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COLOMBIA

**MEDELLÍN DISRUPTORS:
THE FUTURE OF EXTRAORDINARY TALENT**

(CO-T1526)

DONORS MEMORANDUM

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PROJECT SUMMARY

MEDELLÍN DISRUPTORS: THE FUTURE OF EXTRAORDINARY TALENT (CO-T1526)

The purpose of Medellín Disruptors is to identify, prepare, and promote young talent with the creative, disruptive potential to become leaders in innovative processes that will help bridge social and economic gaps in the city.

To accomplish this, the project will administer the Gallup Builder Profile 10 assessment¹ to 14,000 young people in the Medellín metropolitan area and identify 460 of them (young men and women ages 15 to 20) with exceptional entrepreneurial potential. Those youth will be exposed to a platform of opportunities enabling them to develop their skills, vocations, and affinities, thereby creating extraordinary local capacity to lead or participate in high-impact ventures, with special emphasis on creative and digital industries. Each youth may choose one of the three program tracks described below:

Training track: This will consist of training for at least six months (basic training) and up to one year (advanced training) in the form of virtual or traditional classes in creative or digital economies to help develop their potential in these areas.

Entrepreneurship track: Young people who choose this track will be placed with existing platforms in the city to develop and accelerate business ventures in creative and technology-based industries to foster the development of new business ventures.

Intrapreneurship track: These youth will be placed in internships at one of 70 Caja de Compensación Familiar de Antioquia (COMFAMA) members and other businesses within the local creativity and technology ecosystem, where they will gain in-depth knowledge of internal processes and work on innovative solutions to internal challenges.

The project will not only place the young people in one of the three tracks but will also build a living memory of their experiences and the entrepreneurial ecosystem in Medellín² by capturing data on their interactions. The model's effectiveness will be evaluated by surveying a control group and a group of beneficiaries. The project results will also be presented to potential partners in the following implementation phases to ensure scalability through the project's integration in the local institutional framework.

¹ The BP10 is an entrepreneurial talent-assessment tool developed by Gallup. In 30 minutes, the BP10 measures an individual's strengths in terms of 10 dimensions associated with business success: confidence, capacity to delegate, determination, disruption, independence, knowledge, focus on profitability, relationship building, acceptance of risk, and ability to sell.

² In addition to COMFAMA, the ecosystem includes Ruta N, Bancoldex, Tecnova, Créame, Endeavor, Innpulsa, Bancolombia, Parque E, Tecnalia, the Medellín municipal government (secretariats of education, economic development; youth; and higher education and knowledge), the Comité Universidad Empresa y Estado, Corporación Ventures, and Cultura E.

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ABBREVIATIONS

BP10	Gallup Builder Profile 10
COMFAMA	Caja de Compensación Familiar de Antioquia
CTI	IDB Competitiveness, Technology and Innovation Division
EDU	IDB Education Division
HUD	IDB Housing and Urban Development Division
IDB	Inter-American Development Bank
IDB Lab	Multilateral Investment Fund
LMK	IDB Labor Markets Division
PEU	Project execution unit
SIP	Social innovation platform

**MEDELLÍN DISRUPTORS:
THE FUTURE OF EXTRAORDINARY TALENT
(CO-T1526)**

Country and geographic location:	Colombia, Medellín metropolitan area.		
Executing partner:	Caja de Compensación Familiar de Antioquia (COMFAMA)		
Focus area:	Inclusive cities/Knowledge economy		
Coordination with other donors/Bank operations:	The project was coordinated with specialists from the Competitiveness, Technology and Innovation Division (CTI), the Housing and Urban Development Division (HUD), the Labor Markets Division (LMK), and the Education Division (EDU). The lessons learned from the project can be replicated in other departments and regions of Colombia and in other countries.		
Project beneficiaries:	The project will benefit 14,000 young people who will have the opportunity to understand their entrepreneurial strengths and receive personalized feedback on using those strengths in their life plan. Of those 14,000, 460 vulnerable youth with the strongest entrepreneurial skills will be selected to pursue one of three tracks of comprehensive assistance in developing capacities relevant to the orange economy and technology-based business ventures.		
Financing:	IDB Lab Nonreimbursable technical cooperation	US\$1,000,000	50%
	Counterpart contribution	US\$1,000,000	50%
	Total project budget:	US\$2,000,000	100%
Execution and disbursement period:	36 months for execution, and 42 months for disbursement.		
Special contractual conditions:	A condition precedent to the first disbursement will be the creation of the project steering committee to the Bank's satisfaction and the selection and contracting of the project director.		
Environmental and social impact review:	This operation was screened and classified in accordance with the requirements of the Bank's Environment and Safeguards Compliance Policy (Operational Policy OP-703). Since the impacts and risks are limited, the proposed classification for the project is category C.		

I. THE PROBLEM

A. Description of the problem

- 1.1 Although Colombia's middle class has grown in recent years, it is estimated that over half of those in that segment are at risk of slipping back into poverty.³ The Colombian middle class is fragile for reasons including volatile income levels, limited access to quality public services, and a high degree of labor informality. As a country, Colombia now faces the challenge of addressing these fragilities to ensure the consolidation of the Colombian middle class and access to opportunities for the vulnerable population.
- 1.2 Against this backdrop, work is essential to promoting social mobility because it is the primary means by which low-income persons overcome poverty and improve their living conditions. But it is often difficult for these people to find work. Medellín, one of the largest cities in Colombia, also has one of the region's highest rates of inequality with a Gini index of 0.52, an informal employment rate of 43%,⁴ and the exclusion of some social sectors from economic interactions and development opportunities. The poverty rate is 14.2%, or 356,200 persons. Inequity is also evident in the gender income gap: working women in Medellín earn 84% of what men earn.⁵ In addition, a large number of young people have great difficulty accessing the job market.
- 1.3 **Youth and vulnerability.** Medellín is home to 907,464 young persons of working age, ages 12 to 28,⁶ of whom about 157,117 (17% of the youth population) are neither working nor studying.⁷ The youth unemployment rate is 18.4%, while the city's overall unemployment rate is 11.5%.⁸
- 1.4 About 45% of the city's young people do not continue their studies beyond high school,⁹ which accentuates the lack of relevance and risk of turning to gangs, drugs, or illegal groups. However, there are large differences between the different areas of the city. In low-income areas like La Comuna 1, only 20% continue studying beyond high school, while in other areas over 80% continue their studies.⁸ According to the Medellín Cómo Vamos initiative, this is largely because "although there is an ample supply of work, there are weaknesses in human development processes"¹⁰ with respect to work training. Those young people are vulnerable to a

