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MIGRANT SOCIAL IMPACT ENTREPRENEURSHIP THROUGH DIVERSITY

(RG-T3909)

DONORS MEMORANDUM

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MIGRANT SOCIAL IMPACT ENTREPRENEURSHIP THROUGH DIVERSITY (RG-T3909)

PROJECT SUMMARY

The political, economic, and social crisis in Venezuela has led more than 5.7 million people to leave the country, creating the largest migratory challenge in the history of the Western hemisphere. Ecuador and Peru are among the principal receiving countries in the region, having taken in [more than 430,000 and more than 1,000,000 migrants, respectively](#). The main difficulties encountered by migrants upon reaching the receiving countries are: regularization of their immigration status, validation of their academic or professional degrees, and lack of access to the labor market. Given these conditions, many migrants try to launch their own business ventures to earn income, but unfamiliarity with basic entrepreneurial tools, together with the constraints posed by lack of contacts and connections with the local market, often force them to abandon these ventures, wasting their potential by taking insecure jobs in the informal sector. Additionally, migrants must face exclusion and xenophobia blocking their integration into society, based on the mistaken idea that they are taking jobs away from the local population, working for lower wages, or that crime has risen with their presence.

The project thus seeks to equip migrants and vulnerable individuals in the receiving communities in Ecuador and Peru, interested in entrepreneurship, with tools and methodologies for ad hoc entrepreneurship, social innovation, and adaptive leadership. This will be achieved by: (i) offering participants tools to start a profitable business as a way of making a living, while also creating a positive social impact through their leadership; (ii) creating synergies between partnering initiatives of migrants and local communities in pursuit of social integration and reduced xenophobia; and (iii) promoting a competitive system and providing seed capital for the best projects, as well as a business and investment round for the winners, with a plan for monitoring and support.

The proposal will also connect entrepreneurs with certified mentors and local professional networks, to promote their social and economic integration, as well as support them during and after the program. It will thus offer a multimodal process of practical training for social entrepreneurship and provide them with flexible social innovation skills that can be applied to different contexts, which will be very useful for their integration in Ecuador and Peru, or if they decide to return to their country of origin.

The project is innovative for: (i) the training methodology (successfully implemented by the executing agency, CODEIS); and (ii) a focus on promoting social impact entrepreneurship through diversity, prioritizing support and participation of the most vulnerable of the vulnerable: women and the LGBTIQ+ community,¹ who are often doubly excluded on account of their gender and sexual identity. This is the first IDB Lab project targeted to these communities and will sharpen its focus on gender and diversity in partnership with specialized organizations that provide psychosocial advisory services to support the beneficiaries in their process of integration in Ecuador and Peru, as well as in coping with xenophobia, LGBTIQ+ phobias, among other aggressions.

The direct beneficiaries to be empowered will be 6,000 people (1,500 migrant entrepreneurs, principally from the Venezuelan community, and vulnerable receiving population, as well

¹ <https://www.lavanguardia.com/vida/junior-report/20190627/463124839887/lgbtiq-definiciones.html>.

as three members of their families, for an additional 4,500 beneficiaries). At least an estimated 70% of the beneficiaries will be women heads of household, and at least an estimated 15% will be from the population that self-identifies as belonging to the LGBTIQ+ community.

ANNEXES

Annex I	Results Matrix
Annex II	Itemized Budget
Annex III	iDelta

APPENDICES

Proposed resolution

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

Annex IV	Preliminary list of milestones
Annex V	Diagnostic Assessment of Integrity and Institutional Capacity (DICI)
Annex VI	Basic elements of the project Operating Regulations
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Annex VIII	Letters of no objection from the Governments of Peru and Ecuador

ABBREVIATIONS

CODEIS	Corporación para el Desarrollo del Emprendimiento y la Innovación Social [Corporation for the Development of Entrepreneurship and Social Innovation]
GAD	Gobierno autónomo descentralizado [decentralized autonomous government]
GTRM	Grupo de Trabajo para Refugiados y Migrantes [Working Group for Refugees and Migrants]
ILO	International Labour Organization
IOM	International Organization for Migration
LGBTIQ+	Lesbian, Gay, Bisexual, Transsexual, Intersexual, Queer, and other minorities ²
NGO	Nongovernmental organization
UNHCR	United Nations High Commission for Refugees
USAID	United States Agency for International Development
WCM	World Change Makers

² <https://www.lavanguardia.com/vida/junior-report/20190627/463124839887/lgbtiq-definiciones.html>.

MIGRANT SOCIAL IMPACT ENTREPRENEURSHIP THROUGH DIVERSITY (RG-T3909)

EXECUTIVE SUMMARY

Country and geographic location:	Regional: Ecuador and Peru		
Executing agency:	Corporación para el Desarrollo del Emprendimiento y la Innovación Social [Corporation for the Development of Entrepreneurship and Social Innovation] (CODEIS)		
Focus areas:	Inclusive Cities. Entrepreneurship with a Gender and Diversity Lens.		
Coordination with other donors/Bank operations:	This project will be implemented in coordination with the United States Agency for International Development (USAID), since it was identified under the BetterTogether Challenge, a global initiative to detect, finance, and scale up innovative solutions from around the world to support Venezuelan migrants and their receiving communities in the region. The project has been shared and discussed with the IDB's Gender and Diversity Division (GDI) , to align it with the approach to working with these populations, and designed in coordination with the IDB's Migration Unit (MIG) , to align it with MIG operations in Ecuador and Peru.		
Project beneficiaries:	Migrant population (principally from Venezuela) and vulnerable receiving population in Ecuador and Peru, focusing on women and the LGBTIQ+ community.		
Financing:	Technical cooperation:	US\$ 550,000	
	Total IDB Lab contribution:	US\$ 550,000	47.3%
	Counterpart:	US\$ 613,400	52.7%
	Total project budget:	US\$1,163,400	100%
Execution and disbursement period:	24 months for execution, and 27 months for disbursement.		
Special contractual conditions:	Conditions precedent to the first disbursement: (i) appointment of the project director; and (ii) letter of agreement with commitments to provide local counterpart funds.		
Environmental and social impact review:	This operation was screened and classified in accordance with the requirements of the IDB's Environment and Safeguards Compliance Policy (Operational Policy OP-703) on 23 August 2021. Since the impacts and risks are limited, the proposed classification for the project is category "C."		
Unit with disbursement responsibility:	IDB Lab Discovery Unit staff at the Bank's Country Office in Ecuador (DIS/CEC)		

