

PUBLIC

INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

CHILE

FOSTERING YOUTH ENTREPRENEURSHIP IN CHILE

(CH-M1063)

DONORS MEMORANDUM

This document was prepared by the project team consisting of: Maritza Vela (MIF/AMC), Project Team Leader; Marta Mariño (MIF/AMC); Patricio Díaz Lucarelli (MIF/CCH); María Elena Nawar (MIF/DEU); Laila Choe (MIF/KSC); and Luciane Juliani (LEG/NSG).

Under the Access to Information Policy, this document is subject to public disclosure.

CONTENTS

PROJECT SUMMARY EXECUTIVE SUMMARY

I.	BACKGROUND AND RATIONALE	1
II.	PROJECT OBJECTIVES AND COMPONENTS	8
III.	MONITORING AND EVALUATION STRATEGY	17
IV.	COST AND FINANCING	17
V.	EXECUTING AGENCY	18
VI.	PROJECT RISKS	19
VII.	ENVIRONMENTAL AND SOCIAL IMPACTS	20
VIII.	FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS	20
IX.	ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY	20

PROJECT SUMMARY
FOSTERING YOUTH ENTREPRENEURSHIP IN CHILE
(CH-M1063)

This is the second project of the Youth Entrepreneurship Program (ATN/ME-12444-RG) (YEP), approved by the Donors Committee on 31 July 2013 and executed by Youth Business International (YBI). The program's objective is to enhance the business capacities of low-income youth by expanding access to quality services, thereby laying the groundwork for a stronger ecosystem for youth entrepreneurship in specific countries in the region, including Chile.

This project, to be executed in Chile by Acción Emprendedora, meets the YEP regional program's selection criteria because it: (i) provides integrated support (financial and nonfinancial, including entrepreneurship training, mentoring, and consulting); (ii) is national in scope; (iii) will provide learning opportunities within the framework of the regional learning agenda, as appropriate; and (iv) receives counterpart financing. Acción Emprendedora is a member of the YBI member network and, as such, its work is held to certain quality standards.

The problem facing low-income youth in Chile is a lack of motivation stemming from their disadvantages and lack of access to support opportunities. Some do receive technical training, but this training is often deficient, lacks nationwide coverage, and is does not include entrepreneurship as a feasible option in the curriculum. The little youth entrepreneurship existing in Chile is mostly born of necessity, but is not viewed as an opportunity for personal and professional development.

Interactive, creative approaches using sports, the arts, and technology have proven effective in strengthening young people's work skills and keeping them motivated, leading them to expand their work horizons beyond established jobs. The "Fostering Youth Entrepreneurship in Chile" project will be based on these lessons and will create an e-learning platform to attract young people interested in technology and in starting a business.

The e-learning platform developed under this project will make effective use of information and communication technologies (ICTs) in order to raise awareness of entrepreneurship among young people and strengthen their technical capacities and life skills. The model offers each beneficiary the option of selecting from among three course formats under the platform: in-person, hybrid, and online. Along with the courses offered on the e-learning platform, the project will provide monitoring with tutors, consultants, and mentors, and access to the centers where information and training will be provided.

This project is innovative given the level of flexibility provided by the three course options. This allows the project to serve young people who otherwise would not have access to training courses, for reasons including the fact that they live in rural areas, have children or family responsibilities, or their obligations do not allow them to have a predetermined schedule.

The executing agency will be Acción Emprendedora, a nongovernmental organization with more than 12 years of experience in entrepreneurship training and incubation. The project

will support 2,500 low-income youth (1,500 women and 1,000 men) with limited technical skills for starting and growing their own businesses. This will generate more opportunities for these young people, their families, and their communities.

The public sector's role in this project is quite relevant, since Acción Emprendedora will work with over 10 municipalities in Chile to expand its network and offer the various services through them in order to support more young people. The National Youth Institute (INJUV) will also play a key role, as young people throughout the country will be able to access the online platform through the INJUV information centers present in all regions, offering free Internet access.

This project will help generate 1,370 sustainable enterprises of low-income young people and will help create 1,200 jobs. In addition, 800 beneficiaries are expected to increase their sales by 40%. In terms of knowledge, the project will seek to generate evidence on the impact of interventions with low-income youth using ICT methodologies and effective financial products for young entrepreneurs. The knowledge that is generated will be part of the knowledge agenda of the regional Youth Entrepreneurship Program, and will be disseminated through the YBI network and the Regional Center for Youth Entrepreneurship, which will be established by the regional program in Bogotá, Colombia.

ANNEXES

Annex I	Logical Framework
Annex II	Summary Budget
Annex III	Quality for Effectiveness in Development (QED) Matrix

APPENDICES

Proposed resolution

AVAILABLE IN THE DOCUMENTS SECTION OF THE MIF PROJECTS INFORMATION SYSTEM

Annex IV	Itemized Budget
Annex V	Preliminary List of Milestones
Annex VI	Diagnostic Needs Assessment of the Executing Agency (DNA)
Annex VII	Project Status Reports (PSR), Fulfillment of Milestones, Fiduciary Agreements, and Institutional Integrity
Annex VIII	Procurement Plan
Annex IX	Timeline of Activities
Annex X	Operating Regulations
Annex XI	Terms of Reference for the Project Coordinator
Annex XII	Monitoring and Evaluation Plan

ABBREVIATIONS

CASEN	Encuesta de Caracterización Socioeconómica Nacional [National Socioeconomic Survey]
CORFO	Corporación de Fomento a la Producción [Production Development Corporation]
ICT	Information and communication technology
INJUV	Instituto Nacional de la Juventud [National Youth Institute]
NGO	Nongovernmental organization
OECD	Organization for Economic Cooperation and Development
PEU	Project executing unit
SERCOTEC	Servicio de Cooperación Técnica [Technical Cooperation Service]
YBI	Youth Business International

CHILE
FOSTERING YOUTH ENTREPRENEURSHIP IN CHILE
(CH-M1063)

EXECUTIVE SUMMARY

Country and geographic location:	The project will be implemented in eight Chilean cities: Santiago, Valparaíso, Antofagasta, Concepción, Coronel (rural), Santa Bárbara (rural), Quilaco, and Easter Island.
Executing agency:	Acción Emprendedora.
Access area:	Access to Markets and Capabilities.
Agenda:	Youth Employment and Entrepreneurship.
Coordination with other donors/Bank operations:	Corporación de Fomento de la Producción [Production Development Corporation] (CORFO), a government agency that supports entrepreneurship and innovation to improve productivity in Chile; and Colbún, a power generation company, through the financing of entrepreneurship centers in Concepción, Coronel, Santa Bárbara, and Quilaco, and their respective teams.
Direct beneficiaries:	<p>The direct beneficiaries of the project's activities and resources will be:</p> <p>2,500 low-income young people (1,500 women and 1,000 men) between the ages of 18 and 29 with limited technical skills for starting and growing their businesses.</p> <p>7 entrepreneurship centers that will be strengthened.¹</p> <p>10 municipalities that will provide services to the community.</p> <p>The selection criteria for the young people are as follows: they must have monthly family income below US\$560; and they must have either a business idea or an enterprise less than one year old. Priority will be given to young people who are neither working nor in school.</p>

¹ Seven centers will be strengthened rather than eight, since one of these centers will serve two cities. The Santa Bárbara and Quilaco entrepreneurship center will serve Santa Bárbara (rural) and Quilaco.