³ <https://www.desdeabajo.info/ediciones/29112-la-pobreza-ahoga-a-la-clase-media.html>.

⁴ Medellín Cómo Vamos Survey - <https://www.medellincomovamos.org/empleo-e-inflacion/>.

⁵ Medellín Cómo Vamos Survey <https://www.medellincomovamos.org/la-desigualdad-en-medellin-sigue-siendo-muy-alta/>.

⁶ Medellín Cómo Vamos Survey - <https://www.medellincomovamos.org/asi-va-el-mercado-laboral-de-los-jovenes-en-medellin-a-m/>.

⁷ An analysis of labor conditions among Medellín young people is available at <https://www.eltiempo.com/colombia/medellin/una-radiografia-de-la-situacion-laboral-de-los-jovenes-de-medellin-262972>.

⁸ Unemployment rate of 11.5% in Medellín – <https://www.elcolombiano.com/negocios/medellin-tasa-de-desempleo-KB9399581>.

⁹ <https://www.elspectador.com/noticias/nacional/antioquia/en-medellin-la-mitad-de-los-jovenes-acceden-educacion-superior-articulo-799687>.

¹⁰ An analysis of labor conditions among Medellín young people is available at <https://www.eltiempo.com/colombia/medellin/una-radiografia-de-la-situacion-laboral-de-los-jovenes-de-medellin-262972>.

- wide range of situations, from labor informality to the risk of joining illegal armed groups or gangs as a solution to lack of income.
- 1.5 A number of experiences show that in such difficult situations, developing creative talent can be a means to improved self-esteem, a greater sense of relevance, and personal growth. One example of this is Yamaha Music's "I'm a Hero" program, which promotes musical instruction among youth from disadvantaged neighborhoods. To learn to overcome difficulties in their environment, the young people accomplish difficult but achievable challenges such as performing on a large stage with the program's help.¹¹
 - 1.6 **Vulnerable youth and the future of work.** The future of work for vulnerable urban populations entails not only the future of **jobs**, such as jobs with no commitment (the "gig" economy), but also the future of **entrepreneurship**, i.e., the creation and growth of new businesses. In Colombia's marginal urban neighborhoods, technological advances and changing business models can have a devastating effect on employment and new business ventures unless the best talent is identified and developed among generations living in vulnerable situations.
 - 1.7 In addition to the challenges of inclusion and access to opportunities, the future of work faces the challenge of finding talent with the right skills, especially in sectors where talent and innovation are crucial – as in the so-called orange economy and in the digital economy in regard to the fourth industrial revolution. Yet **the majority of young people who have the extraordinary talent and skills to contribute value to digital business ventures and the orange economy remain invisible to the entrepreneurial and creative-industry ecosystem.**
 - 1.8 **Opportunities in the orange economy.** The orange economy includes (i) traditional and artistic activities, (ii) creative industries, and (iii) activities providing creative support to traditional industries.¹² It is essential for Colombia, since the orange economy contributes nearly 3.5% of gross domestic product (GDP) and creates some 800,000 direct and indirect jobs. And Medellín is among the Colombian cities where the orange economy has gained the most strength, with over 1,690 businesses in this sector,¹³ of which 99% are microenterprises and small businesses. The local government has secured key partnerships to increase the number of these businesses. One such initiative is Medellín Ciudad Creativa [Medellín Creative City], which builds productive chains among the city's creative business ventures with support and advice from different regional actors that develop tools to promote the orange economy.
 - 1.9 **Opportunities in the digital economy.** According to the IDB, one of the key challenges for Latin America and the Caribbean with respect to the digital economy is that the gap between businesses' needs and the supply of human capital continues to widen.¹⁴ Medellín has focused on capacity-building to address this challenge and is now the Colombian city that invests the largest amount, 2.14% of

¹¹ https://es.yamaha.com/es/news_events/2018/20181129_im_a_hero_videos.html.

¹² Public Policies for Creativity and Innovation: Promoting the Orange Economy in Latin America and the Caribbean, Benavente and Grazzi, IDB, 2017.

¹³ Medellín works to energize the orange economy – <https://www.acimedellin.org/medellin-trabaja-para-dinamizar-laeconomia-naranja/>.

¹⁴ <https://blogs.iadb.org/innovacion/es/politicas-de-transformacion-digital/>.

- its annual GDP, in innovation, science, and technology. It has bet heavily on supporting the development or acceleration of technology-based ventures and economic incentives for businesses in this segment who set up shop in Medellín. Furthermore, it will be the first Latin American center for the Fourth Industrial Revolution, representing an additional challenge in terms of increased capacities for digital jobs and entrepreneurship.
- 1.10 Given the challenges Colombia now faces in building inclusion and consolidating the middle class, Medellín's achievements in the creative and digital economies should be marshaled to help connect the city's vulnerable young men and women with avenues for training and entrepreneurship, opportunities to prepare themselves professionally for the orange economy and Fourth Industrial Revolution, together with assistance in starting business ventures and intrapreneurships.¹⁵
- 1.11 **Beneficiaries.** The project will benefit 14,000 young people, who will have the opportunity to understand their entrepreneurial strengths and receive personalized feedback on using those strengths in their life plan. Of those 14,000, 460 vulnerable youth with the strongest entrepreneurial skills according to the Gallup Builder Profile 10 (BP10) assessment will be selected to access three programs of comprehensive support to build capacities relevant to the orange economy and new technologies: (a) continuation of their studies; (b) intrapreneurship; and (c) entrepreneurship. These will serve as avenues for those 460 young people to connect with Medellín's entrepreneurial ecosystem.