I. THE PROBLEM

A. Description of the problem

- 1.1 According to the International Organization for Migration (IOM),³ as a result of the political, social, and economic crisis in Venezuela, approximately 5.7 million people have left the country, creating the largest migratory challenge in the history of the Western hemisphere. Millions of people have left their homes, families, and jobs behind in search of better opportunities in neighboring countries (mainly Colombia (1.7 million), Peru (1.05 million), and Ecuador (432,900)). Undoubtedly the main challenge facing migrants upon arriving in the receiving countries is to regularize their status so they can gain access to urban and social services and to the job market. Additionally, despite the fact that more than 50% of the Venezuelan migrants are young people who have completed their college or university studies, they face other limitations on access to quality jobs in the formal sector, such as validation of their academic or professional titles, which means they have to become entrepreneurs or end up working in the informal sector to meet their needs. During 2020, due to the health crisis caused by the COVID-19 pandemic, the living conditions of migrants became even more difficult, as the quality of jobs and hours of work decreased dramatically, and layoffs increased, directly and especially impacting migrant/refugee communities, where many are dependent on their daily earnings from informal jobs.
- 1.2 The Venezuelan exodus, coupled with the postpandemic socioeconomic crisis, poses challenges but also offers opportunities to grow together. A study by the World Bank Group notes that, due to their economic circumstances, Venezuelan migrants generally work under less favorable conditions than their Ecuadorian and Peruvian peers. In Ecuador, the proportion of Venezuelans employed is higher (18 percentage points), but almost 60% work in the informal sector, in a temporary job (71%), and just 84% have received the agreed pay for their work. This is compounded by the fact that, on average, Venezuelan workers work more hours per week than their Ecuadorian counterparts but earn lower average monthly pay.⁴ Moreover, according to a report by Peru's national migration authority evaluating the sociodemographic characteristics of Venezuelans between February 2017 and July 2020, 33.2% of the 354,000 Venezuelans who have or are about to obtain temporary entry permits have a secondary school education, 23.9% have completed higher education, and 11.2% have completed technical education. The 30.7% who have technical or university studies are professionals. In addition, when the population over 15 years of age is included in this group, 76.5% work and earn monthly income of between 762 soles and 1,084 soles as employees or independent workers, respectively. According to World Bank estimates, in Peru at the start of this year, the poverty rate among Peruvian informal workers was 50%, and 90% among Venezuelan informal workers.

³ Informe de Monitoreo de Flujo de Población Venezolana [Monitoring Report on Venezuelan Population Flow], ILO. 2020.
<https://www.iom.org.ec/2016/iomtemplate2/sites/default/files/publicaciones/Informe%20DTM%20R9%20Final%20.pdf>.

⁴ Retos y oportunidades de la migración venezolana en Ecuador [Challenges and Opportunities of the Venezuelan Migration in Ecuador]. World Bank Group, 2020.

- 1.3 Better tapping the potential of Venezuelan migrants could generate earnings of between 1.6% and 1.9% of GDP in Ecuador. The increases in regional GDP would be 2.8% and 3.5% for Pichincha, 2.1% and 2.8% for Guayas, and 1.1% and 1.8% for Manabí. Promoting access by Venezuelan populations to jobs consistent with their qualifications could boost Peru's labor productivity by 3.2% and relieve pressure on jobs requiring fewer qualifications (World Bank). These data point to an unusual opportunity: the high degree of professionalization of people involved in human mobility, talented professionals who clearly understand the social and cultural problems of their country of birth and arrive in the receiving countries with the will to succeed, especially entrepreneurial drive. Yet limited access to training resources for entrepreneurship, tools, seed capital, local contacts or market connections constrains them, forcing them to find unstable jobs and wasting their potential.
- 1.4 In addition to these difficulties, migrants also face a greater challenge, particularly in Ecuador and Peru: exclusion, prejudice, and xenophobia. A 2020 Gallup poll⁵ in more than 140 countries showed that Peru, Ecuador, and Colombia have experienced the greatest deterioration in their attitudes toward migrants. Article 9 of Ecuador's Constitution states that foreigners in Ecuador will have the same rights and duties as Ecuadorians. However, since 2018 with the change in the migratory flow of Venezuelans in the region, attitudes towards migrants have worsened, making it imperative to strengthen programs to protect the rights and promote the socioeconomic inclusion of migrants in the host community. According to the IOM's Displacement Tracking Index (DTM),⁶ in 2019, 59.3% of Venezuelans surveyed in Ecuador said that they felt discriminated against, with nationality being the main factor (98.7%). Interviews of Venezuelan migrants by the United Nations High Commission for Refugees (UNHCR) identified that, in Peru, about 65% of respondents said they had felt discriminated against on account of their nationality. The 2019 public opinion survey by Instituto de Opinión Pública (IOP) found that 45% of Peruvians saw Venezuelans as unreliable and dishonest.
- 1.5 In 2020, during the COVID-19 pandemic, an increase in xenophobic attitudes toward migrants has been reported, possibly as a result of a widespread feeling of anxiety and fear among the population. Several different initiatives have been organized by international organizations and the public sector to improve this state of affairs, seeking to stimulate thinking and prevent discrimination and xenophobia by creating awareness of the true conditions faced by migrants. The Ecuadorian government has also identified the socioeconomic inclusion of migrants in host communities, access to the job market to leverage their skills, and inclusion and diversity campaigns as working priorities for 2021. One component of integration is entrepreneurship programs and strategic partnerships with the private sector, municipios and other autonomous decentralized governments (GADs), and

