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MULTILATERAL INVESTMENT FUND

**BOLIVIA**

**HIGHER EDUCATION FOR RURAL YOUTH ENTREPRENEURSHIP**

**(BO-M1070)**

**DONORS MEMORANDUM**

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**PROJECT SUMMARY  
HIGHER EDUCATION FOR RURAL YOUTH ENTREPRENEURSHIP  
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**ABBREVIATIONS**

<b>DNA</b>	<a href="#"><u>Executing Agency Diagnostic Needs Assessment</u></a>
<b>INE</b>	National Statistics Institute
<b>UAC-CP</b>	Unidad Académica Campesina de Carmen Pampa [Campesino Academic Unit at Carmen Pampa]
<b>UCB</b>	Universidad Católica Boliviana
<b>UPS</b>	Unidades productivas y/o de servicios [UAC-CP's production or services businesses]

## EXECUTIVE SUMMARY

<b>Country and geographic location:</b>	The project will be executed in the Plurinational State of Bolivia and the intervention area will be the Los Yungas region of La Paz		
<b>Executing agency:</b>	Unidad Académica Campesina of Carmen Pampa [Campesino Academic Unit at Carmen Pampa] (UAC-CP)		
<b>Coordination with other donors/Bank operations:</b>	<p>The current partnerships between UAC-CP and two development finance institutions (MIF partners) will be expanded to finance youth business ventures that arise: (i) Diaconía-FRIF, which is currently executing BO-X1011 (EcoMicro); and (ii) Fundación Sembrar Sartawi, which is currently executing BO-X1014 (EcoMicro).</p> <p>The objective of the current Diaconía-FRIF agreement is for UAC-CP students to provide technical assistance to their rural clients on measures to adapt to climate change. Fundación Sembrar Sartawi currently finances scholarships for UAC-CP students.</p>		
<b>Direct beneficiaries:</b>	<ul style="list-style-type: none"> <li>- <b>900 young people (at least 50% women)</b>, aged 16 to 29, mainly from the rural communities of Los Yungas, La Paz<sup>1</sup> will receive training on business management and entrepreneurship. Of these, 45% are currently studying degree programs at UAC-CP and 55% have either graduated in previous years or are not affiliated with UAC-CP.</li> <li>- <b>Of the 900 young people, 500 (at least 50% women)</b>, aged 16 to 19, mainly from the rural communities of Los Yungas, La Paz, will start a business or strengthen an existing business. Four hundred of these businesses will be sustained for one year or more after being launched.</li> <li>- <b>1 rural university</b>, located in the Carmen Pampa community of the Los Yungas region, department of La Paz, which currently has 700 students across five degree programs: agronomy, veterinary medicine, rural tourism, education, and nursing. It will have an education model focused on rural entrepreneurship.</li> </ul>		
<b>Indirect beneficiaries:</b>	<ul style="list-style-type: none"> <li>- <b>3,600 indirect beneficiaries</b>, four family members per direct beneficiary.</li> <li>- <b>200 general jobs</b> through the businesses sustained for one year after being launched, not including the entrepreneur (one part-time job is estimated for each business: <math>400 \times 0.5 = 200</math>).</li> </ul>		
<b>Financing:</b>	Technical cooperation funding:	US\$750,000	44%
	Total MIF contribution:	<b>US\$750,000</b>	
	Counterpart:	US\$950,000	56%
	Cofinancing: (if applicable)	-	
	<b>Total project budget:</b>	<b>US\$1,700,000</b>	<b>100%</b>
<b>Execution and disbursement period:</b>	36 months for execution and 42 months for disbursement.		
<b>Special contractual clauses:</b>	The following will be conditions precedent to the first disbursement: (i) approval of the Operating Regulations and (ii) contracting of the project coordinator.		

<sup>1</sup> A region of subtropical valleys (from 350 to 1,700 meters above sea level) renowned for its production and tourism, strategically located less than 100 kilometers from the city of La Paz.

**Environmental and  
Social Impact Review**

This operation was evaluated and classified in accordance with the requirements of the IDB's Environment and Safeguards Compliance Policy (Operational Policy OP-703). As the risks and impacts are limited, this project is proposed as a Category C operation.