II. THE SOLUTION

A. Project description

- 2.1 The project's **expected impact** is to create a local dynamic that promotes entrepreneurship and intrapreneurship led by extraordinary talent in the context of the digital economy and orange economy.
- 2.2 The project's **expected outcome** is to showcase and strengthen the capacities of vulnerable Medellín youth ages 15 to 20 with exceptional entrepreneurial talent.
- 2.3 **Model / Solution.** Creative industries and disruptive technologies are highly competitive and require specialized training for individuals with the interest and talent to work in this field. Bridging those gaps so that Medellín's vulnerable young people with extraordinary entrepreneurial capacity can access real opportunities to lead creative or technology-based ventures calls for transformative actions to substantially increase the chances of success. This project will therefore use the statistical technologies and global experience of Gallup, Inc. to identify extraordinary entrepreneurial skills and connect vulnerable youth with Medellín's entrepreneurial and innovation ecosystem, led by COMFAMA, Ruta N, and other actors in that ecosystem (e.g., the Chamber of Commerce, Proantioquia, EAFIT and other universities, Créame, and early-stage investment funds, etc.).

¹⁵ "Intrapreneurship" refers to entrepreneurial initiatives implemented within an organization, including some which may later become independent spin-offs.

- 2.4 The project plans to identify 460 of the city's vulnerable young men and women with exceptional aptitude for entrepreneurship and connect them to a platform of opportunities enabling them to develop their skills, vocations, and affinities, thereby creating extraordinary local capacity to lead or participate in high-impact ventures in creative and digital industries. The aim of the project is to identify, prepare, and promote young talent with the creative, disruptive potential to become leaders in innovation processes that will help bridge social and economic gaps in the city and their immediate environment.
- 2.5 **Gallup, Inc.** The project will tap Gallup's extensive experience with surveys.¹⁶ The BP10 assessment has been administered to numerous students in over 20 countries. It assesses 10 talents: confidence, independence, delegator, knowledge, risk, determination, profitability, selling, and disruptor. For example, someone who exhibits exceptional talent for profitability and has keen business instincts will set clear goals and plan growth strategies. The Gallup BP10 website at the link below provides further details on each of these talents. The results of the assessment show that only 2% have the exceptional talent needed for high-impact, scalable business ventures (Gallup, 2018). Gallup estimates that such exceptional talent can multiply the likelihood of a business's success by a factor of 24. The objective is to create a model that can be synthesized and scaled up to offer high-impact solutions, first in Medellín, and has the potential to be replicated thereafter in other Colombian and Latin American cities.
- 2.6 **Innovation:** The project is innovative because it aims to identify entrepreneurial talent among young people in vulnerable neighborhoods who attend public high school, who are considered "hidden gems." This runs counter to the traditional approach of competitions and business incubators that naturally select entrepreneurs who may not be extraordinarily talented, and in any case tend to come from the upper socioeconomic strata. The project is also innovative because: (1) it will incorporate Gallup's cumulative intelligence in identifying extraordinary entrepreneurial talent among strata that generally lack access to this type of project. Most entrepreneurship projects for vulnerable populations begin with young persons studying at a given educational level or participating in extracurricular programs in which they have an interest, rather than youth who demonstrate entrepreneurial aptitude. This cumulative intelligence is captured in the BP10 assessment, which uses big data and machine learning to highlight and democratize entrepreneurial talent in Medellín, allowing project resources to be focused on the young people most likely to succeed in business;¹⁷ (2) it will dynamically and interactively match the talents of vulnerable youth with the needs of high-potential productive sectors and with Medellín's business and entrepreneurial ecosystem; (3) it will trigger a shift in business and organizational attitudes toward welcoming disruptive talent with diverse, non-formal skills and experiences who are nonetheless intense and highly prepared to take on specific challenges; and (4) it will evaluate the impact of the intervention relative to a control group formed with experts at the start of the project.

¹⁶ <https://www.gallup.com/builder/225332/builder-profile-10.aspx>.

¹⁷ An analysis of worldwide results of the assessment indicates that it does not discriminate by gender, income level, race, or other characteristics, but instead identifies nearly equal rates of exceptional entrepreneurial talent in all categories.