Indirect beneficiaries:	(i) 5,000 immediate family members of the 2,500 young people benefiting from the project (two members per family); (ii) 1,200 jobs created by the businesses (1.2 per business); and (iii) 7,760 young people (4,656 women and 3,104 men) with increased awareness and new knowledge.		
Financing:	Technical cooperation funding:	US\$990,000	34%
	Investment:	US\$000,000	
	Loan:	US\$000,000	
	TOTAL MIF CONTRIBUTION:	US\$990,000	34%
	Counterpart:	US\$1,898,348	66%
	Cofinancing (if any):	US\$000,000	
	TOTAL PROJECT BUDGET:	US\$2,888,348	100%
Execution and disbursement periods:	36 months for execution and 42 months for disbursement.		
Special contractual conditions:	(i) Approval of the Operating Regulations; (ii) hiring of the project director; and (iii) signing of agreements with the respective partners will be conditions precedent to the first disbursement.		
Environmental and social impact review:	This operation has been preevaluated and classified according to the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703). Given that the impacts and risks are limited, the project has been proposed as a category "C" operation.		
Unit responsible for disbursements:	Country Office in Chile.		

I. BACKGROUND AND RATIONALE

- 1.1 This is the second² project of the Youth Entrepreneurship Program (RG-M1240) (YEP), approved by the Donors Committee on 31 July 2013 and executed by Youth Business International (YBI). The program's objective is to enhance the business capacities of low-income youth by expanding access to quality services, thereby laying the groundwork for a stronger ecosystem for youth entrepreneurship³ in certain countries in the region, including Chile.
- 1.2 Executed in Chile by Acción Emprendedora, this project will meet the YEP regional program's selection criteria because it: (i) provides integrated support (financial and nonfinancial, including entrepreneurship training, mentoring, and consulting); (ii) is national in scope; (iii) will provide learning opportunities within the framework of the regional program's learning agenda, as appropriate; and (iv) receives counterpart financing. Acción Emprendedora meets standards ensuring the quality of its work as a member of the YBI member network.
- 1.3 **Status of Chilean youth.** Though the unemployment rate has dropped to its lowest level in 15 years (6.2% in December 2013),⁴ the latest edition of "The Employment Situation in Latin America and the Caribbean," a report prepared by the International Labour Organization and the Economic Commission for Latin America and the Caribbean, revealed that when breaking this figure down by age group, young people under age 25 have an unemployment rate (16%) almost four times higher than that of the population age 25 and older (4.5%). Even comparing it with all of Latin America, Chile's rate is 1.7% higher.⁵ This inequality between Chile's general population and its youth is proof of the highly disproportionate number of unemployed young people in Chile.
- 1.4 Even more troubling are the numbers of young people who are neither employed nor in school. According to the latest Encuesta de Caracterización Socioeconómica Nacional [National Socioeconomic Survey] (CASEN) (2011), more than 500,000 young people are currently unemployed, and this figure is on the rise due to persistent inequalities in access to education and employment: 16.4% of young people ages 18 to 29 neither work nor study. Of this figure, 87%

² The first project under the YEP regional program is the "Multiregional Project to Provide Training and Support to Young Entrepreneurs in Peru" (PE-M1097), approved on 12 March 2014.

³ The youth entrepreneurship initiative is defined as new enterprises started by young people, which, based on the MIF's experience, create 2.7 jobs per entrepreneur over their first four years in business, 'with an average loan amount of US\$2,000 (see "Give Youth a Chance: An Agenda for Action," MIF, 2012, page 11).

⁴ OECD Economic Surveys: Chile, October 2013.
<http://www.oecd.org/eo/surveys/Overview%20Chile%20survey%202013%20Eng.pdf>.

⁵ The Employment Situation in Latin America and the Caribbean: Conditional Cash Transfer Programs and the Labor Market. ECLAC/ILO (2014). <http://www.cepal.org/publicaciones/xml/2/52922/cepal-oiN10.pdf>.

are women, 68% have children, 57% are low-income, and 38% did not complete their secondary education.⁶

- 1.5 Among the countries in the Organization for Economic Cooperation and Development (OECD), Chile is the one with the greatest inequality in income generation, with the top 20% of the population earning 13 times more than the bottom 20%.⁷ High levels of inequity and exclusion particularly affect women and youth. Women are less likely than men to have paid jobs; when they do, their jobs tend to be in the informal economy or poorly paid. Young people continue to have a difficult time finding employment, as evidenced in the high percentage of young men (and even higher percentage of women) who are neither employed nor in school. Young people are more likely to work in the informal economy, where they do not accrue pension benefits or have access to other government programs.
- 1.6 The inequity and social exclusion experienced by young people is particularly acute in areas with high poverty rates, where women and youth tend to lack: (i) competencies that would help them pursue self-employment and entrepreneurship; (ii) the education that would help them gain competencies associated with employability (only 38% of young people complete their secondary education); and (iii) access to programs that provide training in entrepreneurship and self-employment.
- 1.7 **Problem to be addressed.** Vulnerable young people lack access to quality entrepreneurship services, hindering their ability to start the businesses that would help them rise from the ranks of the unemployed. Specifically, the aim of the project is for young people to have opportunities to start their own businesses.
- 1.8 **Lack of access to support and training programs.** Although young people are interested in entrepreneurship, people between the ages of 16 and 24 make up only 2% to 3% (depending on geographic area) of all entrepreneurs, and only 12% of young people have applied to an entrepreneurship program. This disparity is due in part to the fact that very few organizations are available to support young entrepreneurs in developing their ideas and provide them with the tools and assistance they need to pursue their businesses. When such organizations do exist, they are part of university programs, which exclude the most vulnerable people in Chile by virtue of their cost.⁸

⁶ CASEN 2011 / Seventh Youth Survey 2012.

⁷ OECD Economic Surveys: Chile, October 2013.

⁸ Youth entrepreneurship programs in Chilean universities, such as that of the College of Economics and Business at the University of Chile, restrict access to students of those universities because the monthly fee is quite high and few young people can obtain scholarships to attend. Technical institutes offer entrepreneurship as part of their technical career programs, such as baking.