**Unit responsible for  
disbursements:**

MIF/CBO

## I. BACKGROUND AND RATIONALE

### A. Background

- 1.1 In recent years, Bolivia has made considerable gains on social development indicators: between 2005 and 2012, extreme poverty fell at the national level from 38.2% to 21.6%, and between 2001 and 2011, the average years of education of the population aged 19 or over increased from 7.43 to 9.13. However, there are still pronounced gaps between geographic areas: extreme poverty in urban areas is 12.2%, while in rural areas, it is 40.9%, and average years of education are 10.72 and 5.46 in urban areas and rural areas, respectively.<sup>2</sup> These figures show that rural dwellers, 32.7% of the Bolivian population, face disadvantages relative to the urban population.
- 1.2 There are also significant differences in terms of income-generating opportunities and employment characteristics. In cities, there are numerous sectors as well as the possibility of self-employment or work as a salaried employee.<sup>3</sup> However, in rural areas, 72% of the population works in agriculture and 6% in commerce; 70% is self-employed.
- 1.3 The current structure of the agricultural GDP,<sup>4</sup> almost half of which stems from nonindustrial agricultural products, presents an opportunity for the boost to the sector to benefit not only the large producers, but also the small and medium-sized producers<sup>5</sup>—including young people. In this regard, boosting the agriculture sector and strengthening the entrepreneurial and business capacities of young people in rural areas has great potential to improve their living conditions and contribute to poverty reduction. According to the IDB, the growth generated by agricultural GDP in Latin America could be up to four times more effective in reducing poverty than the growth generated by other sectors, because of the high percentage of the population that still has ties to the land.<sup>6</sup>
- 1.4 Providing education in rural areas is a key element. Efforts should continue to provide education that is relevant to the social, economic, productive and cultural

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<sup>2</sup> Data on extreme poverty from the Ministry of Economy and Finance (2014), *Economía Plural*, February 2014. Data on years of schooling extracted from the National Statistics Institute (INE) (2012), *Statistical Yearbook 2012*.

<sup>3</sup> The main economic activities are commerce (25%), manufacturing (13%), and construction (10.9%); 41% of the urban population is self employed and 50% are salaried employees (2012 census).

<sup>4</sup> In order of importance: nonindustrial agricultural products, 47.8%; livestock products, 20.8%; industrial agricultural products, 18.1%; forestry, hunting, and fishing, 8.9%; and others, 4.4%. INE statistics for 2013.

<sup>5</sup> In 2013, agricultural GDP reached US\$3 billion. At the “Sembrando Bolivia” agriculture summit in April 2015, the Bolivian government announced plans to triple agricultural GDP by 2020, in line with the Patriotic Agenda 2025 [http://www.la-razon.com/economia/Cumbre-gobierno-plantea-triplicar-PIB-agropecuario\\_0\\_2257574233.html](http://www.la-razon.com/economia/Cumbre-gobierno-plantea-triplicar-PIB-agropecuario_0_2257574233.html). In addition, the National Development Plan 2016-2020, Pillar 6: “Production Sovereignty with Diversification” expects to “strengthen the production potential and capacities of the country’s private producers and organizations, cooperatives, partnerships, and productive communities by providing technical assistance, training, inputs, and services needed for production and processing.”

<sup>6</sup> IDB (2014), *The Next Global Breadbasket: How Latin America can Feed the World*.

context, especially for higher education.<sup>7, 8</sup> The World Development Report 2008 highlights that entrepreneurs in the agriculture sector require skills and competencies to compete in increasingly demanding markets and that although knowledge of advanced agricultural techniques remains essential,<sup>9</sup> these entrepreneurs must better understand the business of their operations. That is, the young people in rural areas should have both the technical capacities and soft skills needed to be able to run businesses and sustainable ventures, beyond subsistence farming, in order to have stronger livelihoods with better opportunities in their communities of origin.<sup>10</sup> However, the current education offering is limited and does not focus on the practical development of students' rural entrepreneurship capacities, nor do they receive support in their ventures after completing their studies.