B. Objectives and activities associated with each component

- 2.7 **Component I: Identifying extraordinary talent.** The objective of this component is to identify and select 460 young people with extraordinary talent for business ventures in creative and technology-based economies.
- 2.8 **Identification, selection, and preparation of talent:** The BP10 assessment will be administered to **14,000 young people** ages 15 to 20 who are in the last two years of public high school in Medellín and belong to youth or community groups geared toward the orange economy or digital economies or are receiving technical-education scholarships from COMFAMA. It will also be available for other subjects and in diversity spaces, such as high schools for young people with disabilities and music schools, and to participants in artistic and creative activities such as those promoted by COMFAMA. Based on Gallup's experience, the BP10 will lead to the selection of about 460 young people; an effort will be made to ensure gender parity and identify gaps that can be addressed through the program tracks or program adjustments.
- 2.9 **Activities:** The main activities of this component will include: (i) identifying 11,000 young people in Medellín through the city's public schools to receive the BP10 assessment; (ii) announcing the opportunity to take the BP10 assessment to an additional 3,000 young persons who belong to youth or community groups related to the orange economy and digital economies, are receiving COMFAMA technical education scholarships, or are affiliated with other spaces to increase the diversity of participants, such as young people with disabilities; (iii) administer the assessment; and (iv) analyze and determine the results. On that basis, the 460 young people with the highest scores will be selected to participate in Component II of the project and a mechanism created for feedback on strengths and weaknesses in the different aspects of entrepreneurship for all participants, according to the Gallup methodology.
- 2.10 Through this component, 460 young people with extraordinary talent will be identified and prepared to take part in the next project component, which will begin with a boot camp with successful entrepreneurs and business-venture experts offering discussions and educational talks on various aspects of entrepreneurship in Medellín. The curriculum for this activity will be designed in collaboration with subject-matter experts.
- 2.11 **Component II: Connecting talent with the orange economy and new technology ecosystem.**¹⁸ The objective of this component is to design entrepreneurship tracks for each of the 460 young people selected, to prepare them for the orange economy and technologies of the fourth industrial revolution¹⁹ and for the assistance they will receive in creating business ventures or with intrapreneurship.

¹⁸ For ease of reference, fourth industrial revolution technologies are referred to in the context of this project as new technologies.

¹⁹ The term "fourth industrial revolution" means the combination of digital, biological, and physical technologies reflected in technological advances such as artificial intelligence, virtual and augmented reality, 3D printing, robotics, and other technologies that alter the way humans create, exchange, and distribute value. See <https://www.britannica.com/topic/The-Fourth-Industrial-Revolution-2119734>.

- 2.12 This component will implement a program of personalized training and experiences for the young people based on a clear identification of personal, entrepreneurial, and regional challenges. It will be a collaborative process incorporating peer-to-peer learning, flipped learning, and project-based learning aimed at developing the skills previously identified by entities such as Singularity University²⁰ and others. The component will produce a platform to connect young people with mentors who will support them in innovation processes and experiences at the highest level, incorporating international best practices to ensure exchange of lessons for entrepreneurs and youth leaders. Each participant will be assigned to a mentor to guide the design of his or her experience in the ecosystem, following which each youth will opt for: (i) a training track, (ii) an entrepreneurial track, or (iii) an intrapreneurship track. The component will provide flexibility to allow the young people to try more than one track and test options that will help them find their place.
- 2.13 Technical and specialized training track: This program will be conducted for about 250 young people who will participate in training for at least six months (basic training) and up to one year (advanced training) in the form of virtual or traditional classes in creative or digital economies to allow them to develop their potential in this area. Each participant will also be guided by a mentor and take part in group sessions designed to collectively build life skills. The mentors' role will include identifying the specific needs of youth with exceptional entrepreneurial talent and identifying with the individuals they mentor the best way to develop their skills, knowledge, and aptitudes.
- 2.14 Entrepreneurship track: Through this track, 90 young people will be connected with existing platforms in Medellín. The platforms may focus on developing and accelerating creative and technology-based ventures. An example is El Pauer, a platform developed by COMFAMA and local partners including Ruta N to transform creative and cultural ventures in Antioquia into sustainable, profitable businesses connected to market opportunities. On the other hand, the focus may lie in developing tools to strengthen business ventures in new technologies such as the internet of things, blockchains, artificial intelligence, virtual reality, or augmented reality. This type of platform will draw on models such as Ecole42 (France), the Holbert School (United States), The Place (Spain), and others being identified. This process will lead to the creation of a minimum viable product that can form the basis of a business venture. Young people who opt for this track will have the support of a mentor and group experiences to develop life skills. And since ventures are created to solve problems, spaces will be devised in Medellín to expose the young people to situations that will stimulate ideas for solutions that can form the basis of business ventures.
- 2.15 Intrapreneurship track: This track will provide internship or work experience opportunities for 120 young people at some of the most innovative companies in Medellín or those with exponential business growth. The businesses that will participate in the program include 70 COMFAMA members, the Ruta N businesses, members of Chamber of Commerce clusters, and other prominent

²⁰ These include arousing passion, curiosity, experimentation, empathy, ethics, imagination, critical thinking, and persistence. Also creative expression and improvisation; entrepreneurship; reading, writing, and verbal communication; ethics (Diamandis, 2018).

actors, such as Proantioquia, in the local ecosystem of creative and technology-based industries. The aim of this track will be to create opportunities for young people who show potential and talent for entrepreneurship and innovation to prepare them for the challenges of the fourth industrial revolution and transforming businesses from within. Youth who opt for this track will have the support of a mentor and group experiences to develop life skills.

Activities: The three tracks of this component will involve: (i) selecting, training, and certifying eight mentors, (ii) a welcome event²¹ to connect the 460 selected young people and their mentors, (iii) outreach on the Medellín Disruptors program to flagship firms in the creative and digital sector who belong to COMFAMA and other local firms to be identified, to encourage interested businesses to offer an extraordinarily talented young people the chance to develop an intrapreneurial solution to their business challenges; (iv) designing each of the program tracks to be offered to the young people (redesign of basic and advanced courses, adaptation of the entrepreneurial platforms' capacities to address the young people's needs, contacts with creative and technology sector businesses that offer intrapreneurship experiences to young men and women, and the design of experiences for each program track); (v) developing life plans with the young people and using them to select the track each one will pursue: training, entrepreneurship, or intrapreneurship;²² and (vi) training actions to develop complementary or new skills: (a) a hackathon and two-day boot camp, (b) week-long projects to strengthen resilience, teamwork, communication, creativity, conflict-resolution, leadership, and other capacities, and (c) implementation of a cultural agenda designed by COMFAMA to better connect the participating youth.