- 1.9 Other programs, although not part of university curricula, are targeted to university students, such as Endeavor's "Jump Chile" program.⁹ Other organizations, such as Socialab,¹⁰ provide support to primarily young entrepreneurs pursuing social entrepreneurship initiatives. While these programs benefit society through the entrepreneurship projects they support, they do not directly assist vulnerable young entrepreneurs in developing their enterprises or business ideas
- 1.10 At the same time, 40.33%¹¹ of Chile's population resides in the Santiago metropolitan area. Consequently, many companies and government institutions are headquartered in Santiago as well, leaving more marginal areas with little or no access. Existing entrepreneurship programs do not reach all parts of Chile, and many young people, particularly in rural areas, are excluded as a result.
- 1.11 **Low quality of business services.** While one of every three young people is willing to work on an entrepreneurial initiative in which he or she would be both employer and employee, supply-side limitations are exacerbated because the institutions and organizations with programs to support young entrepreneurs are relatively weak, and not all of them use the comprehensive approach that this beneficiary profile needs.¹² To provide effective, sustainable support to young entrepreneurs, institutions and organizations must be able to accurately identify existing deficiencies in competencies and provide specific support. This often requires collaboration among participants and service providers, as an optimal practice and a way to supplement skills and provide better support to beneficiaries.
- 1.12 Moreover, because many of these vulnerable young people lack contact networks, they also lack the support and guidance of mentors, and consequently have difficulty obtaining credit through noninstitutional channels. At the same time, since financial institutions view them as high-risk customers, they do not usually extend them credit, and when they do, it is usually not on competitive terms.
- 1.13 Partnerships are needed between the various stakeholders to provide mentoring services and coordinate with financing programs in order to supplement skills and provide comprehensive support to help vulnerable young people build sustainable businesses. However, few systematic channels for coordination are available, especially across public, private, and civil-society sectors. For the channels that do exist, there is limited understanding of opportunities for collaboration. This lack of knowledge leads to a failure to leverage potential synergies and

⁹ This program provides young people with access to entrepreneurial training; this training consists of only three workshops, each of which lasts three days, and does not provide comprehensive assistance to help microenterprises develop their business ideas, from implementation of the business idea to the marketing of products and/or services.

¹⁰ <http://socialab.com/>.

¹¹ Population and Housing Census, 2012.

¹² INJUV study on youth entrepreneurship, November 2013.

efficiencies and makes it difficult to identify the approaches offering the best returns.

- 1.14 **Potential for using technology to support young entrepreneurs.** Men and women in Chile use technology at about the same rate, and comparative usage by various age groups is similar to the worldwide average. However, Internet users in Chile—particularly those who are youngest—are unique in one regard: people between the ages of 15 to 24 spend 32 hours per month on the Internet, seven more than the national average and nearly 10 more than the worldwide average. This age group largely explains Chileans' high usage of social networks. Social networks have a coverage rate of 93% in Chile, compared to the worldwide average of 76%.¹³
- 1.15 The 2011 CASEN projected that 72% of all Chilean households would have at least one computer by 2013. Internet access is also available in many public places: subways, coffee shops, shopping centers, museums, libraries, cultural centers, municipal government buildings, and information centers of the Instituto Nacional de la Juventud [National Youth Institute] (INJUV) located throughout the country. These facts are key to understanding the advantage that education through online tools could have in terms of coverage and access.
- 1.16 **Few women entrepreneurs.** According to the Global Entrepreneurship Monitor 2013, women account for only 37.9% of all entrepreneurs in Chile. The profile of the female entrepreneur in Chile is as follows: average age of 37 at time of business startup, and of 45 for established business owners; completed secondary education; and oriented toward sectors that provide services to end consumers (sales of products or services).
- 1.17 The number of young women starting businesses in Chile has historically been low, as evidenced by the low percentage of women who have considered working for themselves (29%, as opposed to 38% of men). An even greater disparity is found in the percentages of men and women willing to take risks for self-employment (61% of men, as opposed to 46% of women).
- 1.18 Chilean women who are neither employed nor in school—who account for 22.8% of all women in Chile—show very low levels of entrepreneurship. Being a mother, caring for their families, and performing housework require their full-time attention. They lack childcare networks and they distrust day care facilities.¹⁴ In fact, Acción Emprendedora has noticed that young women have difficulty attending entrepreneurial training courses due to family responsibilities, as they must care for their children or other family members. Against this backdrop, Acción Emprendedora decided to target the project to 60% women and 40% men. Technology-based training and support open a window of opportunity for any young person who cannot leave home but would like to learn and grow their business.

¹³ CASEN 2011 / Seventh Youth Survey 2012.

¹⁴ “El difícil tránsito de las ninis chilenas,” *Ya* magazine, *El Mercurio*. Karim Gálvez.

- 1.19 **Acción Emprendedora.** Acción Emprendedora has the capacity to provide a package of services to young entrepreneurs in a sustainable manner, using a scalable, youth-specific model. Through services delivered in a format convenient to them, vulnerable young people will gain the technical and personal tools they need to develop their business ideas or grow their existing businesses. As a result of this project, 1,750 young people are expected to enhance their technical skills and 1,360 are expected to enhance their personal skills.
- 1.20 From 2007 to 2011, Acción Emprendedora received support from the MIF for a program entitled “Promotion of Volunteerism to Strengthen Microenterprises” (ATN/ME-10228-CH). This program helped it train more than 1,600 owners of microentrepreneurs and entrepreneurs, through seven entrepreneurship centers located throughout the country. More than 60% of the enterprises served saw a significant increase in sales, and about half of them created additional jobs. In terms of volunteerism, Acción Emprendedora created a registry of more than 600 volunteers interested in sharing their professional knowledge with microentrepreneurs from low-income districts in Chile. These volunteers have described their volunteer work as very gratifying and have made themselves available to continue participating in this type of service. Acción Emprendedora continues to operate with its seven entrepreneurship centers and more than 40 staff members, and it has partnered with two Chilean municipalities through the “Acción País” program¹⁵ to transfer knowledge to the municipalities’ productive development units with the aim of reaching more entrepreneurs in Chile and strengthening local governments.
- 1.21 However, Acción Emprendedora currently delivers services only in person and to a limited number of young people. To embark on this new phase, Acción Emprendedora needs to: (i) form partnerships with more institutions to increase its scope of actions; and (ii) strengthen its technical team and train personnel to deliver training to entrepreneurs and the diverse range of training, mentoring, consulting, and marketing services, using technology to do so. It also needs to adopt a monitoring system to help it track entrepreneurs throughout Chile and strategically document outcomes of all three training formats: in-person, hybrid, and online.