- 1.5 **The potential of Los Yungas in the department of La Paz, the Unidad Académica Campesina de Carmen Pampa [Campesino Academic Unit at Carmen Pampa] (UAC-CP), and the young people.** The Los Yungas region in La Paz (subtropical valleys at between 350 and 1,700 meters above sea level) is known for its production and tourism,<sup>11</sup> and is strategically located less than 100 kilometers from the city of La Paz. Its production of citrus fruits, bananas, vegetables, coffee, cocoa, chickens, and pigs supplies the La Paz metropolitan area<sup>12</sup> and other Bolivian cities. It also includes tourist towns such as Coroico (in Nor Yungas) and Chulumani (in Sud Yungas), which are visited by Bolivian tourists, especially from La Paz. The productive ecosystem is comprised essentially of cooperatives, partnerships, and communities of small and medium-sized producers (although there are large producers in sectors such as coffee). The tourism sector has an array of actors that vary in terms of size and activity (hotels, restaurants, etc.). The most recent business ventures are service-oriented, such as adventure tourism (mountain biking along the "death road,"<sup>13</sup> camping, zip lining, rafting, etc.).

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<sup>7</sup> Of the rural population between 25 and 34 years of age, 12.4% has completed some form of higher education at a technical or university level, while in cities, this percentage rises to 39.7% (2012 census). In rural areas, on average, men complete primary education and women do not (INE, 2012).

<sup>8</sup> Focus G: Education and Skills for Rural Development from the World Development Report 2008: Agriculture for Development. World Development Report 30. Washington, D.C.: World Bank Group. The report suggests revitalizing agricultural education by updating the curriculum, transforming the teaching practices of instructors, and increasing the number of post-secondary school graduates.

<sup>9</sup> Bolivia is one of the countries with the lowest levels of productivity in the region. Agricultural yield in grain production is 57% of the South American average and is 39% for tubers (FAOSTAT 2012).

<sup>10</sup> These economic initiatives may or may not be linked to agricultural activities. According to the ILO's Rural Policy Brief (2011) "Skills for Rural Development," although agriculture continues to be a main source of livelihood in rural areas, the percentage of income of rural households that comes from nonagricultural activities is growing; one in four rural workers holds full-time employment in a nonagricultural activity.

<sup>11</sup> [http://www.la-razon.com/economia/Municipio-proyectan-Coroico-abastecera-alimentos-a-Paz\\_0\\_2276172473.html](http://www.la-razon.com/economia/Municipio-proyectan-Coroico-abastecera-alimentos-a-Paz_0_2276172473.html).

<sup>12</sup> Including the cities of La Paz, El Alto, and the municipios of Laja, Achocalla, Mecapaca, and Palca.

<sup>13</sup> The old road to Los Yungas is known internationally as the "Death Road" (<http://www.dailymail.co.uk/travel/article-2729754/A-15-000ft-descent-sheer-drops-300-deaths-year-Welcome-Bolivia-s-Death-Road-terrifying-route-tourists-love-cycle.html>) because of its narrowness and steep drops. The road is currently used for mountain biking or national and international foot races, such as the Sky Race.

- 1.6 Los Yungas has a population of 337,797,<sup>14</sup> 28.7% of which is between 15 and 29 years of age. The majority of families are not originally from the area; they are Aymara and Quechua migrants from the highlands who were part of the colonization of the region.<sup>15</sup> According to the 2012 census, only 11.5% of the population between 25 and 40 had completed some form of higher education. Although it is not possible to determine the exact proportion, a large portion of that population received its higher education at UAC-CP.
- 1.7 UAC-CP is a nonprofit rural university that is financially independent, with academic support from the Universidad Católica Boliviana (UCB). Its objective is to enable students to generate processes of social and economic change in their communities. Since its establishment in 1993, in most cases, UAC-CP has been the sole higher education option for young people in the rural Los Yungas region who are poor and marginalized. It offers degree programs in agriculture, veterinary medicine, rural community tourism, education, and nursing, on a rural 80-hectare campus. The students live on campus, which mitigates the effect that rural dispersion could have on the young people's access to higher education. UAC-CP currently has close to 700 students from rural and, in some cases, urban Bolivia. Fifty-three percent of these students are women, and 47% are men. Approximately 77% of students self-identify as indigenous peoples: 46% with the Aymara people, 11% with the Quechua people, 12% with the Chiquitano people, and 8% with the Leco, Guaraní, and Trinitario peoples. In addition, 2% recognize their Afro-Bolivian roots.<sup>16</sup> The scholarships<sup>17</sup> awarded by UAC-CP to all its students, as well as the boarding accommodation and food services, enable these young people to access higher education. In the absence of such conditions, these people would be unable to receive this education.
- 1.8 UAC-CP is a prestigious institution, especially for its agronomy and veterinary medicine degree programs, due to its significantly superior practical approach as compared to all other institutions offering the same degrees, both in rural areas and the city. There are several cases of young people who start these degree programs at universities in the city of La Paz and then transfer to UAC-CP in search of a more complete practical curriculum better suited to the rural reality.<sup>18</sup>