- 2.16 The expected outcome of this component is that 460 young people will have completed one of the three program tracks, and some of them will have created business ventures, intrapreneurship ventures, and/or have accessed tertiary educational programs relating to the orange economy, the digital economy, or another sector with strong future potential in Medellín.
- 2.17 **Component III: Evaluating, disseminating lessons learned, and scaling up.** The objective of this component will be to design a path for project scalability according to the results of Components I and II and the opportunities made possible by boosters like the IDB and COMFAMA, in order to expand the entrepreneurial ecosystem in Medellín.
- 2.18 This third component will focus on strengthening and expanding the business ventures created as well as a strategy to generate learning and replicate the model in other areas of Medellín and/or the Department of Antioquia. With COMFAMA's financial services and partnerships, it will also create a network of partners to consolidate the initiatives to ensure they are sustainable over time and can be scaled up in other areas of the region.
- 2.19 **Activities:** This component will include the following activities: (i) formulating a strategy for knowledge management and impact evaluation for use in developing a living memory of project implementation for other opportunities; preserve lessons

²¹ This will be an event to which entrepreneurs of Medellín will be invited to serve as role models for the youth.

²² If a topic is identified during execution that was not previously contemplated, the program will have the flexibility to adapt or add the necessary tracks or activities.

learned so they can be continually shared among participants, enlisting other institutions according to lessons learned and extraordinary talents identified, and ensuring institutional strengthening for the project's partners; (ii) implementing a platform to manage data pertaining to the young people who participate in the project; (iii) evaluating the effectiveness of the intervention model by surveying a control group and a beneficiary group; and (iv) presenting the project results to potential partners in future phases of implementation to ensure the model's scalability with other partners.

- 2.20 The expected outcomes of this component will include a synthesis of lessons learned from the project, which will be used to explore options for replicating and scaling up the model in other cities in Colombia and the region that are also working to develop the next generation of entrepreneurs and business ventures focused on opportunities of the fourth industrial revolution. Lastly, avenues will be explored for scaling up or replicating the project in government programs, not only in Medellín and the surrounding metropolitan area but also in the different subregions of Antioquia and across the country, by applying lessons learned from the project, including the evaluation of the BP10 tool's effectiveness.

C. Project outcomes, impact, monitoring, and evaluation

- 2.21 **Outcomes.** The main project outcome will be 460 vulnerable young men and women from Medellín with exceptional aptitude for entrepreneurship trained and supported in the creation of business ventures and intrapreneurship in the context of the orange and digital economies or other high-impact industries in Medellín that are identified.
- 2.22 **The project will measure results through the following indicators:**²³ (1) number of high school students whose entrepreneurial talent has been measured with the BP10 tool; (2) number of young people (not in high school) aspiring to creative careers whose entrepreneurial talent has been measured; (3) number of schools where the BP10 tool has been administered; (4) number of non-formal centers where the tool has been administered; (5) total number of young people with extraordinary entrepreneurial talent who receive mentorships under the Gallup project methodology; (6) (proportion) of young women with extraordinary entrepreneurial talent who receive coaching through the project; (7) (proportion) of young people with extraordinary entrepreneurial talent who continue on their entrepreneurial track in Medellín's ecosystem; (8) (proportion) of young people with extraordinary entrepreneurial talent who access tertiary technical education; (9) (proportion) of young people with extraordinary entrepreneurial talent working on a prototype or product (entrepreneurship track); (10) (proportion) of young people with extraordinary entrepreneurial talent who gain experience in businesses (intrapreneurship track); (11) number of businesses with which young people with extraordinary entrepreneurial talent interact (intrapreneurship track); and (12) young people with extraordinary entrepreneurial talent who have received coaching in entrepreneurship through an artificial intelligence bot.
- 2.23 **Gender.** The worldwide results of the BP10 assessment indicate that it does not identify higher rates of business talent by gender, but rather finds exceptional

²³ The estimated cost per beneficiary will be US\$4,348.

- entrepreneurial talent among women and men.²⁴ During project implementation, the selection process will ensure that at least 230 (50%) of the participants selected are young women. Also, an effort will be made to maximize the project's appeal to female participants by promptly identifying those activities in which women's participation rates are low, interviewing the participants to identify the reasons for this, and implementing mechanisms to increase women's participation.
- 2.24 **Impact.** The expected impact of the project is the consolidation of capacities of vulnerable Medellín youth ages 15 to 20 with extraordinary entrepreneurial skills to create opportunities for them in the digital and orange economies. The project will address several of the Sustainable Development Goals (SDGs), in particular: (i) Goal 1: No Poverty: vulnerable youth in public high schools and other non-formal education centers who would otherwise have difficulty accessing this type of project will be identified and presented with opportunities for inclusion to develop their entrepreneurial talents; (ii) Goal 4: Quality Education: using the BP10 tool, the project will help high schools and educators identify students' strengths, as an input to organizing and enhancing a life plan relevant to their talents and skills; (iii) Goal 5: Gender Equality: experience with BP10 shows that the tool does not discriminate based on gender. Accordingly, equitable participation by men and women in all project activities is expected. This issue will be monitored and strengthened if activities or projects that discriminate or that do not appeal to both genders are detected; (iv) Goal 8: Decent Work and Economic Growth: the project's focus is to ensure that young people with exceptional talent are visible to Medellín actors that can make use of their talent for business creation and innovation to boost economic growth in the city and place the young people in productive jobs; (v) Goal 9: Industry, Innovation, and Infrastructure: the project activities will showcase the young people's exceptional talent for the city's businesses to promote intrapreneurship and strengthen innovation in local companies; and (vi) Goal 10: Reduced Inequalities: the project will promote opportunities for low-income youth who would otherwise lack access to this type of program. Furthermore, it will extend its reach to nontraditional spaces such as schools for young people with disabilities to make the program available to a more diverse group of young men and women.
- 2.25 The following impact indicators are expected:²⁵ (1) income of youth who graduate from the program in proportion to incomes of the control group; (2) number of businesses (or business units) that adopt entrepreneurs' innovative solutions in proportion to the number that do not; (3) status of the creative and disruptive-technology ecosystem in Medellín (method of measurement to be determined: for example, volume of business, number of productive units, or number of persons whose incomes are generated directly or indirectly by activities related to the ecosystem); and (4) number of organizations in Medellín that join the initiative to create effective spaces and options for young women and men to hone their entrepreneurial skills.
- 2.26 **Monitoring.** COMFAMA will monitor and evaluate project outcomes as presented in the results matrix and will develop information technology tools for this purpose

²⁴ Nor do the results distinguish by race or income level.