A. Project beneficiaries

- 1.22 Project beneficiaries include 2,500 young people (1,500 women and 1,000 men) between the ages of 18 and 29 who are in the first to fourth quintiles (monthly per capita family income is below US\$560) and who have limited technical skills, i.e., they have usually not completed, nor are they currently enrolled in, university studies. Young people enrolled in technical institutes will be selected, and calls for participants will also be issued through the municipalities’ productive development

¹⁵ “Acción País” is a project designed to support and enhance the local entrepreneurship environment through the municipalities. Its objective is to serve as a support network for local entrepreneurship; provide ongoing support, advice, and guidance; and design tools in each district according to the circumstances and needs of local residents.

units. To be eligible to participate, young people must already have a business idea or an enterprise less than one year old. The existing enterprises may be formal or informal, and the project will aim to bring both the informal enterprises and the business ideas into the formal economy. Three years into the project, 15% of the young beneficiaries are expected to be from rural areas, i.e., a total of 375 young people over the three years.

- 1.23 The project is expected to strengthen the capacity of Acción Emprendedora's seven entrepreneurship centers and deliver new knowledge and learning to the productive development units with which Acción Emprendedora has already partnered through its "Acción País" program. Acción Emprendedora is expected to work with more than 10 municipalities throughout Chile.
- 1.24 The indirect beneficiaries of this project will include 5,000 members of the immediate families (two per family) of the young people trained, and 1,200 individuals who will be directly employed in the jobs created by the businesses established.

B. Contribution to the MIF Mandate, the Access Framework, and the Bank's strategy

- 1.25 The project will contribute to the MIF poverty reduction mandate by supporting poor and low-income youth in the development of their enterprises and increasing access to jobs as well as creating a favorable environment in the areas where these enterprises are created. To do this, it will strengthen the capacities of participating municipalities, generate partnerships with private-sector entities interested in development in their areas of action, and create an e-learning platform to expand its scope and national coverage.
- 1.26 **Link to the Agenda.** The project is aligned with the MIF's strategy for innovation in the Agenda's area of entrepreneurship, as it will help to: (i) fine-tune existing youth entrepreneurship models, not only those based on previous experience with YBI but others as well, such as the CEFE methodology,¹⁶ which helps to generate lessons aimed at youth and adults with levels of formal education in line the beneficiary profile, and the Canvas methodology,¹⁷ which provides an easy-to-understand, didactic explanation of an enterprise's business model; (ii) add new, innovative elements, such as information and communication technologies (ICTs), to reach a greater number of

¹⁶ CEFE stands for "Creación de Empresas, Formación de Empresarios" [Creation of enterprises, training of entrepreneurs] and aims to: (i) provide guided support to cultivate competencies and business capacity in people who want to implement their business idea or who already have a business; and (ii) generate experiences and provide the tools necessary for entrepreneurs to be able to effectively run their businesses and make sound decisions.

¹⁷ A business model created in 2010 by Alex Osterwalder, which describes the logic of how an organization creates, delivers, and captures value. It is a format that visualizes the business model according to nine fields on a single page, resulting in a document that provides a direct overview of the business idea, clearly showing the interconnections between the various elements: customers, value proposition, distribution channels, customer relationships, revenue streams, resources, key activities, partnerships, cost structure.

young entrepreneurs; and (iii) seek out partnerships with financial institutions in order to pilot financial products to support young entrepreneurs.

- 1.27 The project is part of the regional Youth Entrepreneurship Program (RG-M1240), executed by Youth Business International (YBI). YBI's experiences and lessons learned from the 38 member countries in its network will be passed along, as appropriate, to the implementing organization in each country. In addition, partnership building and knowledge exchange will be promoted through the Regional Center for Youth Entrepreneurship (located in Bogotá, Colombia, and an essential part of the regional program).
- 1.28 This project will help narrow the Agenda's knowledge gap related to the question, "What methodologies for supporting vulnerable young entrepreneurs are most effective in terms of job creation, return on investment, and/or sustainability?" Specifically, the following questions will be addressed: What impact do online training models for entrepreneurs have? Which methodology is most efficient in the age of technology: in-person or online training? Can ICTs be tools for professional and social development? What are the best practices for transferring and scaling models to the private and public sectors, and what factors are key to achieving sustainable partnerships?
- 1.29 The regional YEP knowledge agenda is in preparation, and a knowledge management specialist has been contracted to better organize activities in this area. The project in Chile will contribute to this agenda with the development of knowledge products that will enable us to determine which of the model's three approaches (in-person, hybrid, or online) was most effective. The results of the coordination with public financing programs for entrepreneurs will also be analyzed, including those that were incubator projects.
- 1.30 **Collaboration with the IDB Group and other partners.** This project will provide opportunities for the MIF and the IDB Group through its ties to various strategic partners: (i) municipalities, as local governments, which are responsible for local economic development and therefore play a decisive role in creating conditions for greater equality and social inclusion; (ii) INJUV, a Chilean government agency whose mission is to design, plan, and coordinate public policy on youth-related matters; (iii) CORFO, a government entity that supports entrepreneurship and innovation to boost productivity in Chile; (iv) Servicio de Cooperación Técnica [Technical Cooperation Service] (SERCOTEC), a Chilean government agency whose mission is to promote development of microenterprises and small businesses and strengthen their owners' management capacity; (v) Colbún, a power generation company in Chile; (vi) Fundación Minera Escondida, an autonomous not-for-profit entity that aims to "develop capacities in persons and communities through innovative, replicable models" in northern Chile; (vii) Banco Bilbao Vizcaya Argentaria (BBVA), a Spanish bank; and Banco Estado de Chile; (viii) Cumplo, a crowdfunding platform; (ix) Google Inc., a multinational company based in the United States; (x) Newfield Network, an international school and consultant network specializing in ontological coaching; (xi) the University of Chile; and (xii) the Catholic University of Chile.

II. PROJECT OBJECTIVES AND COMPONENTS

A. Objectives

- 2.1 The expected impact of this project is an increase in the number of successful enterprises of low-income youth in eight cities in Chile. The outcome will be the generation of a model for training and serving entrepreneurs through an e-learning platform with tools designed specifically for this target audience.