⁵ World Grows Less Accepting of Migrants. Gallup poll. 2019. <https://news.gallup.com/poll/320678/world-grows-less-accepting-migrants.aspx>.

⁶ <https://www.iom.org.ec/2016/iomtemplate2/news/resultados-de-la-matriz-de-seguimiento-de-desplazamiento-de-junio-2019-sobre-poblaci%C3%B3n>.

international organizations.⁷ These initiatives reveal the need for action to promote integration between the two social groups, in order to build peaceful societies and promote entrepreneurial opportunities.

B. Project beneficiaries

- 1.6 Two types of direct beneficiaries have been identified for this project: 1,500 entrepreneurs (migrants and vulnerable receiving population) who will receive all the program's benefits and three of their family members who will receive specific program benefits (4,500 additional beneficiaries). The group of entrepreneurial beneficiaries includes different profiles, and an attempt will be made to identify social entrepreneurs who are capable of establishing businesses that promote social wellbeing. At least an estimated 70% of the universe of beneficiaries will be women, and at least an estimated 15% will be from the population that self-identifies as belonging to the LGBTIQ+ community⁸ (and may be included in that 70%) in partnership with specialized civil society organizations. The strategy for selecting and recruiting beneficiaries will start with mapping stakeholders and establishing partnerships with institutions working with a similar population. The recruitment process will include a structured social media campaign, to increase its reach. In-person awareness workshops will be held in coordination with local partners including NGOs, collectives, GADs, and local governments as part of the partnerships to be established in the first few months of project execution. So far, approaches have been made to the NGOs [Diálogo Diverso](#), [Alas de Colibrí](#) (in Ecuador), and [Presente](#) (in Peru), which have developed processes seeking to strengthen access to rights for the LGBTIQ+ community involved in human mobility, in addition to leading venturing and employability initiatives targeted to the LGBTIQ+ population and other actions aligned with the project's objectives. Work will be done with Diálogo Diverso to adapt a participant selection tool specially designed for LGBTIQ+ persons. Subsequently, potential participants will be approached who are referred by partner organizations or respond to public calls for proposals. Those interested will answer a dynamic questionnaire, which is a tool to analyze their socioeconomic situation, already developed and implemented by the "Sin Fronteras" [Without Borders] program,⁹ that will be adapted to the needs of this project with the objective of determining whether candidates are suitable for the program. The information provided by interested individuals will be used to revise and evaluate the data, and then proceed to select participants. Of the total direct beneficiaries, the target is 40% from the receiving population, and 60% migrants (principally the Venezuelan community). Of this total, an estimated 40% are expected to be based in Peru, and 60% in Ecuador. The intent is to lay the groundwork for scaling up the project to other countries. The project is open to people who want to develop ideas

⁷ Plan Integral para la Atención y Protección de la Población Venezolana en Movilidad Humana en Ecuador 2020-2021 [Comprehensive Plan for Assistance and Protection of the Venezuelan Population Involved in Human Mobility in Ecuador].

⁸ <https://www.lavanguardia.com/vida/junior-report/20190627/463124839887/lgbtiq-definiciones.html>.

⁹ "Sin Fronteras" program cofinanced by IDB Lab under operation ATN/ME-17756-EC, Innovations for the inclusion of migrants. <https://ee.humanitarianresponse.info/single/2bee4ed1f8b62ba1d2af700ee17b6fe5?returnURL=https://www.sin-fronteras.ec>.

from zero and people who have already been entrepreneurs but wish to increase their know-how.

- 1.7 The indirect beneficiaries include all close family members, apart from the three members who will receive direct benefits, and people who will benefit from the enterprises under way. Also included will be participants of earlier programs offered by the executing agency, CODEIS, who will be trained and certified as mentors and remunerated for their work. They will form part of the network of CODEIS mentors, who can be considered for future projects and given the opportunity to increase their incomes.

II. THE PROPOSED INNOVATION

A. Project description

- 2.1 The project objective is to support the development and strengthening of social enterprises led by migrants and members of the local community in Peru and Ecuador, with a focus on women and the LGBTIQ+ community.
- 2.2 The complete project will be implemented over 24 months and the support program has four main elements: (i) training in technical skills for entrepreneurship, social innovation, and leadership; (ii) technical and psychological support by specialized experts, including connection with certified mentors and local professional networks to promote entrepreneurial opportunities in the local market; (iii) support during and after the program; and (iv) a process for certification of participants as mentors to ensure the sustainability and scalability of future editions of the program.

