- 2.6 This social stigma is misplaced, as the following factors are overlooked: (i) most successful entrepreneurs with dynamic business ventures have prior experience. For instance, a successful entrepreneur in the United States usually has had two or three failures; (ii) entrepreneurs who have failed learn from their mistakes and are usually more successful the second time around; (iii) entrepreneurs who bounce back usually experience more rapid growth; and (iv) in the European Union, where, like Chile, a similar social stigma exists, only between 4% and 6% of bankruptcies are fraudulent.
- 2.7 Business failure is a natural end to the process for a high percentage of ventures, and they fail for a variety of reasons: adverse economic conditions, market changes, internal business shortcomings, competition, loss of customers, etc. In and of itself, a business failure is to a certain extent healthy for the proper functioning of a dynamic and competitive economy. In this sense, then, there is a strong correlation between the number of new businesses and the number of liquidated businesses⁴. This suggests an ongoing process of creative destruction whereby businesses with low productivity exit the market to be replaced by new ones in a virtuous cycle⁵.

⁴ "Entrepreneurship in the Netherlands," EIM Business & Policy Research and Ministry of Economic Affairs. 2006.

⁵ Sources: "The sources of economic growth in OECD countries" and "Business demography: growth in the population of enterprises".

- 2.8 According to the European Commission⁶, “entrepreneurship is inherently risky and requires self-confidence and independence as well as a certain willingness to take risks, since the creation of a business and its success or failure are inherent in the reality of a market economy. However, as part of the general lack of recognition and understanding that exists in society when it comes to entrepreneurship, business problems and even business failure are still not sufficiently understood as a normal part of economic evolution, and as a chance to start over. The Commission feels that a more favorable environment for at-risk business ventures could prevent their failure. Furthermore, facing the negative consequences of business failure when it occurs and its negative image would help make the best possible use of human creativity in Europe, encourage entrepreneurship, and stimulate innovation and the creation of jobs. It would also help promote a more favorable climate for entrepreneurship in European society, where only fraudulent and criminal conduct is punished.”
- 2.9 According to the consulting assignment sponsored by the Fondo General de Cooperación de España [Spanish General Cooperation Fund] (FGCE) executed by the MIF⁷, the principles set out in the preceding paragraph apply to the current situation in Chile. The consultants analyzed the best international practices of public and private institutions for promoting entrepreneurship, which encourage a more favorable environment for taking risks. To this end, international experience demonstrates the need to combine tools and institutions which: (i) prevent or anticipate business failures, (ii) mitigate the effects of failure, for the entrepreneur and the business environment; and (iii) give failed entrepreneurs a “second chance” so that they can start over.
- 2.10 **Additionality and rationale.** The tools available and consequences surrounding business problems or the failure of business endeavors have a significant influence on: (i) the willingness of potential entrepreneurs to start new businesses; (ii) the growth and survival rates of businesses; and (iii) the possibility of entrepreneurs who have failed once start another business. The entrepreneurial culture in North America took this to heart, and views nonfraudulent failure as a learning experience and as part of the venture’s natural cycle. The European Union⁸ recently prioritized the need to develop policies and tools that encourage a second chance for entrepreneurs at risk or those who have failed. The European Commission invited its member countries to reduce the stigma of business failure as part of its commitment to encourage entrepreneurship, under a strategy for growth and jobs, in the context of a global policy that favors entrepreneurship. The thematic area

⁶ Commission of the European Communities. 5/10/2007. “Overcoming the stigma of business failure - for a second chance policy.” Lisbon strategy to promote stronger and longer-lasting growth and create more and better quality jobs.

⁷ IESE, INYPSA and Octantis. Analysis of Failed Businesses and Design of Mechanisms to Promote the Re-entry of Entrepreneurs (CH-T1013). February 2007.

⁸ “Overcoming the stigma of business failure - for a second chance policy.” COM (2007) 584.

promoted by this project is highly innovative for Latin America and the Caribbean, and goes hand in hand with MIF activities to promote entrepreneurship in the region (Cluster to Promote Dynamic Business Ventures MIF/GN-103, venture capital funds, financing for small and medium-sized enterprises, etc.). There is also complementarity with the Bank, which may bring to scale the activities in this thematic area.

- 2.11 Policies and tools that promote a second chance are practically nonexistent in Chile.⁹ This pilot project would coordinate the efforts of a number of public and private institutions that could maintain over time a full range of products and services for the Chilean entrepreneur. Chile was selected for the pilot project in this innovative area because of: (i) its institutional wealth of support for entrepreneurship; (ii) the experience gained in dynamic entrepreneurship; and (iii) the private sector's commitment to the project.

III. OBJECTIVES AND COMPONENTS

- 3.1 The project's **general objective** is to help develop a more favorable environment for dynamic entrepreneurship in Chile. The country recently passed a Bankruptcy Act, which it would seem from an initial reading does not effectively reach small and medium-sized businesses. The project's **specific objective** is to promote institutional coordination in order to create a model that minimizes the social cost associated with business failure, through efforts to assist failed entrepreneurs and help them start over. An additional benefit would be to lessen the stigma attached to business failure, which will in turn remove aversion to risk and entry barriers to new ventures. To achieve these objectives, there will be four components: (i) development and implementation of detection and early warning tools; (ii) facilitation of business crisis resolution; (iii) assistance to help failed entrepreneurs bounce back; and (iv) support for the development of more favorable cultural and regulatory conditions to ensure the survival of new dynamic business ventures and fresh starts.
- 3.2 **Component I. Development and implementation of detection and early warning tools (MIF \$212,500; Counterpart \$165,300).** The objective of this component is to develop tools to prevent and detect business risks and problems before they become irreversible. To this end, small entrepreneurs and entrepreneurs in trouble (usually in the form of financial complications) must be educated to the need for prompt action. The following main activities will be implemented: (i) development of an online early warning and fresh start platform, with a self-assessment tool to prevent, manage, and resolve critical business situations; and (ii) promotional activities between small entrepreneurs to stimulate the use of the online platform by entrepreneurs, to include promoting the adoption of early