B. Description of model/solution/intervention

- 2.2 The model includes the development of an e-learning platform that will allow young people to select from three training and support alternatives: in-person, hybrid, and online. The platform will be accompanied by the institutional strengthening of Acción Emprendedora, so its team will be able to deliver the various services and properly monitor the outcomes. The online and hybrid courses will feature a discussion forum for the exchange of experiences, questions, and information with other entrepreneurs taking the course, as well as access to the organization's entrepreneur network.
- 2.3 The project will begin with the promotion of entrepreneurship in the selected communities over two months and the selection of the young people through interviews conducted by two members of the team from the corresponding entrepreneurship center. In this stage, work will be done jointly with INJUV, which will support the call for applications and the dissemination of the project. The municipalities will also contribute by soliciting participation by young people and providing space for the in-person and hybrid training, human resources for course facilitation and consulting projects, and computer rooms to provide free access to the e-learning platform for the youth in their municipality.
- 2.4 Once the young people are selected, the entrepreneurship training will begin, which will last six weeks for young people with a new business project and nine weeks for those seeking to strengthen their businesses. The training includes support at each stage of enterprise development, both for technical management and in strengthening entrepreneurs' soft skills. Only those with 80% attendance and a passing score on the final exam will graduate. The partners contributing to the entrepreneurship training will be Google, Inc., a United States-based multinational that will provide entrepreneurship training in digital marketing using in-person and online formats. Potential partners also include Banco Bilbao Vizcaya Argentaria (BBVA) together with Banco Estado de Chile, providing training on responsible borrowing. The University of Chile and the municipalities may also contribute to this stage by providing space for training and course facilitators.
- 2.5 In parallel to the training, the entrepreneurs may benefit from one or more consulting services to resolve specific needs related to management issues, business model design, planning, corporate image, entry into the formal economy, search for customers, designs and logos, etc. This specific consulting assignments, totaling 6 to 12 hours, will be provided over about four months with contract

consultants and will depend on the diagnostic assessment of the entrepreneur's problem.

- 2.6 Upon completion of the training, the young people will have access to the mentoring service. The mentors are more experienced in entrepreneurship and business management and will support, motivate, and inspire the entrepreneurs, exploring business opportunities; identifying growth potential; etc.
- 2.7 This mentoring service consists of support from a mentor in the first year for development of the enterprise. This is mandatory for young people receiving financing, to ensure proper usage of funding and accountability for the financing entity. To build a pool of mentors, the project will partner with Newfield. The Catholic University of Chile will also play a role in this stage, by creating a network of mentors drawn from among its own students.
- 2.8 To obtain financing for the young people, Acción Emprendedora will support them in their search, using existing tools, such as crowdfunding platforms, applications for government funding, and bank loans. Partners include Cumpro, a crowdfunding platform, private financial institutions such as BBVA, along with Banco Estado de Chile, and public agencies such as CORFO and SERCOTEC. CORFO supports entrepreneurship and innovation to improve productivity in Chile. CORFO is Acción Emprendedora's largest public partner, funding more than 50% of its entire structure, in addition to holding annual competitions for funding to develop business ideas or grow existing businesses. SERCOTEC is a Chilean government agency whose mission is to promote development of microenterprises and small businesses and strengthen their owners' management capacity through funds awarded by competition, such as Capital Abeja, for entrepreneurs.
- 2.9 When the young people have finished products, and in some cases financing, it will be possible for them to market them through participation in trade shows organized by the project and the Ikuna e-commerce platform, an online marketplace and marketer that seeks to boost sales of local producers through digital inclusion and promotion of local products.
- 2.10 Lastly, a limited number of entrepreneurs (estimated at 92) will be offered the premium service of an Acción Emprendedora multidisciplinary team that will provide comprehensive advisory support over a period of 12 to 18 months (business incubator). These services may include advisory support in: design and packaging, boosting sales, entry into the banking system, proofs of concept in the market, prospection and commercial validation, prototyping, business development, development of suppliers, certifications, patents, etc. Acción Emprendedora's business incubator is financed by CORFO.

C. Components

- 2.11 To fulfill the stated objectives, the project has been structured into four components: (i) development of the online training platform; (ii) institutional strengthening; (iii) development of entrepreneurial capacities; and (iv) knowledge management and strategic communication.

Component I: Development of the online training platform (MIF: US\$326,144; counterpart: US\$121,440)

- 2.12 The objective of this component is to develop an e-learning platform with appropriate architecture and content that are attractive and easy to use, so as to promote an education for young people that is geared toward quality entrepreneurship and tailored to their needs. This platform will help decentralize entrepreneurship training services and reach a greater number of beneficiaries throughout Chile. This will require working alongside specialists on instructional design and other services provided by the organization with a view to developing an online model.
- 2.13 This component includes the following activities: (i) consulting provided by a company specializing in e-learning design and online platform development to adapt Acción Emprendedora's in-person courses, consulting services, and mentorship program to online and hybrid formats; (ii) instructional design of the platform and all of the services it entails; (iii) development of the online platform and its applications for mobile devices and tablets; (iv) content development of online and hybrid courses and related instructional design; (v) piloting of an online and hybrid course, online and hybrid consulting services, and online and hybrid mentoring; (vi) training of online facilitators, consultants, and mentors; and (vii) creation of a forum on the platform to help build an entrepreneurial community among young people.
- 2.14 The expected outcomes include: (i) an e-learning platform with all of Acción Emprendedora's services: awareness raising, training, consulting, and mentoring; (ii) Acción Emprendedora's services adapted to online and hybrid formats; (iii) piloting of each service offered by the platform: awareness raising, training, consulting, and mentoring; (iv) online training of two course facilitators, online training of 10 consultants to provide consulting services, and online training of 400 mentors; and (v) effective piloting of the online forum among young people.
- 2.15 Development of this platform will allow for the graduation of 1,000 entrepreneurs under the online format and 800 under the hybrid format, doubling the number that Acción Emprendedora could serve today exclusively using the in-person format. Three hundred young people will receive consulting services under the online format, and 320 will receive consulting under a hybrid format.

Component II: Strengthening of capacities (MIF: US\$66,941; counterpart: US\$63,400)

- 2.16 The objective of this component is to strengthen the installed capacity of Acción Emprendedora and ensure that the project is properly executed and its targets are met. This component will promote the exchange of good practices in awareness raising, targeting, mentoring, monitoring, evaluation, and learning, as well as other project-related topics.
- 2.17 The main activities related to this component include:

- (i) Generating a quality strategy for raising awareness among, targeting, and selecting the target audience in order to make the project more effective and focus resources on this target audience. Acción Emprendedora has been working for 12 years in Chile with people living in vulnerable circumstances, but has not used specific age criteria. To target this project effectively, Acción Emprendedora will assimilate the successful experiences of the MIF and YBI and will forge partnerships with public and private sector entities that work specifically with this audience. A field visit will be carried out in Peru to learn about the best practices of Colectivo Integral de Desarrollo (CID), an organization with many years of experience in youth entrepreneurship, in terms of raising awareness among and targeting the audience, and analyzing its selection process. Based on this field visit, Acción Emprendedora's selection process will be adjusted as needed.
- (ii) Designing and developing a mentoring service to help young people receive support for starting their businesses from more experienced or knowledgeable people who will provide motivation, share their personal experience, and help the young people plan the development of their businesses. A YBI partnership that has implemented the YBI network's mentoring model will be visited to obtain prior inputs for development of the methodology in Chile; these inputs include: (a) design of the mentoring service and methodology; (b) mentor recruitment; (c) mentor and beneficiary training; (d) mentor and beneficiary commitment; (e) matching; (f) monitoring of the mentoring relationship; (g) closure of the mentoring relationship; (h) evaluation of outcomes using impact indicators. Also, the online mentoring model of other international organizations, such as the Cherie Blair Foundation, will be analyzed as part of the process of designing the online and hybrid mentoring formats.
- (iii) Establishing partnerships with financial institutions for the development of products tailored to beneficiaries. Most young entrepreneurs start their businesses by investing their own resources and the resources of family members, friends, or individual lenders. This clearly limits their chances of success. One of the most common requests made by young people is their need to obtain financing, which is difficult since they have no business experience that a financial institution could evaluate. Efforts will be coordinated with public sector financial institutions such as SERCOTEC, CORFO, INJUV, etc. For example, each year SERCOTEC awards competitive funding, known as "Capital Abeja," to woman-owned microenterprises and small businesses in amounts ranging from US\$1,690 to US\$5,000, with the aim of supporting female microentrepreneurs and small-business owners who need financing and training to grow and/or strengthen their businesses. SERCOTEC also awards other "Abeja" funds for