²⁵ Given the ages of the young people who will be surveyed and the tracks they will start on under the project, the project's impact is expected to be measurable three years after completion.

that incorporate data from the different project applications and interactions with beneficiaries to facilitate evaluation of the indicators in the results matrix as well as the effectiveness of the intervention model proposed for the project. In addition, project outcomes may be reviewed semiannually with the latest technological tools allowing statistics from the platforms to be compiled independently.

- 2.27 **Evaluation.** A midterm and final evaluation, to be contracted by the executing agency with IDB Lab's agreement, will be conducted. The evaluations will measure achievement of the impact objective and the project indicators described in the results matrix. How are the entrepreneurial projects of the youth selected with the BP10 tool different from those of other youth in the same programs who were not selected by the tool? In what ways did youth selected with the BP10 tool interact differently with the three program tracks than other youth participating in the same activities? What percentage of young people selected through the BP10 tool continued in the training, entrepreneurship, or intrapreneurship track at the end of one year, and at the end of two years? How did those percentages for actors in the Medellín²⁶ entrepreneurial ecosystem differ from those of other youth not selected with the tool? What lessons were learned for the creation of new business ventures by this exceptional entrepreneurial talent in cities? To facilitate these evaluations, and during project execution, the executing agency will develop information-processing tools to measure aspects including: (a) the progress of each youth with respect to the impact objective, (b) the effectiveness of the educational process, and (c) the satisfaction of businesses where youth participate in intrapreneurship.

III. ALIGNMENT WITH THE BANK, SCALABILITY, AND PROJECT RISKS

A. Alignment

- 3.1 **IDB and IDB Lab alignment.** This project is one of the first to use internationally proven technologies to identify extraordinary entrepreneurial skills in young people **before** supporting entrepreneurial initiatives. It is also one of the first to connect the development of a city's young entrepreneurial talent with business sectors that have the greatest potential for future development. In this way, the project is expected to contribute to the Bank's work in the areas of technology-based entrepreneurship, promoting the orange economy, developing skills for the future of jobs, and developing cities that offer greater opportunities for populations that traditionally lack access to entrepreneurship and role models to inspire them to consider entrepreneurship as a life option. The project team will include members of the IDB Competitiveness, Technology and Innovation Division (CTI), Housing and Urban Development Division (HUD), Labor Markets Division (LMK), and Education Division (EDU). The project is aligned with the IDB Group country strategy with Colombia, in particular the objectives of boosting economic productivity and creating the conditions for social mobility and expansion of the middle class.
- 3.2 The project is aligned with the Update to the Institutional Strategy 2010-2020 (document AB-3008), and in particular with the IDB Lab mandate (mission) to support **innovative projects and early-stage ventures** with a potential to

²⁶ This would apply if entities within the Medellín entrepreneurial ecosystem offered those activities to a broader universe of young people.

generate impact on a large scale, promote **innovation and entrepreneurship ecosystems**, and systematize and disseminate **knowledge** to connect ideas and scale their impact.

- 3.3 **Alignment with the country.** The project is aligned with the National Development Plan 2018-2022 Pact for Colombia, Pact for Equity (PND),²⁷ which is based on the three pillars of legality, entrepreneurship, and equity. The project fits with the entrepreneurship pillar as well as the equity pillar, because it will promote entrepreneurship and innovation among vulnerable youth in Medellín as a pilot project. It will contribute at least two innovations to entrepreneurship in Colombia: (i) it will identify youth with exceptional entrepreneurial talent in order to target them (unlike most entrepreneurship projects, which work with all youth); and (ii) it will turn the city into a platform to train and connect the next generation of entrepreneurs with it, focusing on two sectors of great interest to Medellín and Colombia: the orange economy and disruptive technologies. Also, as the PND commits the government to improving the business environment, the timing of the project is all too appropriate.

B. Scalability

- 3.4 The project's scalability lies first of all in connecting the resulting business ventures and intrapreneurships with local, national, and international incubators and investment funds, which will facilitate extraordinary growth to create jobs and new innovations.
- 3.5 From the IDB, the project is being coordinated with CTI, LMK, HUD, and EDU to ensure alignment with their sector strategies and communicate lessons learned from the project to those sectors, opening new areas of dialogue and cooperation with the government for the country and its regions. This can trigger the transfer of knowledge and consulting missions by COMFAMA and the IDB to replicate the process in other regions of Latin America and the Caribbean. COMFAMA will also replicate the project in two subregions of Antioquia within its area of influence.
- 3.6 There is also the possibility that the project will become a local government program to create the legal and public-policy conditions to ensure the inclusion of vulnerable youth in the city's innovation and entrepreneurship ecosystem. It could also be scaled nationally through working arrangements with the ministries of Commerce, Industry and Tourism; Culture; and Information and Communication Technologies, particularly the new orange economy unit; and with the Senior Presidential Advisor for the Digital Transformation, to become a national program involving entities such as iNNpulsa and Colombia Joven. The project is also scalable by virtue of its platform structure that can expand in Antioquia through COMFAMA's 96,000 members and the IDB Group's international network in Latin America and the Caribbean.
- 3.7 **Paths to scale.** As influential actors in the country and region, the *IDB and COMFAMA* have the capacity to leverage other phases of implementation and transfer methodologies through consulting missions to different governments in Colombia and throughout Latin America and the Caribbean.