⁹ However, there is one BCI initiative (RENACE [Fresh Start] program) that offers financial support to its failed entrepreneurs. The project will benefit from the active participation of BCI as well as its experience, and will work with that institution to extend the benefits of the initiative to other entrepreneurs.

detection practices by financial institutions. This component will be executed by Fundación Pro-Innovación.

- 3.3 This component will educate and provide information to 60,000 entrepreneurs and small entrepreneurs about the detecting business crises and the early warning signals and about the possibility of a second chance after a failed business endeavor. These same entrepreneurs will have access to an online self-assessment tool that is totally confidential and free of charge to evaluate their company's situation. At least 10,000 entrepreneurs will complete the online self-assessment process. To promote the use of such a tool, 200 accountants, loan officers, and attorneys will be trained in promoting its use. In addition, at least three financial institutions are expected to incorporate the early detection practices developed by the project into their credit supervision procedures. Lastly, there will be a database of dynamic entrepreneurs in the country in order to better disseminate activities that are specifically intended for this sector.
- 3.4 **Component II. Facilitation of business crisis resolution (MIF \$169,500; Counterpart \$348,200).** The objective of this component is to provide the services of a multidisciplinary network of specialists (entrepreneurs, attorneys, accountants, etc.) to small and medium-sized enterprises that have a high potential for growth but are in a crisis situation. This component would assist entrepreneurs in overcoming the aversion they have to learning about their problems and seeking outside help as soon as possible. This would alleviate the lack of human and management resources typical of new business ventures, so as to improve the chances of saving innovative business ventures, or in the worst case, reducing the collateral damage incurred from liquidation and/or bankruptcy proceedings and facilitating fresh starts. To this end, the following activities will be carried out: (i) establish and manage a network of specialists to provide support for dynamic business ventures in trouble in order to determine their future viability, and, based on this assessment, help reorganize the venture or facilitate its orderly liquidation; (ii) promote a high degree of professionalism in the network's activities, by developing the necessary manuals, systems, and training, including the development and implementation of professional certification and university curricula in business crisis resolution. This component will be executed by Fundación Pro-Innovación.
- 3.5 This component would create a network of experts specializing in business crisis resolution, with at least 50 trained and active professionals and 30 pro-bono advisors actively participating in the process of selecting network beneficiaries, with the participation of at least 10 business-related institutions (banks, chambers of commerce, etc.) as promoters and disseminators of the network. This crisis resolution network will help a minimum of 30 business ventures to either resolve a crisis situation or be liquidated on favorable terms. At the same time, two post-secondary education institutions would offer a specific course or module on subjects related to crisis resolution for dynamic business ventures. Finally, a certification system for crisis resolution professionals will be developed and

- implemented, which will have at least 25 professionals certified by the end of the project.
- 3.6 **Component III. Support for the re-entry of failed entrepreneurs in the business cycle (MIF \$348,000; Counterpart \$546,000).** The objective of this component is to channel the experience of failed entrepreneurs to new dynamic business ventures. This component will involve the following activities: (i) finding and selecting entrepreneurs to start over; (ii) helping entrepreneurs who start over to determine and increase the chances of their venture; (iii) program to educate and train entrepreneurs who start over as mentors for new business ventures; and (iv) facilitating sources of financing for entrepreneurs who start over. This component will be executed by the business accelerator Octantis.
- 3.7 This component would create at least 43 new dynamic business ventures managed by failed entrepreneurs who are starting over, at least 17 of whom would receive outside financing. At least 480 failed entrepreneurs will be educated about the possibility of a second chance where they can capitalize on the lessons learned from the failed venture. Of all the entrepreneurs educated, at least 288 would present business ideas for incubation. There will be 60 mentors specializing in fresh starts (many of whom will themselves be failed entrepreneurs), and a community of at least 300 failed entrepreneurs will be brought together to share experiences with good and bad practices that can be applied to second chance entrepreneurship. Finally, at least one successful case of a fresh start will be documented and disseminated to encourage other failed entrepreneurs to embark on the same path.
- 3.8 **Component IV. Support for the development of more favorable cultural and regulatory conditions to ensure the survival of dynamic business ventures and fresh starts (MIF \$262,000; Counterpart \$177,000).** The objective of this component is to help create conditions to promote a change in the Chilean culture, and improve the perception of failure in entrepreneurial activity and consider it a valuable experience. To accomplish this aim, the benefits of fresh starts in terms of the economy, employment, and national development will be demonstrated, so that it will be adopted. The following activities will be undertaken: (i) public relations campaign to reduce the stigma associated with business failure; (ii) development of public policy proposals to encourage the survival of dynamic business ventures and reduce regulatory obstacles to entrepreneurs who start over; (iii) dissemination of the project outcomes; and (iv) midterm and final evaluation. This component will be executed by the Confederación de la Producción y el Comercio (CPC).
- 3.9 As a result of this component, a major public relations campaign to reduce the stigma associated with business failure is expected to be embraced by the mass media and will impact the popular perception of failed entrepreneurs or entrepreneurs who start over. This campaign will be supplemented by a public policy proposal specifically designed to promote fresh starts, and will be agreed upon in two seminars with the authorities and opinion leaders. This proposed public policy will reflect recommendations on amendments to the recently passed

Bankruptcy Act. Finally, the experience of the project will be documented and presented internationally at a minimum of two events.