enterprises less than one year old and yet others for enterprises more than one year old; it provides financing for business ideas as well. CORFO and INJUV also provided funding to entrepreneurs seeking to develop their business ideas or established enterprises.

- (iv) Designing the project's monitoring and evaluation system to monitor processes and outcomes for the project as a whole and for the young people in particular. This system will use tools such as sociological data, activity records, interviews with stakeholders and beneficiaries, focus groups, surveys, attendance lists, status of each entrepreneur and his or her steps in Acción Emprendedora, and monitoring of consulting and mentoring services. The monitoring program will be designed in conjunction with YBI's specialists. The Salesforce system, supported by the YBI network in London, will be used to allow Acción Emprendedora to manage its operational information, including information on entrepreneurs, funds, and events.

- 2.18 The expected outcome of this component will be: (i) a methodology for targeting and selecting the vulnerable youth used by Colectivo Integral de Desarrollo and adapted to the Chilean context; (ii) the mentoring component will be piloted and expanded to eight cities in Chile; (iii) an access to financing model will be developed and implemented in eight Chilean cities; and (iv) a monitoring, evaluation, and learning model based on YBI's OMS will be created.

Component III: Development of entrepreneurial capacities (MIF: US\$107,640; counterpart: US\$1,501,024)

- 2.19 The objective of this component is to develop the entrepreneurial capacities of young people through training and assistance in developing their business ideas or strengthening their businesses, using a comprehensive program that includes awareness raising, training, personalized consulting on business, legal, or design-related topics; mentoring; marketing of products; and an incubator for entrepreneurs whose businesses have growth potential.
- 2.20 This component includes the following activities: (i) preparation to deliver services; (ii) raising of awareness among young people; (iii) entrepreneurial training; (iv) specific consulting services; (v) coaching from mentors; (vi) access to financing through financial institutions; (vii) marketing of products generated by the entrepreneurs; and (viii) a business incubator.
- 2.21 The expected outcome of this component will be: (i) 1,000 young people will graduate from the online format, 800 from the hybrid format, and 700 from the in-person format, for a total of 2,500 graduates. Also, 70% (1,750 young people) are expected to enhance their technical skills and 54% (1,350 young people) are expected to enhance their personal skills; (ii) 300 people will receive consulting under the online format, 320 under the hybrid format, and 350 under the in-person format, for a total of 970 people receiving consulting services; (iii) three years into the project, 300 people are expected to have received mentoring under the online format, 160 under the hybrid format, and 210 under the in-person format,

for a total of 670 young people receiving mentoring; (iv) three years into the project, 400 young people are expected to have obtained financing for their businesses; (v) 822 young people will receive support in marketing their products; and (vi) 92 entrepreneurs will gain access to Acción Emprendedora's business incubator over the course of the project.

Component IV: Knowledge management and strategic communication (MIF: US\$92,220; counterpart: US\$91,276).

- 2.22 The objective of this component is to document, systematize, and convey the outcomes and lessons learned from the project in order to disseminate an innovative, replicable, and scalable intervention methodology for promoting sustainable youth-led enterprises using ICTs. The following audiences have been identified for the purpose of conveying the knowledge and exchanging good practices generated by the project: (i) nongovernmental organizations (NGOs) in Chile and organizations in the YBI network and the MIF's Youth Entrepreneurship Program, in order to improve the intervention methodology and implement innovative models for generating youth entrepreneurship programs with greater impact and better geographic coverage; (ii) governmental authorities, such as the Ministry of Finance; the Ministry of Social Development; Employment Promotion Corporation; SERCOTEC; INJUV; and the municipalities, that are interested in supporting and/or executing youth entrepreneurship programs on a coordinated basis; (iii) private sector companies (including financial institutions) interested in supporting projects to promote youth entrepreneurship, as well as having a network of local providers able to meet the companies' needs for goods and services; and (iv) educational institutions (vocational institutes, schools, training centers), in order to raise awareness among young people, from an early age, on entrepreneurship as an opportunity for professional development. The principal channels for reaching these audiences will be workshops, face-to-face meetings, specialized events, and printed materials. This approach will be put into effect by contracting communication and dissemination specialists.
- 2.23 To meet the knowledge requirements of these audiences, the following knowledge products will be developed: (i) a brief case study documenting the project experience, with emphasis on the various intervention methods used, outcomes, and main lessons learned; (ii) an infographic that visually combines the project's strategy, its primary actions, and its outcomes; (iii) three events held with governmental authorities, private companies, and civil society organizations to present the project's outcomes and lessons learned; and (iv) on an annual basis, the executing agency will update the project sheet (using the standard form provided by the MIF), which contains basic information on the project, its challenges, the intervention strategy, and outcomes.
- 2.24 The knowledge products generated by the project will contribute to the objectives of the umbrella operation, the "Youth Entrepreneurship Program" (RG-M1240), as they will aid in performing a macro-level comparative analysis of experiences, outcomes, and lessons learned from the projects implemented under the program

in various countries. They will also be a key input for the development of knowledge products at the program level.

- 2.25 As a result, the message that is expected to be conveyed is that low-income youth are capable of contributing to economic development in Chile. New programs targeted to youth are expected to be developed, both in companies' social responsibility programs and in the development of new policies at the local and national levels of government. Also, the new model developed by Acción Emprendedora is expected to have a demonstration effect for other organizations in Latin America and the world that are interested in developing a comprehensive e-learning platform for entrepreneurs.