²⁷ <https://www.dnp.gov.co/Plan-Nacional-de-Desarrollo/Paginas/Bases-del-Plan-Nacional-de-Desarrollo-2018-2022.aspx>.

- 3.8 *Public actors* can be partners in replicating the project elsewhere in the region and making it a government program.
- 3.9 *The technology, innovation, and entrepreneurial sectors* can incorporate the business ventures generated by the project into their organizations and provide structural support for future phases of implementation, which will enable young people to develop the job skills required for the sector.
- 3.10 *The business community and institutions, such as chambers of commerce, unions, and other organizations* interested in intrapreneurship can adapt their businesses to the needs of new trends in the global economy, are beginning to generate demand for young people with extraordinary entrepreneurial capacities to develop new processes within their organizations.

C. Project risks

- 3.11 High school administrators where the BP10 assessment is given could oppose the project or decline to cooperate. This risk will be mitigated by enlisting Gallup's experience and support in the project and inviting the active participation of education secretariats of the different Valle de Aburrá municipios.
- 3.12 The extraordinarily talented youth who were identified and receive assistance and mentoring from the project could seek development opportunities outside Medellín and emigrate to other cities or countries for lack of opportunities to pursue one of the project's proposed paths to success. This risk is mitigated through the support of international entities specializing in entrepreneurship and the future of work, and the inclusion of entities in Medellín offering relevant, pertinent spaces to develop entrepreneurial talent for the city's future.
- 3.13 Some of the young people who begin the process could lose interest and abandon it. This is mitigated through personalized, ongoing attention from project mentors; complementary training in soft skills such as communication, creativity, conflict resolution, and leadership; the identification of new areas of interest to keep youth engaged in the program tracks, or by having interactions with entrepreneurs or business owners the young women and men admire; and the implementation of a cultural agenda designed by COMFAMA to deepen connections between the youth.
- 3.14 The program tracks may not be suited to the young people's needs. Ongoing monitoring of the project is crucial to determine whether the components of each track are relevant and any aspects that are not must be modified.
- 3.15 The risk that the project is not sustainable is a key concern for the donors. To address this, an entire project component is dedicated to evaluating its relevance and designing paths to scale to ensure the project is sustainable over time and in other places.

IV. INSTRUMENT AND PROPOSED BUDGET

- 4.1 The project budget is US\$2 million. Of that amount, IDB Lab will contribute 50% and COMFAMA the other 50%. The COMFAMA resources will be used primarily for the design of the program tracks, the young people's participation in those tracks, support for new business ventures and intrapreneurship, and project

sustainability and scale-up in Medellín and the Department of Antioquia. The contribution from IDB Lab is expected to fund international technical assistance for the program, a portion of the cost of administering the BP10 assessment and the platform, consultants for training in creative industries and disruptive technologies, and the exploration of other attractive options for the young entrepreneurs, either in spaces created in the city for other sectors with growth potential or through entities such as universities offering innovative programs to strengthen the young people's skills. Both sources will be used for lessons learned and for synthesizing and disseminating results and will be scalable.

- 4.2 Retroactive recognition of the counterpart contribution. Counterpart funds up to US\$150,000 may be recognized for expenses incurred on or after 18 January 2019, the project eligibility date.

Project budget in US\$		IDB Lab	Counter-part	TOTAL
	Component I: Identifying extraordinary talent	400,000	109,775	509,775
	Component II: Connecting talent with the orange economy and new technology ecosystem	311,828	662,532	974,360
	Component III: Evaluating, disseminating lessons learned, and scaling up	259,473	195,805	455,278
	Component IV: Coordination and evaluation	28,699	31,888	60,587
		1,000,000	1,000,000	2,000,000

V. EXECUTING AGENCY AND IMPLEMENTATION STRUCTURE

A. Description of project executing agency

- 5.1 The Caja de Compensación Familiar (COMFAMA) is a private social-interest entity created 65 years ago that serves over 3 million families in the Department of Antioquia. It has over 96,000 member companies with extensive experience and partnerships in areas relevant to the project, such as education, culture, health, recreation, housing, employability and entrepreneurship, and credit.
- 5.2 In **education**, COMFAMA intervenes in all educational cycles, from early childhood education to higher education. It assists more than **360,000 students and 400 educational institutions** each year, generating significant learning experiences through its Inspiración COMFAMA program. In continuing education, it creates spaces for life-long learning and enrolls **300,000 students** each year in its sustainability, entrepreneurship, health, knowledge, languages, and arts schools. In technical education, it operates the largest funds in Antioquia with the Sapiencia scholarship fund, which has **32,000** beneficiaries and its own scholarship fund with **1,600** beneficiaries. And its Formando Talentos and Estado Joven programs, which prepare young people for the new job market in Antioquia, assisting over 12,000 beneficiaries.
- 5.3 In the area of entrepreneurship in the orange economy, COMFAMA has prioritized strengthening creative and cultural industries through initiatives such as #ELPAUER (a platform for cultural and creative business ventures); Bodega COMFAMA, an office that specializes in learning experiences in Medellín's creative and cultural industries and is the country's first orange employment agency,

located in the future Distrito Creativo del Perpetuo Socorro. In this area, COMFAMA has also been cooperating with Yamaha Music and its music schools where the BP10 assessment is given, working with them to identify and support young people with music skills and entrepreneurial talent to connect them with Medellín's entrepreneurial ecosystem.