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<sup>14</sup> This population includes the provinces of Bautista Saavedra, Franz Tamayo, Iturrealde, Larecaja, Caranavi, Nor Yungas, and Sud Yungas, which are the main coverage areas of the Campesino Academic Unit at Carmen Pampa. Estimates based on the 2012 census.

<sup>15</sup> Following the national revolution (1952) and the agricultural reform (1953) whereby indigenous peoples were freed from *pongueaje* (compulsory unpaid domestic service) and awarded ownership of the land in the sixties, the government promoted the resettlement of indigenous communities from the highlands to the lowlands. The objective was to integrate the lowlands into the national economy, modernize and diversify agriculture, and offset the demographic pressure on the highlands. Von Stosch, Kristina (2014). *Indígenas y Campesinos en Alto Beni. Diferentes visiones en torno a tierra, territorio y recursos naturales*.

<sup>16</sup> Survey conducted in 2010, for the thesis "Higher Education in a Rural Bolivian Indigenous Community: The Effects of a Context-Specific Education Model on Relieving Poverty, Promoting Community Development, and Improving Sustainable Livelihoods" by Rachel Saterlee for Brandeis University, Waltham, Massachusetts.

<sup>17</sup> The scholarships are either full, covering monthly payments (US\$178) and subsidized food costs (US\$23/month) and maintenance/services (US\$30/month) or partial, covering only monthly payments. Students have free access to boarding in exchange for helping with cleaning and maintenance.

<sup>18</sup> Focus groups with young people studying agriculture and veterinary medicine degree programs at UAC-CP. Los Yungas, March 2016.



In addition, UAC-CP is a key local development actor since it is a source of human resources and general support<sup>19</sup> for the community.

- 1.9 UAC-CP receives human resources and financial support from the Carmen Pampa Fund, which was founded in 1999 and based in St. Paul, Minnesota, to promote the development and growth of UAC-CP. The Fund raises funds, disseminates information on UAC-CP in the United States, establishes partnerships with U.S. universities<sup>20</sup> to recruit university volunteers to work at UAC-CP (teaching English, among other tasks) and to allow UAC-CP's students to visit these U.S. institutions. In addition, it sits on UAC-CP's Planning and Oversight Council. Through the student exchange it promotes, this international support provides a multicultural environment with ideas and cultures from other countries.

**B. Diagnostic assessment of the problem to be addressed by the project**

- 1.10 The problem to be addressed by the project is the weakness of the youth entrepreneurship ecosystem in Los Yungas, which neither explicitly promotes nor supports entrepreneurship based on local economic activities. Therefore, this ecosystem fails to take advantage of the contribution that young people with higher education could make to the economic and social growth of their communities. The project will lay the foundation to strengthen the ecosystem. The main causes of the problem are:
- 1.11 **Limited employment and higher education opportunities for young people in rural areas.** This contributes to migration from the countryside to the cities. In addition, upon completing their higher education, young people feel obliged to return to their community to support its development; therefore, many of them study degrees in agriculture, health, and education. However, after completing their studies, the lack of job opportunities in rural areas prevents them from returning to their places of origin.<sup>21</sup>
- 1.12 **The existing supply of higher education in rural areas lacks a focus on the development of business and socioemotional capacities.** The courses often include practical training applied to the rural setting (e.g. farming and agricultural production on test plots, in the case of the agricultural degree program), but do not offer practical and theoretical tools that enhance the development of rural businesses. There is a perception among the most vulnerable rural young people, who generally come from families whose productive system has always been based on subsistence and on-farm consumption that such a lifestyle is the only livelihood available in their rural communities.<sup>22</sup> In addition, higher education does not focus on the development and enhancement of culturally-relevant socioemotional skills for entrepreneurship (related to negotiation, communication,

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<sup>19</sup> For example, UAC-CP provides equipment and coordinates volunteer groups to respond to disasters and offers technical advice to municipal government of the region when they so request.