IV. PROJECT COST AND FINANCING

- 4.1 The total cost of the project is US\$2,653,500, of which US\$1,207,000 will be the counterpart contribution (96% cash), responsibility for which will fall to the executing agency (CPC). The latter will receive contributions from the Ministry of the Economy, CORFO Innova, and the Banco Crédito de Inversiones (BCI), and from two subexecuting agencies (Fundación Pro-Innovación and Octantis). The estimated budget appears in the following table:

Budget Categories	MIF	CPC	TOTAL	%
Component I	212,500	165,300	377,800	14.24%
Component II	169,500	348,200	517,700	19.51%
Component III	348,000	546,000	894,000	33.69%
Component IV	262,000	177,000	439,000	16.54%
Administration	129,000	210,000	339,000	12.78%
Misc. (audits, contingencies, etc.)	79,995	0	79,995	3.01%
SUBTOTAL	1,200,995	1,446,500	2,647,495	
<i>Percentage</i>	<i>45.36%</i>	<i>54.64%</i>	<i>100.00%</i>	
Impact Evaluation Fund	6,005	-	6,005	-
TOTAL	1,207,000	1,446,500	2,653,500	

- 4.2 **Sustainability.** International experience shows that the products and services created by the project have various degrees of ability to generate positive externalities and revenue. The project will attempt to replicate this experience as follows: (a) the online platform offers the greatest positive externalities (since it can be accessed free of charge), and its sustainability over time will require ongoing sponsors. For this reason, this activity is supported by the Ministry of the Economy, an institution with a strong public mandate to support entrepreneurship. The platform is expected to become a focal point of information on dynamic entrepreneurship in Chile, one reason why there are bound to be institutions willing to provide contributions over time. In addition, to facilitate its sustainability, the platform will have very low maintenance costs; (b) although the Crisis Resolution Network will charge entrepreneurs for their services, not all of its expenses will be covered, despite the use of a low cost structure (thanks to volunteer professionals and retired executives). For this reason, the project has sought the sponsorship of a financial intermediary (BCI) that has been historically involved with the target segment and has an interest in improving its institutional position by sponsoring this initiative; and (c) the incubation program for entrepreneurs who bounce back will offer the possibility of a small stake in the share capital of business ventures

supported, which is expected to generate a flow of funds that is sufficient to cover its operating expenses, so that it can continue to offer its services. Also, it is expected that (i) the role of the executing agency as a third-tier entity, along with the institutional coordination activities incorporated by the project, and (ii) the effects of the public-relations campaign to reduce the stigma associated with business failure, will generate significant institutional commitment based on a growing demand by entrepreneurs in trouble and those starting over.

V. EXECUTING AGENCY AND EXECUTION MECHANISM

- 5.1 The CPC, a non-profit trade association founded in 1935, brings together the country's principal productive sectors (agriculture, commerce, mining, industry, construction and the financial sector) through the respective associations and trade groups. Its main objectives are to defend and promote conditions that facilitate the creation and continuation of business initiatives; to promote and disseminate ethical principles based on which private enterprise should carry out its activities; to represent the opinion of the private sector vis-à-vis public authorities and the various sectors of society; and coordinate the programs and activities of its component branches in guiding and defending the important interests of industry and commerce.
- 5.2 The CPC's work centers on generating and promoting conditions to facilitate business initiatives and an economic and legal framework that encourages free competition. To represent the private sector vis-à-vis the public authorities and various segments of society, it participates in institutions along with other organizations, and also has internal working commissions composed of technical experts from all branches. To carry out its mission, the CPC continuously interacts with public authorities at all levels, as well as with other stakeholders in society. As the main representative of the Chilean private sector, it is continuously presenting initiatives to the Executive Branch and participating in joint committees working in the various ministries and public services, in order to provide advisory services to the respective government authority. In addition, it works on the formulation of initiatives to improve the current institutionality in various areas of national interest, in order to provide a business point of view in the activities of the legislative branch. In the areas of civil society, it maintains close links with labor unions, workers, universities, educational centers, and mass media.
- 5.3 **Execution mechanism.** The project will be administered by the CPC. To this end, it signed cooperation agreements with Fundación Pro Innovación (commonly known as the Foro Pro Innovación) and Octantis. Thus, responsibility for overall project coordination will fall to the CPC, which will also be directly responsible for Component IV. Foro Pro Innovación will be responsible for Components I and II, and Octantis for Component III.
- 5.4 To execute the project, there will be an Executing Unit composed of a General Coordinator and a Project Assistant, housed in offices of the CPC. In addition, the