B. Innovation

- 2.3 The project is innovative principally for two characteristics: (i) its focus on supporting migrants and the population of receiving communities through diversity, supporting the most vulnerable of the vulnerable: women and the LGBTIQ+ community; and (ii) the teaching and support methodology that the participants will receive, which has already been successfully tested by the executing agency and is recognized by a number of national and international agencies. Importantly, this will be the first project financed by IDB Lab to specifically benefit and include the LGBTIQ+ community in the region.
- 2.4 To extend the reach of this initiative and combat the obstacles of the COVID-19 pandemic, an innovative asynchronous teaching modality has been developed in which participants have access to a digital learning platform that covers all the theoretical and practical content of the workshops. The process is accompanied by personalized weekly support by certified individual mentors. All the entrepreneurs will be given a venture kit, once their admission has been confirmed, so that they can engage in activities without the need for an Internet connection. This project presented by CODEIS was selected as one of the winners of the [BetterTogether](#) global innovation challenge led by USAID and IDB Lab, which received more than 1,300 proposals seeking to improve the lives of Venezuelan migrants and the

receiving communities in the region. It was also ranked in the top 500 projects in the Latin American Green Awards, and 16th in the Community Category.¹⁰

- 2.5 Unlike traditional capacity-building and development programs, the World Change Makers (WCM) methodology has been developed and adapted to each of CODEIS's target groups, in this case the migrant population. Based on prior experience, CODEIS has proposed a hybrid approach involving synchronous and asynchronous classes adapted to the individual learning needs of the population involved in human mobility. The proposed support for classes through personalized individual mentorships seeks to increase the program's success rate and mitigate the risk of dropout. The program also includes parallel, direct work on soft skills, employability, and integration with the families of the selected entrepreneurs, to provide participants with holistic tools and support from, and for, their families.
- 2.6 The academic program and its support culminates at the end of the fourth month with a pitch competition in which the best ventures in each city will have the opportunity to win seed capital. The winning entrepreneurs will be selected by a panel of guest judges familiar with the subject. Follow-up support for the participants will continue for the next three months, when the mentors will help the entrepreneurs keep up their momentum and increase sales and earnings. During those three months, the entrepreneurs will also commit to obtaining certification as mentors in the WCM methodology to support the next cohorts, giving the project sustainability and leaving installed capacity in the beneficiary cities. The certified mentors who have provided mentoring three months after the program will have access to a business round with chambers of commerce and other anchor companies to be held at the end of the project, and will form part of CODEIS's pool of mentors, with the possibility of being contracted for future projects.
- 2.7 Each program cohort will have 60 participants, 65% of whom will be migrants and refugees (mainly Venezuelan), and 35% entrepreneurs from the receiving communities. Lastly, once the vaccination plan has made good progress in several Ecuadorian and Peruvian cities (as of 20 August 2021, Peru has vaccinated 9,414,263 with the first dose and 7,266,561 with the second, and Ecuador 9,960,012 with the first dose and 5,919,425 with the second),¹¹ the option will be considered of working hand-to-hand with local governments to outfit spaces with computer equipment where local cofacilitators can hold in-person sessions to review the asynchronous modules, creating a semi-live option for entrepreneurs, following biosafety rules and good practices.

¹⁰ Premios Latinoamérica Verde [Latin American Green Awards], <https://premiosverdes.org/es/top-500/>.

¹¹ Ecuador:
<https://app.powerbi.com/view?r=eyJrIjoiaMTkwNTZjZmEtNDJkYi00Mml3LTlhZmYtZjViMDVmYTk1NTJiliwidCI6IjJmYzgyYWFKLWYyMjUtNDM0OS04YjliLTg0MTZhNGFmNGQ3ZiJ9&pageName=ReportSection5e050ac003d0b042a320>

Peru:

<https://www.gob.pe/institucion/pcm/campa%C3%B1as/3451-campana-nacional-de-vacunacion-contra-la-covid-19#contador-de-vacunados>

C. Project components

Component I: Training in entrepreneurship, social innovation, and leadership capacities and soft skills (IDB Lab US\$269,970; Local counterpart US\$196,080)

- 2.8 The methodology chosen for this stage of the project is the result of lessons learned from previous CODEIS interventions. A hybrid modality will be used in which the participants have access to a contracted e-learning platform, where asynchronous classes will be offered with content and case studies adapted to the actual conditions of the target population, practical exercises, and evaluations, alongside real-time activities such as personalized mentoring sessions, known as CODEIS Live sessions and CODEIS Talks (explained below), throughout process.
- 2.9 To ensure that the participants have access to the platform from their computers and mobile devices, the project will work with local governments and private enterprises to activate Internet points and provide access to them. For example, community centers with Internet and cybercafés will be activated so that entrepreneurs without Internet can easily access the online platform and follow the asynchronous classes. In cases of extreme necessity, data can be downloaded to participants' mobile devices in localities where no Internet agreements have been reached or when participants cannot leave their workplaces. Depending on the city, local governments will provide workspaces and access to computers directly or in partnership with institutes, schools, or universities. These workspaces are expected to have a local facilitator who will be trained and certified as a mentor for arranging in-person working sessions with the platform modules. Additionally, each participant will be given a venture kit (teaching materials to develop the methodology, with markers, scissors, glue, different-colored post-its, rapid-prototyping materials, various "canvas" worksheets—business model, value proposition, and other canvases—in A2 format) at the in-person registration points where the recruitment process will be managed in each city. The goal is to enable participants to perform all the activities and reinforce their knowledge, even when they do not have access to an electronic device or the Internet.
- 2.10 Each week, the following activities will take place within the blocks for each cohort: two CODEIS Live sessions (group mentoring sessions to clarify additional questions in real time, facilitated by the CODEIS technical team) to be attended as a group at the beginning and end of each week; a one-hour mentoring session with the individual mentor assigned to each participant for four months; and one hour of psychosocial support per month. Monthly mentoring sessions will also be offered for three months after the program ends. All this will be coordinated with the asynchronous learning available on the e-learning platform.
- 2.11 The individual mentors who will conduct the weekly mentoring sessions will be certified in advance under the WCM methodology and evaluated before graduation. These mentors will be responsible for reinforcing the subjects reviewed in the courses and clarifying all the participants' questions, to help them assimilate the material. The first cohort of mentors in the two countries will be recruited in partnership with the Global Shapers Community of the World Economic Forum, looking for individuals with experience in ventures in their ecosystem and mentoring skills, such as patience, a gift for teaching, a vocation to empower vulnerable groups, and a passion to serve the target population. In addition to