<sup>20</sup> UAC-CP has been working more recently with: Siena College (Albany, NY), St. Catherine University (St. Paul, MN), South Dakota State University (Brookings, SD), and St. Mary's University of Minnesota (Winona, MN).

<sup>21</sup> Soliz, L. and A. Fernández (2014), *Jóvenes rurales: Una aproximación a su problemática y perspectivas en seis regiones de Bolivia*.

<sup>22</sup> Soliz, L. and A. Fernández (2014), Op. Cit.

perseverance, etc.). These soft skills would reinforce the technical capacities of the young people.

- 1.13 **The young entrepreneurs have no access to networks or market information that would facilitate the growth and consolidation of businesses.** Although there are civil society organizations in Bolivia that support young entrepreneurs, most focus their efforts on urban areas, and there is no support methodology for rural business ventures linked to competitive territorial advantages. In addition, and especially in rural areas, the ecosystem is informal and public and private actors tend to lack coordination.<sup>23</sup> If they were coordinated, it would be easier to identify business opportunities to address strategic territorial needs. For example, in the case of Los Yungas, the coordination of actors would enable the development of the region's tourism industry and production sector as well as the promotion of youth entrepreneurship in key activities for such development.
- 1.14 **Young people do not have access to financing for their business ventures.** Bolivia is a country that stands out for the progress in microfinance, yet providing rural areas with credit products to finance new ventures is a challenge. In Los Yungas there is a range of financing institutions focused on microlending (such as the development finance institutions) which offer community banking and individual lending; however, there are no methodologies focused on fostering new ventures, since the credit assessment is based on historical performance of the activity (cash flow), hindering young people's access to credit for their ventures.
- 1.15 **Given the socioeconomic conditions of students in rural areas, achieving financial sustainability is a challenge for the private education system.** UAC-CP currently covers 65% of its costs with its own revenue; roughly 35% is covered by donations<sup>24</sup>. This is because since its inception, to make its higher education affordable for the low-income rural population, the costs of studying and lodging had to be partially subsidized for all its students. However, UAC-CP has identified a gradual change as part of its student body now comes from urban areas, mainly to benefit from the practical approach of the agriculture and veterinary medicine degree programs, and these students would have the means to pay for all or part of the cost of their education.

### **C. Project beneficiaries**

- 1.16 The direct beneficiaries of the project will be 900 Bolivian young people between 18 and 29 years of age, predominantly from the rural areas of Los Yungas, La

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<sup>23</sup> Among the most important public actors are the municipal governments of Coroico and Caranavi as well as the municipal governments of other municipios in the region; national government development programs, such as the National Development Fund (FONDAL); the National Institute of Innovation in Agriculture and Forestry (INIAF), with which UAC-CP has worked on previous occasions; the Bolivian State Tourism Company (BOLTUR), the Ministry of Culture (Coroico is Bolivia's "top" tourism municipio), etc. In the private sector, the Coroico Hotel Association offers a wide variety of hotels, including ecolodges; transport associations and unions; Association of Local Tour Guides; large associations of producers of coffee, cocoa, citrus fruits, and other local products; and several large financial institutions, such as Sartawi and Diaconía-FRIF.

<sup>24</sup> The Carmen Pampa Fund covers close to 28% of UAC-CP's costs with annual contributions it makes through fund raising activities.

Paz. The project will focus on low-income young people with secondary education who, in some cases, have already started a basic level of university education. In addition, UAC-CP will be strengthened so as to offer comprehensive higher education of relevance to rural areas, based on theoretical/practical teaching and the promotion of entrepreneurship.

- 1.17 The indirect beneficiaries of the project will include 3,600 direct family members of the young people who will receive training and support to establish businesses (who will benefit from the increase in income stemming from the new businesses, where many of them may also find jobs). The project will also indirectly support the creation of 200 jobs through businesses created through the program, not counting the young entrepreneurs. This number was defined based on the expected average job creation of an entrepreneur in Bolivia of between one and five jobs over the five years following the establishment of the venture.<sup>25</sup>
- 1.18 **Gender considerations.** There is a balance between female and male students at UAC-CP (53%-47%), including degree programs that are traditionally male-dominated, such as agriculture and veterinary medicine. All the project's activities will take gender into account in a crosscutting manner: in the adjustment of curricula and programs and in the development of socioemotional skill programs. For example, the "traditional" gender roles will be addressed in the cleaning and maintenance activities at UAC-CP (cleaning is the "traditional" role of women).