- project will have a coordinator for Components I and II, who will work from Fundación Pro Innovación's main office, as well as another coordinator for Component III, who will work at Octantis. Lastly, the coordination and execution of Component IV will be among the General Coordinator's duties.
- 5.5 In order to ensure the proper project governance, there will be a Steering Committee to perform supervisory functions and communicate the project strategy, as well as an Advisory Committee with advisory duties. The Steering Committee will be chaired by the General Manager of the CPC, and will be composed of the President of Fundación Pro Innovación and the General Manager of Octantis. Its main duties will be: (i) to approve the annual work plan and receive project status reports; (ii) act as the evaluation panel in hiring the General Coordinator, the Project Assistant, and the Component Coordinators; (iii) make strategic project decisions; and (iv) resolve problems presented by the General Coordinator.
- 5.6 The Advisory Committee will be chaired by the President of the CPC and will be composed of the President of Fundación Pro Innovación, the General Manager of Octantis, the BCI Corporate Risk Manager, the Deputy Minister of the Economy, the Executive Vice President of CORFO, and the President of the Bankers' Association. The Advisory Committee will have the support of entrepreneurs who were successful on being given another opportunity and could also become role models for Chilean society. Its main duties will be: (i) to evaluate, every six months, the progress of components and indicators, and recommend strategic courses of action; (ii) evaluate possible synergies and coordinate the project with other business activities or public policy initiatives in Chile; and (iii) propose courses of action for the project. Finally, it is important to point out that none of the members of either committee will receive compensation for their work.
- 5.7 **Disbursements by results.** This project will be executed pursuant to the MIF Operating Guidelines for Technical Cooperation, within the framework of the new Risk and Performance-Based Project Management model in effect since April 2008. The disbursement of the contribution will be contingent on reaching the milestones mutually agreed upon between the executing agency and the MIF, to be verified using the approved methods. Reaching the milestones will not excuse the executing agency from its responsibility to achieve the project objectives.
- 5.8 Disbursements will be made according to Disbursement by Results Mechanism 2 in the aforementioned guidelines. Accordingly, the first disbursement will be made upon fulfillment of the conditions precedent. The funds disbursed will be those required based on the project expenses related to the activities and costs scheduled in the annual work plan. Subsequent disbursements will be made as requested by the executing agency to continue with normal project execution, provided no milestones have expired (been missed). The amount of subsequent disbursements will be calculated based on the project expense requirements related to the scheduled activities and their associated costs for the required timeframe.

- 5.9 The executing agency and the MIF will review the milestones jointly for presentation of the Annual Work Plan for year one at the beginning of the project. The executing agency may also ask the Bank to modify the previously agreed milestones, provided they have not expired.
- 5.10 **Procurement.** The executing agency will procure for the project goods and services and consulting services previously approved by the MIF in the Procurement Plan. The procurement process will be carried out according to the policies set forth in documents GN-2349-7 and GN-2350-7. Based on the institutional evaluation, disbursements and all procurement for this project will be reviewed on an ex ante basis. The application and frequency of these reviews may be modified by the MIF based on the results of the reviews conducted and/or subsequent risk analyses (risk evaluation) performed by the MIF during project execution. Project resources will be used to provide guidance and training to the executing agency in Bank procurement policies and administrative and financial management procedures.

VI. MONITORING AND EVALUATION

- 6.1 The Bank's Country Office in Chile will be responsible for supervising and monitoring compliance with contractual clauses, processing disbursement requests, and receiving audited financial statements. The CPC will collect and analyze the necessary information to monitor on an ongoing basis the indicators in the project logical framework (Annex I). It will also submit project status reports (PSR) within 30 days after the end of each semiannual period. Presented in a format previously agreed with the MIF, the reports describe the progress of project execution and project milestones, the outcomes achieved, and the extent to which they contributed to accomplishment of the project objectives. Within 90 days before project completion, the executing agency must submit a Final Project Status Report (Final PSR) to the MIF, which will prioritize the outcomes achieved, the sustainability plan, and the lessons learned.
- 6.2 The Bank will hire two consulting firms to perform the midterm and final evaluations. The midterm evaluation will be commissioned when 50% of the MIF contribution has been committed or when the project midpoint has been reached, whichever occurs first. The main objective of this evaluation is to measure project progress in terms of achieving the midterm outcome indicators in the logical framework (Annex I), with special emphasis on: (i) the project's impact on the stigma associated with business failure; (ii) the usefulness of the online platform and self-assessment tool; (iii) the operation of the crisis resolution network; (iv) the institutional capacity of the executing agency and other institutions involved in the project; (v) *pari passu* counterpart compliance in accordance with budget and operating regulations; and (vi) the degree of institutional coordination achieved by the executing agency. If necessary, the midterm evaluation will make recommendations on which the MIF and executing agency can work together in identifying corrective action.

- 6.3 The final evaluation will be performed three months before completion of the project or when 95% of the MIF resources have been disbursed, whichever occurs first. It will analyze the extent to which the final outcome indicators in the logical framework and the baseline have been attained. The evaluation will also analyze the expected sustainability of project activities after disbursement in full of the MIF contribution, together with the lessons learned and best practices identified.
- 6.4 Three months before project completion, a closing workshop will be organized with the participation of the CPC, Fundación Pro Innovación, Octantis, the Bank, the main project sponsors, and sector representatives, to evaluate the outcomes achieved, identify additional tasks to guarantee the sustainability of project activities, and determine the lessons learned. If necessary, an ex post evaluation will be performed two years after completion of the project to assess its impact. In addition, a sustainability workshop will be held at least one year before project completion. The Bank and the executing agency will give sufficient advance notice of the scope of this workshop.
- 6.5 **Financial monitoring.** Project financial statements will be prepared by the executing agency: (i) 21 months into the project or when 50% of the financing has been disbursed, whichever occurs first; and (ii) upon completion of the project. The MIF will engage independent auditors (i.e. independent accounts or firms) to audit the financial statements at the specified times. The cost of the audits will be defrayed out of the MIF financing in accordance with Bank procedures.