D. Project governance and execution mechanism

- 2.26 The project executing unit (PEU) will be a unit of Acción Emprendedora, the executing agency. The PEU will consist of a program director, a monitoring specialist, an executive assistant, and a part-time accountant.
- 2.27 In addition, a regional council will provide guidance to the PEU. Its members, no fewer than five, will provide advisory support, contacts, prestige, and support during the project and will assist in promoting it. Their advice will focus on matters related to general policy, strategy, financing, and institutional learning. The regional council is expected to hold two meetings per year. The members of the regional council will include entities such as branch offices of companies in priority sectors, multilateral institutions, banks, chambers of commerce, NGOs, and academics with specialized knowledge on entrepreneurship. Some of the entities that these people represent may contribute financial support during the execution of various project components. Current council members include executives of Social Trust, Corp Group, Deutsche Bank, and Asset Chile.

E. Sustainability

- 2.28 This project aims to develop a new working model that is sustainable over the long term. The costs of developing it are primarily investment costs, but the maintenance costs over the long term will be lower than those currently facing the organization. Development of the platform and its content over these three years will allow the organization to procure a platform that may be used thereafter and will primarily entail costs in human resources and marketing to continue supporting beneficiaries beyond the end of the project, as opposed to infrastructure costs in eight different cities as is currently the case. A number of actions will be carried out to make the service sustainable, primarily through partnerships with local companies and through corporate social responsibility programs.
- 2.29 Acción Emprendedora has also partnered with the government, which allows it to execute entrepreneurship programs under government bidding processes and work as a second-tier institution for the country's municipalities. This project will strengthen these strategic partnerships through an innovative service and will reach a greater number of beneficiaries in the country. The project's sustainability

after three years of execution will be viable due to the commitment of multiple partners.

- 2.30 One year before the end of execution, a sustainability workshop will be held with all participating entities to identify what needs to be done to ensure continuity in the project's actions beyond the end of the funding.

F. Lessons learned from the MIF or other institutions on the project's design

- 2.31 **Use of ICTs.** In view of the MIF's experience in the regional project, "Technology for Youth Employment Fund," (ATN/ME-12444-RG) with Microsoft, where a platform is used for project execution, consultations are already underway to find an effective, easy-to-use platform for both the PEU and the young entrepreneurs. The platform that is eventually selected will be piloted and discussed with a group of young people to correct flaws and adapt it to ensure that the project does not experience execution delays.

- 2.32 Acción Emprendedora has been pre-piloting an e-learning model since July 2014 with support from members of the YBI network in Canada and Brazil. The aim is to generate useful learning on online and hybrid sessions on various topics for executing of the proposed project.

- 2.33 **Access to financing.** The MIF has had mixed results in the area of access to financing, and a World Bank study of multiple projects has stated as much. This study also found that the impact varies and is greater for women. The lesson learned is that financing should not be provided by the executing agency, but rather by financial institutions with the knowledge and capacity to develop a product tailored to young people, as well as to manage a loan portfolio. Thus, Acción Emprendedora will coordinate with financial institutions and government programs offering seed capital and credit for entrepreneurs, such as CORFO, SERCOTEC, and others.

G. MIF additionality

- 2.34 **Nonfinancial additionality.** The project will benefit from the MIF's experience in executing entrepreneurship projects and using ICTs as a tool in innovative models. Also, since the project is part of the regional Youth Entrepreneurship Program (RG-M1240) executed by YBI, it will benefit from the services, knowledge, partnerships, and best practices generated through this program. The MIF is a key partner in the institutional growth of Acción Emprendedora, as it provides it the opportunity to establish further ties with public and private entities.

- 2.35 **Financial additionality.** Acción Emprendedora has previously received MIF support, which helped it to expand its reach to various cities in Chile. For this project, financial support is crucial to development of the e-learning platform that will store the knowledge attained thus far and convey it to a greater number of young beneficiaries. MIF financing is critical to project execution because developing an innovative model such as the one proposed requires investment in technology, and these investment costs are eligible for little or no financing from public funds and private sector entities. Few organizations like the MIF seek to

build installed capacity in organizations; most seek instead to finance more specific activities.

H. Project outcome

- 2.36 The outcome will be the generation of a model for training and serving entrepreneurs through an e-learning platform with tools designed specifically for this target audience.
- 2.37 It is expected that 1,370 sustainable enterprises led by vulnerable young people will be created or strengthened using a training model that incorporates ICTs. Of this number, 60% will be led by women and 40% by men. Most of the businesses will be started, while others, less than one year old, will be strengthened and their sales increased. In addition, 1,750 young people are expected to enhance their technical skills (1,050 women and 700 men), 400 young people are expected to gain access to financing (240 women and 160 men) for their enterprises, and 1,360 are expected to enhance their personal skills (816 women and 544 men). These tools will help empower the young people and provide them access to technical and personal tools that will aid in their development as people and as professionals.
- 2.38 The project will also help further the knowledge agenda of the regional Youth Entrepreneurship Program by implementing the products related to development and performance of the e-learning platform and related evaluations to determine which approach (in-person, hybrid, or online) achieved the best outcomes in young people. The performance of the entrepreneurship centers, in partnership with local municipalities, will also be observed.

I. Project impact

- 2.39 The anticipated impact of this project is an increase in the number of successful enterprises led by low-income youth in eight cities in Chile. It is also expected to create 1,200 jobs in low-income areas, of which 720 will be held by women; it will help bring 900 enterprises into the formal economy, of which 540 will belong to women; it will develop 450 businesses that survive beyond two years; and it will increase sales by 40% for 800 beneficiaries.
- 2.40 The project's outcomes will also be documented in order to generate evidence and raise awareness of the importance of serving this beneficiary profile and the economic benefits that can be achieved with these kinds of interventions.

J. Systemic impact

- 2.41 The project will contribute to systemic change by laying the foundation for ecosystems that promote the development of youth entrepreneurship. In view of the large number of partners taking part in the project from both the public and private sectors, it is expected to achieve a long-term impact through joint actions stemming from the partnerships and the coordination generated by the project. Thus, the aim will be for at least four public and private institutions to collaborate on and develop policy proposals and joint actions, coordinating them so as to promote sustainable youth entrepreneurship programs in their territories, to

generate sustainable and scalable models based on the methodology transferred by Acción Emprendedora. Through the financial component, the aim is for at least four financial institutions to become interested in and implement financial products created and validated by this project, as well as for the project to be sustainable over time.