- technical readiness with the methodology, all mentors will receive sensitivity instruction on the population they are to work with, particularly in gender and diversity issues.
- 2.12 The individual mentoring sessions will be conducted via telephone so that the entrepreneurs do not have to depend on mobile Internet data for support. (The participants will also have the flexibility to agree with their mentors on in-person meetings or video calls.)
- 2.13 Each module contains 40 academic hours (four hours teaching and six hours individual work a week). The training modules offered to each cohort during the program are:
- Block 1: Introduction to ventures and partnering; social innovation; local transformation; personal purpose and networking; theory of change and social impact.
 - Block 2: Problem solving; design thinking, rapid prototyping; value proposition; lean startup; minimum viable product; business model; validation and experimentation; pitch.
 - Block 3: Adaptive leadership; laws and regulations for entrepreneurs (adapted by country); personal finance; sales; sales through social networks; digital marketing; e-commerce; impact investments.
 - Block 4: Cost structure; income model; cash flow; break-even point; finances for social entrepreneurs; basic accounting for entrepreneurs (adapted by country).
- 2.14 The program will be executed in Peru and Ecuador, so the case studies will be adapted depending on the sociocultural context, producing relevant content applicable to the local conditions in each country. CODEIS's Academic Department will be responsible for curating and adapting the content of each of the programs.
- 2.15 Lastly, the participants will be coached during the program to enter a pitch competition, which will have preliminary rounds and final rounds to choose the winners. The preliminary rounds will include one of the most important stages—a pitch simulation, which will permit the participants to really experience the situation they will face in the final round. In this stage, the entrepreneurs will receive general feedback from the organization's entrepreneurship technical experts. The best ventures will have access to seed capital and a business and investment round at the end of the program. The seed capital will take the form of inputs based on the investment plans and needs of each winning venture and will be delivered and reviewed in the follow-up stage, during the three months after the end of the program. The winning ventures will be chosen by an objective, independent jury from outside the program, who have had no involvement of any kind with the participants. This jury will be composed of entrepreneurs from the cities, businesses, and highly reputable national entrepreneurs and, if possible, representatives of IDB Lab, other partners, and program cofinancers. The jury members will be selected by a committee consisting of the executing agency CODEIS, IDB Lab, and the local partners to ensure relevance and consensus. The amount of seed capital will be based on the information given by the entrepreneurs and a technical analysis. The amounts will be tied to presentation of an investment

plan containing milestones. The winners will be monitored after the end of the program, to ensure that the resources are being used as agreed.

- 2.16 The expected outcomes of Component I will be at least: 1,750 entrepreneurs who begin the program; 1,500 entrepreneurs who graduate from the program; 975 migrant entrepreneurs who graduate from the program; 825 women entrepreneurs who graduate from the program; 225 LGBTIQ+ community member entrepreneurs who graduate from the program; 24,000 hours of individual mentoring received by program participants (certified mentors); 25 ventures with winning pitches that receive seed capital.

Component II: Technical and psychological support by specialized experts (IDB Lab US\$85,970; Local counterpart US\$123,920)

- 2.17 Under Component II, the executing agency plans to hold five CODEIS Talks during the program per cohort, which are conversations with regional experts, i.e., Senior Mentors, who are external executives and will focus on specific topics to inspire and complement the processes previously dealt with in the component. The entrepreneurs' value propositions and business models will also be reinforced. These mentorships will be assigned on the basis of the participants' specific needs. As mentioned, one of the biggest obstacles faced by the participants is the lack of access to networks to sell their products or services, so the interaction with Senior Mentors provides an opportunity to connect the participants to other actors in the entrepreneurial ecosystem and other networks that can support these new entrepreneurs.
- 2.18 Additionally, as mentioned earlier, professional psychological and psychosocial support are essential for the participants to perform well, according to past experiences of populations involved in human mobility. Accordingly, one of the modular components of this project involves such support with a gender and diversity lens. In partnership with Diálogo Diverso and other partner NGOs, the participants will receive psychosocial advisory services to support them in their integration into the new country, and to cope with xenophobia, LGBTIQ+ phobias, etc. This support focuses on rights and affirmative therapy, approaching work from the standpoint of their rights and full recognition of their gender identity and sexual orientation. Five hours of psychological support will be provided per cohort. All the entrepreneurs will also receive group sessions on soft skills with their families that promote motivation and resiliency, teamwork, effective communication, and conflict resolution.
- 2.19 The learning phase will also be complemented with workshops and family mentorships that seek to develop the participants' soft skills and generate genuine support from their families during the entrepreneurial process. The project will offer employability courses for the families of the entrepreneurs with the support of strategic partners, which will be available on the freely accessible e-learning platform, tailored to the work schedules of the beneficiaries. The family members will also receive specific training on "how to understand the entrepreneur in the family" and "how to support the entrepreneur in my family."
- 2.20 The expected outcomes of this component will be at least: 6,000 hours of psychological and psychosocial support provided to entrepreneurs; 1,500 hours of psychosocial support; 13,500 total hours of specific support invested in the families

of graduate entrepreneurs; 4,500 family members of entrepreneurs supported with specific workshops and with access to employability training; 3,000 hours of assistance provided by Senior Mentors associated with the program.