VII. BENEFITS AND RISKS OF THE PROJECT

- 7.1 **Project benefits.** In addition to the expected outcomes indicated in the logical framework (see Annex I), the project would reduce by at least 15% the percentage of people in Chile who say: (a) they would never finance a business venture managed by an entrepreneur with a previous business failure; (b) a business venture should not be started if there is a possibility of failure; and (c) the national culture does not encourage entrepreneurs to take risk. These are all key aspects that determine the willingness of individuals to take on the major challenges of a dynamic business venture, or say, set up entry barriers to dynamic business endeavors. They therefore have a direct impact on a country's level of entrepreneurial activity. Also, to support this improved willingness, the project will establish a number of products and services (online prevention platform, network of crisis resolution experts, certification of crisis resolution experts, university curricula, etc.), which are key to continually improving entrepreneurial activity and risk-taking in Chile.
- 7.2 Fresh starts and business failure are very innovative approaches within and outside the region. The European Union recently made this a top priority, due to its direct impact on aversion to risk and the entrepreneurship of its population. This project was structured around emerging international best practices (products and services, tools, comprehensive approach, and search for institutional coordination, etc.), and

will constitute a unique learning opportunity for subsequent replication in other countries in the region.

- 7.3 **Project risks.** The main risks associated with the project are: (i) the possible lack of proper internal institutional coordination-- between the executing agency and the subexecuting agencies-- and external institutional coordination-- with cooperating organizations and sponsors. Exhaustive and lengthy negotiations with the various institutions involved were carried out to mitigate this risk. The final agreement embodying this project builds upon the strengths and weaknesses of each participating institution, taking into account the institutional interests of each one; and (ii) not properly succeeding in the informational campaign, due to a lack of knowledge about specific details regarding demand. Although demand is known to exist, the specific characteristics of such demand are unknown, due to the innovative nature of this subject area. To mitigate this risk, the project includes an analysis and comparison with international best practices, as well as various studies and opinion groups that identified the target group in Chile.

VIII. ENVIRONMENT AND SOCIAL IMPACT

- 8.1 Given its nature, the project is not expected to have any direct environmental impact. On the contrary, this initiative should have a positive social impact, since increasing the number of business ventures and decreasing their mortality rate will have a positive impact on employment.

PROMOTING SECOND CHANCE ENTREPRENEURSHIP (CH-M1030)

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOAL			
Help develop a more favorable environment for dynamic entrepreneurship in Chile.	<p>By the end of the project, there is a 15% reduction with respect to the baseline in the percentage of people who say:</p> <ul style="list-style-type: none"> - They would never finance a business managed by an entrepreneur with a previous business failure. - A business venture should not be started if there is a possibility of failure. - The national culture does not encourage entrepreneurs to take risk. 	<ul style="list-style-type: none"> - Opinion poll. - Ex post evaluation¹ - Global Entrepreneurship Monitor (GEM) 	<ul style="list-style-type: none"> - The macroeconomic, legal, and political situation, as well as the country's investment climate remain the same or improve.
PURPOSE			
Promote institutional coordination in order to create a model that minimizes the social cost associated with business failure, through prevention and the re-entry of failed entrepreneurs	<p>12 months into the project:</p> <ul style="list-style-type: none"> - On-line early warning system for entrepreneurs in trouble, which is free and confidential and has self-assessment content and tools. <p>24 months into the project:</p> <ul style="list-style-type: none"> - A well-known business accelerator specializing in helping failed entrepreneurs start another business is in operation. 	<ul style="list-style-type: none"> - Midterm and final evaluation reports. - Final project status report. - Project status reports. - Statistics on the use of the online platform. - PPMR. 	<ul style="list-style-type: none"> - Dynamic entrepreneurial activity remains at least the same.

¹ During project execution, the MIF and the EU will analyze together the possibility of using funds from the MIF's Impact Evaluation System to perform that evaluation.

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p>By the end of the project:</p> <ul style="list-style-type: none"> - A network of experts in the early resolution of business crisis situations is trained and sustainable. - Business sensitized to the importance of encouraging early warning. - Partnership of public and private institutions committed and involved in promoting second chance tools and culture. - A statistics system is in place for ongoing analysis of cultural variables concerning entrepreneurship. 		
COMPONENTS			
<p>I. Development and implementation of detection and early warning tools.</p>	<p>18 months into the project:</p> <ul style="list-style-type: none"> - 16,000 entrepreneurs are informed and educated online. - 2,000 entrepreneurs, 15% of whom are dynamic entrepreneurs, have performed the self-assessment available online. - 100 promoters of the self-assessment tool (including accountants, loan officers, attorneys, etc.) are active in promoting early warning tools. - 2 meetings are organized by the Chilean Association of Banks and Financial Institutions to agree upon and share best practices on the early detection of problems. 	<ul style="list-style-type: none"> - Midterm and final evaluations - Project status reports. - Record of attendees at various events. - PPMR. - Proceedings of workshops and various events. - Press kit. - Statistics on online platform use. - Reports on the dynamic entrepreneurs database - Inspection visits. 	<ul style="list-style-type: none"> - Financial institutions are prepared to share their practices with the project. - Entrepreneurs in trouble trust the confidentiality of the project's virtual self-assessment tools. - Small and medium-sized enterprises continue to substantially use the services of third parties for their legal, tax, financial, and other needs.