- 5.4 As project executing agency, COMFAMA will also connect the project's business ventures with its financial and innovation services, its 70 member businesses, and other businesses and entities in Medellín for entrepreneurial strengthening. COMFAMA has grown more innovative and has become a key actor in the local entrepreneurial ecosystem. No other private institution in Medellín has the capacity COMFAMA now possesses to simultaneously mobilize educational, entrepreneurship, and innovation ecosystems. It is therefore the ideal partner for this project. COMFAMA and the IDB have previously partnered on other high-impact projects for Antioquia, including: (i) My Home with Remittances: nonreimbursable technical cooperation operation to finance the contracting of consulting services and procurement of goods for the program on the role of remittances in developing the housing market for low-income persons, implemented (Bancolombia, IDB Lab, and COMFAMA); (ii) Youth with Enterprise: promotion of entrepreneurship among Colombian youth (Fundación Corona, IDB, and COMFAMA); and (iii) Social Innovation Platform (SIP): support for the creation of an SIP in Medellín to connect businesses with effective trends in social innovation and base-of-pyramid businesses through the transfer of methodologies applied to the agriculture sector.

B. Implementation mechanism and structure

- 5.5 COMFAMA will create a project execution unit (PEU) and the structure required to execute the project activities and manage resources, the organizational diagram of which is available in the project technical files. COMFAMA will also be responsible for submitting semiannual progress reports on project implementation. The details of the PEU structure and required content of progress reports are available in the technical files for the operation.
- 5.6 The project will also create a project steering committee chaired by the COMFAMA managers in charge of education and employment and entrepreneurship; other experts may be invited to join the committee as appropriate. The committee will meet at least semiannually to evaluate the project outcome indicators and decide matters relating to the model's sustainability and partnerships to be established. The creation of the steering committee will be a condition precedent to the first disbursement.

VI. ACHIEVEMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 6.1 **Results-based disbursements and fiduciary arrangements.** The executing agency will commit to the standard IDB Lab arrangements with respect to results-based disbursements, procurement, and financial management specified in the technical file. Project disbursements will be contingent on verification of the achievement of milestones according to the means of verification agreed between the PEU and IDB Lab. Achievement of the milestones will not release the

executing agency from responsibility to achieve the logical framework indicators and the project objectives.

- 6.2 Under the risk- and performance-based approach to project management, the disbursement amounts will be determined in accordance with project liquidity requirements estimated for a maximum of six months. Those requirements will be agreed between IDB Lab and the executing agency and will reflect the activities and costs programmed in the annual planning exercise. The first disbursement will be contingent on fulfillment of the conditions precedent, and subsequent disbursements will be made subject to the following two conditions: (i) verification by IDB Lab that the milestones have been achieved as agreed in the annual planning, and (ii) the executing agency has substantiated the use of at least 80% of the cumulative funds advanced.
- 6.3 **Procurement.** The executing agency will procure goods and contract services in accordance with applicable Bank policies (documents GN-2349-9 and GN-2350-9), based on market practices for the private or commercial sector acceptable to the Bank.
- 6.4 **Gallup.** Under Component I, COMFAMA will hire Gallup to execute the activities of Component I: Identifying entrepreneurial talent. The Gallup BP10 tool is the only survey-based assessment of entrepreneurial skills available in digital form that has been scientifically validated.²⁸ Three versions have been developed after an initial pilot to develop the first version. It was administered to and evaluated with high school students in Omaha, Nebraska. After adjustments, the third version was produced and tested in high schools in Mexico City. Validity testing confirmed the strong relationship between high scores on the assessment and entrepreneurial talent. With a data analysis unit (Gallup data analytics), this project will continue to increase the available evidence on the tool. It is important to note that lessons learned have been incorporated into the project regarding how to work with the schools, training mentors, providing feedback to students, and supporting talented young people in determining their interests and continuing to explore areas for entrepreneurship and intrapreneurship. Moreover, it can be used not only to identify individuals with extraordinary entrepreneurial talent but also to develop their skills over time. Gallup is the only provider that certifies courses in products like the BP10. It will provide advisory services to the project in view of the importance of building local capacity to subsequently implement the project autonomously, which will ensure sustainability over time. Gallup's particular capacity to support the project is based on having administered the BP10 directly to more than 15,000 students in different locations in a three-month period. Gallup also has close to 1 million completed BP10 assessments, offering the project an extensive database for use in a broad range of comparisons and analyses of the sample to be conducted in Medellín, which would not be possible without Gallup's advisory services. Furthermore, Gallup has developed more than 1,000 hours of courses on the BP10 for students ages 14 to 24, representing a valuable source of educational and training content for the activities described in the project. Lastly, Gallup has trained more than 7,000 persons as BP10 advisors, and the

²⁸ Builder Profile 10 TM, Methodology Report, Sangeeta Bharadwaj Badal, Ph.D., and Joseph H. Streur, Ph.D. 2014.

certification course is recognized by leading coaching entities. Accordingly, the coaches trained in Medellín will be recognized internationally.²⁹

VII. INTELLECTUAL PROPERTY

- 7.1 **Intellectual property.** The Bank will retain ownership of intellectual property rights for the products and studies produced in the context of the project³⁰ and will grant COMFAMA a non-exclusive license, at no cost, for non-commercial use in Colombia and the region. This will ensure maximum dissemination of project lessons in Colombia and in Latin America and the Caribbean.

²⁹ In addition to the online application, experience, and knowledge, Gallup is offering its products and services at below-market prices for the project. Each online assessment, which is priced at US\$20, will be offered at US\$16; advisory and data analysis services will be discounted by US\$58,000; and training of BP10 coaches, which generally costs US\$2,900 per participant, will be offered at US\$1,400 in the context of the project. The coaching certification will be discounted by US\$37,500, and access to data analyses, coaches' reports, and the BP10 portal will be free of charge.

³⁰ Builder Profile 10 is a Gallup brand and, therefore, the tool's intellectual property per se resides with the company.