Component III: Project scalability and sustainability (IDB Lab US\$31,600; Local counterpart US\$219,000)

- 2.21 In addition to project scalability, the executing agency will work to achieve project sustainability over time. Accordingly, graduates of the program will be certified as mentors two months after each cohort has graduated. Based on past experience, CODEIS has identified that, to create a stronger sense of commitment and belonging among project participants, it is important for them to be matched with a counterpart. Furthermore, being able to leave certified mentors in each city will generate installed capacity and ensure the future replicability of the process. Accordingly, part of the commitment that the participants must have before being considered for the program will be that they wish to become certified and provide mentoring free of charge for the next program. This will lower the costs of the next project considerably and can generate an effect of replication and sustainability, as well as installed capacity in the cities. Strategies will be used to obtain this commitment: participants will be told that certification as a mentor is a program requisite and benefit, since it has an economic cost that will not be charged to the program graduates, and all mentors will form part of a network that will be contracted in future programs. All participants will also sign a letter of commitment to become certified as mentors and to replicate the work, without remuneration, for at least one new cohort. At the end of the program, the entrepreneurs making the most progress who have completed their certification and replications will qualify to participate in business and investment rounds and to become part of the World Change Makers regional community.
- 2.22 As part of the scalability strategy led by CODEIS, the project proposes to partner with several different local governments in Ecuadorian cantons and provinces and Peruvian districts and provinces with the objective of replicating at least two more cohorts in each territory. The executing agency will also build partnerships with local universities, and technical institutes will be strengthened for successful implementation of these two cohorts. Furthermore, the executing agency is working with the UNHCR, the IOM, and USAID to create synergies in which those organizations support financing for scalability of the WCM methodology in the receiving countries of populations involved in human mobility. In addition, the goal in Peru will be replication processes in six cities, since the proposed project is working in a smaller number of cities, and support will be provided for decentralization processes. Currently, the executing agency has partnerships in Ecuador with the GAD of Carchi, a process that will be repeated in the other provinces involved, to achieve the expected knowledge transfer and installed capacity in local governments. Cooperation agreements are also being negotiated with private companies, multinationals, international startups, and sponsors that will contribute to the project's scalability in the public and private, national and international spheres.
- 2.23 Additionally, the learning platform will remain open in perpetuity for future programs, and a manual will be developed that documents the entire process of project design and implementation, to support future replication and scaling efforts.

- 2.24 The expected outcomes of this component will be at least: 10 partners committed to replicating the program in the next 18 months; 100 local ecosystem actors certified as mentors in the World Change Makers Academy (WCM) methodology; 1,000 program graduate entrepreneurs who register to take the certification program for WCM mentors; 800 students in the WCM mentor certification program who graduate from the academic stage (who do not replicate mentorships); 100 entrepreneurs who replicate (or commit to replicating) mentorships pro bono to complete their certification; a manual on replicability and good practices published and disseminated.

D. Project results, impact, monitoring and evaluation

- 2.25 The project objective is to support the development and strengthening of social enterprises led by migrants and members of the local community in Peru and Ecuador, with a focus on women and the LGBTIQ+ community.
- 2.26 **Results Matrix indicators.** The expected outcomes of this intervention are: (i) 300 entrepreneurs graduating from the program who report an increase in sales of at least 10% three months after the end of the program; (ii) 200 entrepreneurs graduating from the program who report a profit margin three months after the end of the program; (iii) 500 entrepreneurs graduating from the program who report that their ventures continue to exist three months after the end of the program; and (iv) 275 women entrepreneurs graduating from the program who lead ventures that continue to exist three months after the end of the program.
- 2.27 **Monitoring and evaluation.** A hybrid process is proposed to measure the results using quantitative data and a qualitative analysis based on testimonials. The baseline will consist of compiling information from the application forms used in the selection process, qualitative data from interviews, information obtained from telephone surveys of family members of the selected participants, and a compilation of written and recorded testimonials (using text sentiment analysis). This baseline will be monitored monthly and will be evaluated at the end of the program at the time of graduation, as well as after the subsequent three months of monitoring. Excel and Stata will be used to analyze the information quantitatively. The most suitable program for text mining and sentiment analysis will be used to analyze the qualitative information.
- 2.28 The project includes a three-month process to monitor all the participants after the academic program has concluded. There will also be a process to monitor the seed capital winners, which consists of providing resources based on an investment plan with milestones and confirmation that it is proceeding as expected. CODEIS will be responsible for the monitoring, and its monitoring and evaluation team will process the information compiled to present the corresponding reports.
- 2.29 **Evaluation.** This project will include a final evaluation containing an analysis of at least the following: (a) compliance with the project objectives and indicators described in the Results Matrix; (b) an analysis of the outcomes of the intervention; and (c) lessons learned from the project. The evaluation will be published and disseminated by IDB Lab.