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> - A database of all the dynamic entrepreneurs in the country is available. <p>By the end of the project:</p> <ul style="list-style-type: none"> - 60,000 entrepreneurs are informed and educated online. - 10,000 entrepreneurs, 20% of whom are dynamic entrepreneurs, performed the self-assessment available online. - 200 promoters of the self-assessment tool (including accountants, loan officers, windows, etc.) are active in promoting early warning tools. - There is a database of all the dynamic entrepreneurs in the country that is updated and used to carry out activities especially targeted to this entrepreneurial sector. - 3 banks incorporate the early detection practices developed by the project into their loan supervision procedures. 		
II. Facilitation of business crisis resolution.	<p>24 months into the project:</p> <ul style="list-style-type: none"> - 25 business crisis resolution professionals are trained and actively participating in the crisis resolution network. - 5 relevant institutions participate and contribute to the crisis resolution network. - 15 dynamic businesses have overcome their problems or were liquidated on 	<ul style="list-style-type: none"> - Midterm and final evaluations. - Project status reports. - PPMR. - List of attendees at training activities. - List of members of the crisis resolution network. - Proceedings of panels that select network beneficiaries. 	<ul style="list-style-type: none"> - The aversion to seeking help on the part of entrepreneurs in trouble is reduced. - Professionals are willing to help entrepreneurs who start over, at lower than market rates. - Entrepreneurs in trouble are successfully sensitized to the importance of seeking timely help from the crisis resolution network.

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p>favorable terms with the help of the crisis resolution network.</p> <ul style="list-style-type: none"> - 15 pro bono consultants actively participate in the process of selecting beneficiaries of the crisis resolution network. <p>By the end of the project,</p> <ul style="list-style-type: none"> - 50 business crisis resolution professionals are trained and actively participating in the crisis resolution network. - 10 relevant institutions participate and contribute to the crisis resolution network. - 30 dynamic businesses have overcome or are overcoming their problems or were liquidated on favorable terms with the support of the crisis resolution network. - 30 pro bono consultants actively participate in the process of selecting beneficiaries of the crisis resolution network. - 2 post secondary institutions offer a specific course or module on subjects related to crisis resolution for dynamic business ventures. - System for certifying professionals in crisis resolution is implemented and at least 25 professionals have been certified. 	<ul style="list-style-type: none"> - Minutes of the Network Selection Committee. - Final report on the network's interventions in each business venture supported. - Curricula of post secondary institutions. - Register of professionals certified in crisis resolution. 	<ul style="list-style-type: none"> - Society has a neutral perception of the crisis resolution network.

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>III. Support for the re-entry of failed entrepreneurs in the business cycle.</p>	<p>24 months into the project:</p> <ul style="list-style-type: none"> - 320 participants in activities to educate entrepreneurs who start over. - 192 business ideas proposed by entrepreneurs who start over. - 29 new business initiatives with the participation of entrepreneurs who bounce back have business plans formulated, and at least 8 of them obtain financing to develop their business plans. - 15 new businesses formed with the participation of entrepreneurs who start over, 6 of which have annual sales of at least \$100,000. - 40 mentors with experience in fresh starts are actively participating in the business accelerator. - A community of at least 200 entrepreneurs who bounce back is created in order to share experiences with good (bad) practices. <p>By the end of the project.</p> <ul style="list-style-type: none"> - 480 participants in activities to educate entrepreneurs who start over. - 288 business ideas proposed by entrepreneurs who try again. - 43 new business initiatives with the participation of entrepreneurs who start over have business plans formulated, and at least 11 of them obtain 	<ul style="list-style-type: none"> - Midterm and final evaluations - Project status reports - PPMR. - Proceedings of activities of selection panels. - Certificates of financing awarded. - List of attendees at educational activities. - Financial statements of new businesses formed. - Case study. 	<ul style="list-style-type: none"> - Failed entrepreneurs are prepared to acknowledge their situation publicly in an effort to help others. - Failed entrepreneurs have at least the same ability as new entrepreneurs to take advantage of business incubation services. - The effects of current laws on non-fraudulent failed entrepreneurs remain the same or improve.

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p>financing to develop their business plans.</p> <ul style="list-style-type: none"> - 35 new businesses formed with the participation of entrepreneurs who start over, at least 10 of which have annual sales of at least \$100,000 and an annual growth rate of more than 35%. - 9 businesses formed with the participation of entrepreneurs who bounce back begin internationalization processes. - 60 mentors with experience in fresh starts are actively participating in the business accelerator. - At least 300 entrepreneurs who start over participate in a community of entrepreneurs who start over in order to share experiences with good (and bad) practices. - Case study on successful fresh starts documented and disseminated nationally and internationally. 		
<p>IV. Support for the development of more favorable cultural and regulatory conditions to ensure the survival of dynamic business ventures and fresh starts; evaluation and dissemination.</p>	<p>18 months into the project:</p> <ul style="list-style-type: none"> - The project experience is covered in the press or other media on at least 25 occasions. - 400 secondary and university students are educated to the importance of fresh starts. 	<ul style="list-style-type: none"> - Midterm and final evaluations - Project status reports. - Promotional video. - Document proposing public policy. - Press kit. - PPMR. 	<ul style="list-style-type: none"> - Public policies in Chile continue to consider SME development and competitiveness as critical.