III. MONITORING AND EVALUATION STRATEGY

- 3.1 **Baseline.** Acción Emprendedora will establish the baseline using the number of beneficiaries served during the previous year (in this case, 2013). A set of variables will be collected, including personal data, educational level, current status and income, access to loans, business idea, line of business, status of business idea, capital to invest, considerations relating to family environment, motivation for entrepreneurship, etc.
- 3.2 **Monitoring.** The evaluation and monitoring system will be designed at the beginning of the project on the basis of the Salesforce system and with support from YBI. During the project, processes and outcomes will be monitored at the project level as a whole and with respect to the young people in particular. In addition, contextual conditions will be monitored. The system will use tools such as records of activities or minutes, interviews with stakeholders and beneficiaries, direct observation, surveys, and attendance lists. Monitors and evaluators will conduct field visits to interview organizations and young entrepreneurs. Surveys and focus groups will be used at each stage of the project and over the course of the three years.
- 3.3 **Evaluations.** Two evaluations will be conducted, a midterm evaluation and a final evaluation. The midterm evaluation will be conducted when 50% of the contribution has been disbursed or midway through the execution period, whichever occurs first. The Bank will use resources from the contribution to commission both evaluations. The consulting firm or independent consultants will determine the methodology to be used, with the agreement of the Bank. The evaluations will be coordinated with the regional Youth Entrepreneurship Program, as the regional program will collect information on the effectiveness of the program's regional approach.
- 3.4 **Closing workshop.** At the proper time, Acción Emprendedora will organize a closing workshop to evaluate the outcomes achieved together with other stakeholders, identify additional tasks for ensuring the sustainability of the actions initiated by the project, and identify and disseminate lessons learned and best practices.

IV. COST AND FINANCING

- 4.1 The project has a total cost of US\$2,888,348, of which US\$990,000 (34%) will be contributed by the MIF and US\$1,898,348 (66%) will be contributed by the counterpart. The execution period will be 36 months, and the disbursement period will be 42 months.

	MIF	Counterpart	Total (US\$)
Project components			
Component I. Platform development	326,144	121,440	447,584
Component II. Strengthening of capacities	66,941	63,400	130,341
Component III. Development of entrepreneurial capacities	107,640	1,501,024	1,608,664
Component IV. Knowledge management and strategic communication	92,220	91,276	183,496
Execution and supervision			
Executing unit	264,600	121,208	385,808
Evaluations	35,000		35,000
Contingencies	5,632		5,632
Auditing and financial strengthening of executing agency	22,000		22,000
Subtotal	920,177	1,898,348	2,818,525
% of financing	33%	67%	100%
Impact evaluation account (5%)	49,823		49,823
Agenda account	20,000		20,000
Total	990,000	1,898,348	2,888,348
% of financing	34%	66%	100%

V. EXECUTING AGENCY

- 5.1 The executing agency will be Acción Emprendedora, which will be operationally, financially, and administratively responsible for the project. Acción Emprendedora, a not-for-profit organization founded in 2002, has a presence in eight cities throughout Chile. Its mission is to serve entrepreneurs and microenterprises using a comprehensive working model and to develop well-rounded owners of established small businesses with the capacity to grow, create jobs, and improve the living standards of their families. In 2007 it received Bank support for its project titled "Promotion of Volunteerism to Strengthen Microenterprises" (operation ATN/ME-10228-CH), which led to creation of a network of entrepreneurship centers in areas of high social impact.
- 5.2 Acción Emprendedora was recognized by the Bank as one of the top social projects for youth in Latin America in 2004. In April of that year, the National Training and Job Service approved Acción Emprendedora's certification as a "technical training organization." This made it possible for Acción Emprendedora to offer courses with need-based scholarships and helped bring in significant revenues. Also in 2004, Acción Emprendedora began to work with volunteers, building partnerships at the national level with organizations specializing in volunteerism and with private enterprises to pave the way for corporate volunteerism.
- 5.3 In the past two years, Acción Emprendedora has supported more than 3,000 entrepreneurs per year in developing their business ideas and

strengthening their businesses through its seven entrepreneurship centers in Chile. The role of its central office is to support the work of the entrepreneurship centers in the various regions and the development of new methodologies and partnerships at the national level. It provides support in four areas: “Acción Educa,” “Acción País,” “Acción Incuba,” and “Acción Pública.” Of the enterprises it supports, 63% of the entrepreneurs who have received training increase their sales, and 86% increase their productivity. With this project, “Acción Impulso” will develop a new area that specializes in working with vulnerable youth.

- 5.4 Some of the partners with which Acción Emprendedora has previously worked are the Pan American Development Foundation, the Embassy of Canada, and numerous domestic and foreign companies including J.P. Morgan, Boeing, Accenture, SMU, Fundación Minera Escondida, Barrick, Gasco, Diageo, Coca-Cola, Ceresita, Avina, and PRODEMU.
- 5.5 Acción Emprendedora will establish a project executing unit and the structure needed to effectively and efficiently execute project activities and manage project resources. Acción Emprendedora will also be responsible for submitting status reports on project implementation. The structure of the PEU and the requirements for the status reports are detailed in Annex 7, in the technical files for this operation.

VI. PROJECT RISKS

- 6.1 **Financial risks.** The project could fail to achieve the required level of counterpart financing. This risk is diminished by the level of commitment and trust enjoyed by Acción Emprendedora with its strategic partners (private companies and public institutions). These partners have expressed interest and put forward plans, as part of their social responsibility programs, for supporting youth entrepreneurship projects. Also, the exclusion of youth and women from economic activity in Chile makes this audience a priority for the government’s projects related to entrepreneurship, as will be reflected in an increase in the number of competitive bid processes to finance projects aimed at this target audience. This provides an opportunity for the project to secure the financing it needs and to partner with public and private sector entities for financing.
- 6.2 **Risks related to project scope.** Limited access of young people to the e-learning platform due to dependence on Internet and computer access. To mitigate this risk, Acción Emprendedora is working on a program called “Acción País,” which is building a network to support municipalities in creating entrepreneurship centers to strengthen and disseminate local entrepreneurship. These entrepreneurship centers, located in more than 30 Chilean municipalities, will include computer rooms available to young people wishing to use the e-learning platform. In addition, the municipal official in charge of productive development will be trained in how to support young people in using this platform. Also proposed is a partnership with INJUV, which has more than 100 information centers located throughout the country. INJUV’s information centers and

telecenters have computers with Internet access that are available free of charge for young people to complete their homework or perform other tasks requiring the use of information technology.

VII. ENVIRONMENTAL AND SOCIAL IMPACTS

- 7.1 No adverse environmental or social impacts of any kind are anticipated. The project will have an impact on vulnerable youth and their environment in eight cities in Chile, so that the only social effect that can be anticipated is a positive one for them and their families.

VIII. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 8.1 **Results-based disbursements and fiduciary arrangements.** The executing agency will commit to the standard MIF arrangements regarding results-based disbursements, procurement, and financial management specified in Annex 8.

IX. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY

- 9.1 **Access to information.** Information on the project is not confidential under the IDB Access to Information Policy, with the exception of publication of the institutions' strategic and marketing plans.
- 9.2 **Intellectual property.** In light of the Bank's interest in replicating the initiative both in Chile and in other countries in the region, the Bank and Acción Emprendedora will evaluate various legal alternatives with respect to ownership of the intellectual property rights and the licensing thereof, as applicable.