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

A. Alignment with the IDB Group

- 3.1 During implementation, coordination will be maintained with the United States Agency for International Development (USAID), since this project was selected as one of the winners of the [BetterTogether/JuntosEsMejor Challenge](#). The challenge included more than 160 judges/evaluators from the entire IDB Group, to align the selected proposals with the work and priorities of other sectors.
- 3.2 The program is consistent with the Update to the Institutional Strategy (UIS) (document AB-3190-2) and is strategically aligned with the development challenges of: (i) social inclusion and equality, by promoting equal access to economic opportunities for the migrant population; and (ii) productivity and innovation, by reducing informality and promoting better adaptation of migrant workers to the labor market. It is also aligned with the crosscutting themes of: (a) gender equality, by improving access to economic opportunities for women heads of household; and; and (b) diversity, by promoting access to economic opportunities for the LGBTIQ+ community. The program will also contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12) through the indicators on beneficiaries of initiatives that support migrant and receiving populations and employment initiatives.
- 3.3 Additionally, the project is aligned with the following Bank sector frameworks: (i) Migration (document GN-3021); and (ii) Labor (document GN-2741-12) since it promotes policies to increase formal sector work. It is also aligned with the **IDB Group's operational priorities and sector framework documents**, specifically in the areas of **gender and diversity**, to ensure gender equality and the empowerment of women and the LGBTIQ+ community; **social protection and poverty**, given its attention to the needs of the most vulnerable households; as well as the labor markets sector framework document, since its purpose is to "promote successful career paths, while simultaneously enhancing productivity and social inclusion."
- 3.4 This project is aligned with the [IDB Group's Vision 2025](#) since it works for sustainable and inclusive economic growth by promoting entrepreneurship, innovation, and social progress from a standpoint of social inclusion and equality.
- 3.5 This project has been designed in coordination with the **IDB's Migration Unit (MIG)**, to join forces with other existing operations in Ecuador and Peru and align with the **MIG Action Framework** and its objective of implementing a comprehensive agenda to transform the challenges of migration into development opportunities for the countries of the region, utilizing financial and nonfinancial instruments, leveraging investments, and scaling innovative solutions that contribute to the successful integration of migrants into their receiving communities.
- 3.6 The project is aligned with the IDB Group Country Strategy with Ecuador 2018-2021 by contributing to address the country's challenges of "spurring economic growth to consolidate and deepen the social advances achieved since

- the turn of the century.”¹² In particular, the project is aligned with the second pillar, to provide “support for productivity and development of the private sector as engines of growth” by promoting entrepreneurship and the integration of migrants into the receiving communities.¹³ With regard to the Bank’s Country Strategy with Peru (2017-2021) and its update, this project supports the first pillar of the strategy for development, which is to increase productivity. The efforts to tap the productive potential of Venezuelan migrants through their social and economic integration are an opportunity to increase the country’s productivity.
- 3.7 In terms of IDB Lab operations in execution, the project has synergies in Peru with operation ATN/ME-17193-RG “Skills for the Future,” executed by the Forge Foundation, and operation ATN/ME-17695-RG “Digital Transformation with Inclusion,” executed by Laboratoria. Both projects seek integration into the labor market of the vulnerable population, with a focus on women, based on the acquisition of digital skills and a comprehensive plan for training in life skills, technical and psychological support in the first job, etc. A significant percentage of the beneficiary population of both projects involves Venezuelan migrants, so there are synergies and complementarities with the proposed project’s training, advisory, tutoring, and support services. In Ecuador the project will coordinate with operation ATN/ME-17756-EC “Innovations for the Inclusion of Migrants,” which will share its initial diagnostic tool for measuring the entrepreneurial potential of migrants and coordinate training activities.
- 3.8 **Alignment with the Sustainable Development Goals (SDGs).** Promotion of entrepreneurship and access to financial resources by migrants and vulnerable receiving population is relevant for the SDGs as a whole, and contributes directly to: (i) SDG 5, specifically 5.5, which seeks to ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life; (ii) SDG 8, specifically 8.5, which seeks by 2030 to achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value; and (iii) SDG 10, specifically 10.2, which seeks by 2030 to empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.
- B. Scalability**
- 3.9 The executing agency will lead the strategy for scalability since it has implemented the program in six cities in Ecuador and is supported by international networks such as the Hult Prize, One Young World, Global Shapers of the World Economic Forum, networks of Georgetown University alumni and its Latin America Leadership Program, and the London School of Economics, the Migration and Diaspora Programme of German Cooperation Agency (GIZ), the YLAI network, and the U.S. State Department Alumni Network. CODEIS has the capacity and expertise to lead the scaling of the project and the World Change Makers methodology. To achieve scalability and replicability, it proposes to establish

¹² IDB Group Country Strategy with Ecuador 2018-2021 (p. 12, paragraph 3.1).

¹³ IDB Group Country Strategy with Ecuador 2018-2021 (p. 22, paragraphs 3.31 and 3.32).

various partnerships with local governments in Ecuadorian cantons and provinces and several districts and departments in Peru, with the objective of replicating at least two additional cohorts in each territory. It will also form partnerships with local universities and technical institutes for successful implementation of those two cohorts. It has also begun contacts with UNHCR, the IOM, and USAID to create synergies in which those organizations offer financial support for scaling the WCM methodology in more receiving countries of populations involved in human mobility. In Peru, it seeks replication in six cities, given that the present project is active in fewer cities there than in Ecuador. Decentralization processes will also be supported. At present, the executing agency has partnerships with the GAD of Carchi, a process that will be repeated in the other provinces where the project will be active, to achieve the expected knowledge transfer and installed capacity in local governments. Cooperation agreements are also being negotiated with private companies, multinationals, international startups, and sponsors that will contribute to the project's scalability in the public and private, national and international spheres.