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<p>By the end of the project:</p> <ul style="list-style-type: none"> - Public policy proposal to promote fresh starts is introduced for subsequent evaluation. - 900 secondary and university students are educated to the importance of fresh starts. - The Chilean experience with fresh starts is presented in at least two international events. - The project experience is completely documented and disseminated in order to encourage its replication in other countries. 		
ACTIVITIES			
COMPONENT I. <i>Development and implementation of detection and early warning tools.</i>			
<p>I.1. Online platform on fresh starts with self-assessment tool on the prevention, management, and resolution of critical business situations.</p>	<p>12 months into the project:</p> <ul style="list-style-type: none"> - Online platform designed and operating. - Mission to learn about international best practices completed, and knowledge acquired is added to the online platform. <p>24 months into the project:</p> <ul style="list-style-type: none"> - The online platform is evaluated in detail by professionals in the subject, and pertinent changes are made. 	<ul style="list-style-type: none"> - Inspection visits. - Project status reports. - Report on visits to the online platform. - Platform maintenance report. - PPMR. 	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
I.2. Promotional activities to stimulate online platform use by entrepreneurs.	<p>18 months into the project:</p> <ul style="list-style-type: none"> - Promotional materials developed and disseminated. - 2 focus groups of entrepreneurs have taken place. - 4 workshops to train promoters of the self-assessment tool. - Database of all dynamic entrepreneurs in the country has been developed. - Promotional materials (including videos) have been developed. <p>By the end of the project:</p> <ul style="list-style-type: none"> - 9 focus groups of entrepreneurs have taken place. - 9 workshops to sensitize promoters to the importance of the self-assessment tool. - Database of all dynamic entrepreneurs in the country has been updated. 	<ul style="list-style-type: none"> - Semiannual reports of the executing agency. - Inspection visits. - Promotional materials. - Database of dynamic entrepreneurs. - PPMR. 	
COMPONENT II. Facilitation of business crisis resolution.			
II.1. Network of experts to support dynamic business ventures in trouble.	<p>12 months into the project:</p> <ul style="list-style-type: none"> - Mission to learn about international best practices completed, and knowledge acquired is applied to the crisis resolution network. - The network has been created and is operating. <p>By the end of the project:</p>	<ul style="list-style-type: none"> - Project status reports - Inspection visits. - Training manuals. - Certification program. - PPMR. 	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> - The network has at least 50 active professionals, 30 pro bono consultants, and 10 cooperating institutions. 		
<p>II.2. Promotion of the professionalization of the network's activities through the development of the necessary manuals, systems, and training.</p>	<p>18 months into the project:</p> <ul style="list-style-type: none"> - Training manuals for members of the crisis resolution network developed. - 2 case studies analyzed and published. - Promotional materials developed. <p>By the end of the project:</p> <ul style="list-style-type: none"> - System for certifying professionals in crisis resolution designed and implemented. - 6 case studies analyzed and published. 	<ul style="list-style-type: none"> - Project status reports - Inspection visits. - Case study documentation. - Promotional materials. - List of certificates granted. - PPMR. 	
<p>COMPONENT III. Support for the re-entry of failed entrepreneurs in the business cycle.</p>			
<p>III.1. Search for and selection of entrepreneurs who start over.</p>	<p>12 months into the project:</p> <ul style="list-style-type: none"> - 4 workshops to train and sensitize entrepreneurs who try again have taken place. - Dissemination materials developed and disseminated. - 34 entrepreneurs who start over selected. <p>24 months into the project:</p> <ul style="list-style-type: none"> - 8 workshops to train and sensitize entrepreneurs who start over have taken place. - 69 entrepreneurs who bounce back selected. 	<ul style="list-style-type: none"> - Project status reports. - Inspection visits. - Dissemination materials. - List of participants at workshops to sensitize and capture entrepreneurs who start over. - PPMR. 	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>III.2. Assistance to help entrepreneurs who start over defines and increases a business venture's chances of success.</p>	<p>18 months into the project:</p> <ul style="list-style-type: none"> - Business incubation methodology adapted for entrepreneurs who bounce back. - 21 business plans of entrepreneurs who start over designed. <p>By the end of the project:</p> <ul style="list-style-type: none"> - 43 business plans of entrepreneurs who start over designed. - 1 case study analyzed, published, and disseminated nationally and internationally. 	<ul style="list-style-type: none"> - Project status reports. - Inspection visits. - Business plans. - Case study documentation. - PPMR. 	
<p>III.3. Program to educate and train entrepreneurs who try again as mentors for new entrepreneurs.</p>	<p>18 months into the project:</p> <ul style="list-style-type: none"> - Methodology for including entrepreneurs who start over as mentors for new entrepreneurs. - 12 entrepreneurs who start over act as mentors for new entrepreneurs. - 4 workshops to establish networks among first-time entrepreneurs and entrepreneurs who try again. - 1 workshop to share good and bad business management practices. <p>By the end of the project:</p> <ul style="list-style-type: none"> - 25 entrepreneurs who start over act as mentors for new entrepreneurs. - 6 workshops to establish networks among first-time entrepreneurs and entrepreneurs who start over. 	<ul style="list-style-type: none"> - Project status reports. - Inspection visits. - List of participants at workshops. - PPMR. 	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> - 4 workshops to share good and bad business management practices. 		
III. 4 Facilitation of financing for tutored entrepreneurs who start over.	<p>24 months into the project:</p> <ul style="list-style-type: none"> - 8 business ventures managed by entrepreneurs who start over receive loans from CORFO to implement their business plans. - 2 business ventures managed by entrepreneurs who try again receive loans to implement their business plans, which come from a line of credit especially designed by BCI for entrepreneurs who start over. <p>By the end of the project:</p> <ul style="list-style-type: none"> - 11 business ventures managed by entrepreneurs who start over receive loans from CORFO to implement their business plans. - 5 business ventures managed by entrepreneurs who try again receive loans to implement their business plans which come from a line of credit especially designed by BCI for entrepreneurs who start over. 	<ul style="list-style-type: none"> - Project status reports. - Certificates of loans granted. - PPMR. 	
COMPONENT IV. Support for the development of more favorable cultural and regulatory conditions to ensure the survival of dynamic business ventures and fresh starts; evaluation and dissemination.			
IV.1. Public relations campaign to reduce the stigma associated with business failure.	<p>12 months into the project:</p> <ul style="list-style-type: none"> - Event to launch the project and public relations campaign has taken place. - Awareness building brochures designed and printed. 	<ul style="list-style-type: none"> - Project status reports. - Inspection visits. - PPMR. - Opinion polls. 	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> - Dissemination campaign for students developed and being executed. - First opinion poll on fresh starts and entrepreneurial culture conducted. - At least 2 cooperation agreements with the media signed. - Promotional video on fresh start culture produced and published. <p>By the end of the project:</p> <ul style="list-style-type: none"> - Annual opinion poll on fresh starts and entrepreneurial culture conducted. - Dissemination campaign for students completely executed. 	<ul style="list-style-type: none"> - Promotional video. - Record of participants at event 	
IV.2. Formulation of public policy proposals that encourage the survival of dynamic business ventures and reduce regulatory obstacles to fresh starts.	<p>By the end of the project:</p> <ul style="list-style-type: none"> - 2 seminars with the authorities and opinion leaders conducted. - Public policy proposal developed and presented to the pertinent authorities. 	<ul style="list-style-type: none"> - Project status reports. - Public policy document. - PPMR. 	

OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
IV.3. Dissemination of the project outcomes.	<p>12 months into the project</p> <ul style="list-style-type: none"> - 1 dissemination seminar on fresh starts conducted. <p>24 months into the project</p> <ul style="list-style-type: none"> - 2 dissemination seminars on fresh starts conducted. <p>By the end of the project:</p> <ul style="list-style-type: none"> - The model to encourage the entrepreneurial culture and fresh starts developed by the project has been completely documented. - Participation in four international events to present and disseminate the model to encourage the entrepreneurial culture and fresh start approach developed by the project. 		
IV.4. Midterm and final evaluation.	<p>18 months into the project:</p> <ul style="list-style-type: none"> - Midterm evaluation completed. <p>By the end of the project:</p> <ul style="list-style-type: none"> - Final evaluation completed. 	<ul style="list-style-type: none"> - Midterm evaluation report. - Final evaluation report. 	

ITEMIZED BUDGET			
PROMOTING SECOND CHANCE ENTREPRENEURSHIP (CH-M1030)			
I. DEVELOPMENT AND IMPLEMENTATION OF DETECTION AND EARLY WARNING TOOLS			
	TOTAL COST	MIF	TOTAL LOCAL CONTRIBUTION
1.1 Online platform on fresh starts with self-assessment tool on the prevention, management, and resolution of critical business situations.	180,800	140,500	40,300
1.2 Promotional activities to stimulate online platform use among entrepreneurs.	197,000	72,000	125,000
Total Component I	377,800	212,500	165,300
II. FACILITATION OF BUSINESS CRISIS RESOLUTION			
	TOTAL COST	MIF	LOCAL CONTRIBUTION
2.1. Network of experts to support dynamic business ventures in trouble	422,200	169,500	252,700
2.2. Promotion of professionalization of the network's activities through the development of the necessary manuals, systems, and training.	95,500	0	95,500
Total Component II	517,700	169,500	348,200
III. SUPPORT FOR THE RE-ENTRY OF FAILED ENTREPRENEURS INTO THE BUSINESS CYCLE			
	TOTAL COST	MIF	LOCAL CONTRIBUTION
3.1. Search for and selection of entrepreneurs who try again	29,000	0	29,000
3.2. Assistance for entrepreneurs starting over defines and increases a business venture's chances of success.	368,600	230,600	138,000
3.3. Program to educate and train entrepreneurs who try again as mentors for new entrepreneurs.	117,600	100,100	17,500
3.4. Facilitation of sources of financing for entrepreneurs who start over	378,800	17,300	361,500
Total Component 3	894,000	348,000	546,000
IV. SUPPORT FOR THE DEVELOPMENT OF MORE FAVORABLE CULTURAL AND REGULATORY CONDITIONS FOR THE SURVIVAL OF DYNAMIC BUSINESS VENTURES AND FRESH STARTS.			
	TOTAL COST	MIF	LOCAL CONTRIBUTION
4.1. Public relations campaign to reduce the stigma associated with business failure.	322,000	197,000	125,000
4.2. Development of public policy proposals that encourage the survival of dynamic business ventures and reduce the regulatory obstacles to fresh starts.	30,000	20,000	10,000
4.3. Dissemination of project outcomes.	57,000	15,000	42,000
4.4. Midterm and final evaluation	30,000	30,000	0
Total Component IV	439,000	262,000	177,000
V. ADMINISTRATION, AUDITS, CONTINGENCIES, AND INSTITUTIONAL STRENGTHENING			
	TOTAL COST	MIF	LOCAL CONTRIBUTION
5.1. Project coordinator	210,000	0	210,000
5.2. Office supplies for project execution.	24,000	24,000	0
5.3. Project assistant	105,000	105,000	0
5.4. Institutional strengthening consultant (administration manual and exeuction support)	25,000	25,000	0
5.5. Audit	18,000	18,000	0
5.6. Contingencies	36,995	36,995	0
Subtotal	418,995	208,995	210,000
PROJECT SUBTOTAL	2,647,495	1,200,995	1,446,500
	TOTAL COST	MIF	LOCAL CONTRIBUTION
Impact evaluation fund	6,005	6,005	0
PROJECT TOTAL	2,653,500	1,207,000	1,446,500
	100.0%	45.5%	54.5%