- 3.10 The potential market for scaling includes projected Venezuelan populations for 2021 in Ecuador, Peru, Colombia, and Chile, particularly the proportion of women and/or LGBTIQ+ community members in those groups. According to the Working Group for Refugees and Migrants (GTRM) in each country, 612,764 Venezuelan migrants are projected in Ecuador in 2021,¹⁴ 1,095,914 in Peru,¹⁵ 2.08 million in Colombia,¹⁶ and 479,000 in Chile.¹⁷

C. Project and institutional risks

- 3.11 The main risks of the project include the impact of COVID-19 and its impact on the migrant population. Many migrants are discouraged by the high unemployment rates in the region, the high costs of living, and the difficulty of supporting their families. To mitigate this risk, the project understands that it cannot be made mandatory to attend the academic sessions on methodology synchronously, since the opportunity cost of working versus training is high, which would lead to a high dropout rate. Furthermore, in CODEIS's experience, participants in programs that make it mandatory to connect to sessions synchronously end up watching recordings of the classes at night or when they have free time. For this reason, the program will adapt to each participant and their time, not the other way round.
- 3.12 One of the project risks is that the existing economic crisis and the impact of the pandemic undermine the capacity of partners to contribute local counterpart resources and earmark them for the project. To mitigate this risk, CODEIS is presenting the project to different international cooperation agencies, and has approached and already obtained some commitments from local sectional governments. CODEIS will continue to seek funds in line with the project's objectives to ensure they are attained and promote scalability.

¹⁴ R4V GTRM Ecuador (<https://www.r4v.info/es/ecuador>).

¹⁵ R4V GTRM Peru (<https://www.r4v.info/es/peru>).

¹⁶ R4V GTRM Colombia (<https://www.r4v.info/es/colombia>).

¹⁷ R4V GTRM Chile (<https://www.r4v.info/es/chile>).

- 3.13 Lastly, there is a risk that participants do not want to become certified in the methodology as mentors owing to lack of time or interest. To mitigate this risk, the budget does not assume that participants in the certification process will cover all the mentorships after the end of their cohorts, but counts on just one-half, who are the most highly committed. The work of ensuring commitments and funds for scalability and replication includes a budget to hire former participants who are certified to act as mentors, offering a real incentive to act as mentors and complete their certification. They will also be required to sign a letter of commitment at the start of the program. Extra incentives such as access to business and investment rounds at the end of the program will be conditional.

IV. BUDGET

- 4.1 The project has a total cost of US\$1,163,400. Of that amount, US\$550,000 (47.3%) will be contributed by IDB Lab, and US\$613,400 (52.7%) will be the local counterpart.

Table 1: Budget summary (in US\$)

Component	IDB Lab	Local contribution	Total
Component I	269,970	196,080	466,050
Component II	85,970	123,920	209,890
Component III	31,600	219,000	250,600
Component IV	156,460	74,400	230,860
Audit*	6,000	0	6,000
Total	550,000	613,400	1,163,400
%	47.3%	52.7%	100%

Note * These items may be executed by the Bank, disbursed by the Bank, and credited to the Bank without a disbursement request from the executing agency.

V. EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE

A. Executing agency

- 5.1 The executing agency will be Corporación para el Desarrollo del Emprendimiento y la Innovación Social (CODEIS). CODEIS is a nonprofit corporation with a social purpose, established in Ecuador. The focus of its work is to promote social innovation processes involving the design, creation, development, training, and support is all stages of high-impact social undertakings. CODEIS is legally established under private law and recognized under Agreement No. SENESCYT 2017-242 of 10 November 2017.
- 5.2 The executing agency focuses on entrepreneurship, social innovation, and leadership as tools to spur development. It has been implementing projects with different target groups since 2017, affecting more than 5,000 innovators directly and about 15,000 people indirectly in more than 20 cities in Ecuador. Since 2019,

CODEIS has been working with migrants to build entrepreneurial capacity, connecting them with mentors, local entrepreneurs, seed capital, and possible financing opportunities. CODEIS has participated as a Fundación de las Américas (FUDELA) operator in projects financed by the IOM and the ILO. All of its team members have received sensitivity training for working with groups in vulnerable situations.

B. Implementation structure and mechanism

- 5.3 CODEIS has the experience and operating capacity to lead project implementation. To strengthen implementation and meet the needs of the most vulnerable beneficiary population, strategic partnerships have been reached with the following national and regional organizations: Diálogo Diverso, Fundación de las Américas, Fundación Alas de Colibrí, and Shapers for Venezuela, which will provide psychological and psychosocial support, strengthen soft skills, and the mentorship process, respectively. As the executing agency, CODEIS will be responsible for submitting all the project's progress, monitoring, and evaluation reports. A firm of external auditors will be contracted for annual project audits.

VI. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 6.1 **Results-based disbursements and fiduciary arrangements.** The executing agency will commit to IDB Lab's standard arrangements relating to results-based disbursements and procurement and the financial management policies applicable to the private sector, as specified in the "Guidelines for Management by Milestones and Financial Supervision for IDB Lab and Social Entrepreneurship Program Technical Cooperation Operations." IDB Lab will set aside funds for audits (or ex post reviews) which it may use in function of project supervision requirements.
- 6.2 The risk level determined by the Institutional integrity and capacity assessment is low. The policies of the executing agency will be used for procurements. An annual procurement plan with milestones will be submitted for the project, together with the annual work plan. IDB Lab may perform ex ante reviews of the technical aspects of procurements when it deems warranted, particularly major procurements.
- 6.3 The executing agency will prepare the annual financial statements and make them available to the Bank. The Bank may use funds from the contribution to revise the financial statements and the use of the resources applied to the project, verifying financial and procurement practices.

VII. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY

- 7.1 **Information disclosure.** The information in this document will be classified as public upon approval, under the Bank's Access to Information Policy.¹⁸
- 7.2 **Intellectual property.** The project will use know-how and methodologies developed earlier by the executing agency, which the latter will continue to own. The intellectual property of all the works and results obtained during the project

¹⁸ <https://www.iadb.org/es/acceso-informacion/inicio>.

belongs to the Bank. The Bank will grant the executing agency an irrevocable, worldwide, perpetual, free-of-charge, and nonexclusive license to use, copy, distribute, reproduce, exhibit, and publicly execute any output it owns deriving from project execution and to develop works deriving from it.