#### **D. Contribution to the MIF mandate and IDB strategy**

- 1.19 The project will help to fulfill the MIF's role as an innovation laboratory for the Inter-American Development Bank Group, since it will test a new model for boosting the private sector and solving economic development problems in rural areas. The project will address poverty and vulnerability by supporting emerging businesses with capacity to grow and create economic opportunities.
- 1.20 The project will contribute to the new **MIF Strategy** in terms of **innovation** by supporting a learning opportunity to develop a higher education model focused on entrepreneurship, which, in combination with the strengthening of the rural ecosystem, will promote entrepreneurship. Another contribution (at the pilot level) of the project is linking applied academic research on agriculture to the market. The project will strengthen UAC-CP's Research Center (which to date has focused on supporting students in the development of their graduation theses) to focus on knowledge development and innovation to contribute to improving productive performance and to generate business opportunities for students. Therefore, the project will offer an opportunity to link research to the market in rural areas, which could underpin subsequent MIF initiatives in Bolivia (with and in the region).
- 1.21 It will also contribute to closing the knowledge gaps in relation to the MIF's work on entrepreneurship (through the Youth Entrepreneurship Program, among others), which can be grouped into the following categories: (i) key factors for rural entrepreneurship: what are the most effective soft skills for the competitiveness of rural ventures?, what characteristics should an education

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<sup>25</sup> GEM 2014. This information corresponds to the urban area; it is expected that there will be fewer jobs in rural areas.

model have to promote rural entrepreneurship?, what profile or main characteristics should a rural entrepreneur have (analyze whether the characteristics or skills are different from those required in urban areas?; and (ii) the role of an academic institution in creating an ecosystem that promotes rural entrepreneurship: how effective is its contribution to creating an ecosystem for entrepreneurship?, what factors influence the creation of spaces for dialogue and the coordination of actions to promote rural entrepreneurship?

- 1.22 **Collaboration with the IDB Group.** The IDB Country Strategy with Bolivia (2016-2020) establishes three priority areas to support medium- and long-term development efforts in Bolivia. The project is aligned with two of these areas: (i) closing social gaps, as the project will contribute to reducing poverty levels among young people in rural areas; and (ii) increasing productivity and diversification in the economy, through education focused on entrepreneurship that young people will receive and the support for the development of the production and tourism potential of the Los Yungas region of La Paz.

## **II. PROJECT OBJECTIVES AND COMPONENTS**

### **A. Objectives**

- 2.1 The project's impact will be to improve the economic situation of young people in rural areas by developing the foundation for an ecosystem of sustainable rural youth entrepreneurship in the Los Yungas region, with ties to local, regional, and national markets. The outcome will be the creation of sustainable and innovative rural youth ventures with growth potential.

### **B. Description of the model**

- 2.2 The proposed education model will be based on UAC-CP's current educational model, adapting it to include a crosscutting business and entrepreneurship focus across all stages so as to be in line with market needs and the potential of youth ventures that may arise in each degree program. In addition, work will be done to strengthen the business management of the production and services businesses (UPS)<sup>26</sup> where the students learn through practical exercises, as they are an opportunity to contribute to the financial sustainability of the university through the sale of its products and services.<sup>27</sup>
- 2.3 The project will focus on young people in the last two years of their studies, as well as other young people in the region who are not enrolled at UAC-CP (UAC-CP alumni, young people in the last year of secondary school, and young people who are not enrolled in higher education or who are working), providing them business training and helping them to identify, create, and consolidate rural business ventures.

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<sup>26</sup> See paragraph 2.9 for more details.

<sup>27</sup> Given the high cost of studying (mainly) for low-income youth, the project will help to reduce study time and increase the quality and relevance of the education. The curriculum and program review will reduce the duration of the pre-university modules and degree programs (from 10 to 8 semesters, including thesis defense). The degree programs offered at the Universidad Católica Boliviana (UCB) in urban areas have an average duration of eight semesters, with no boarding.

- 2.4 **Key elements:** The role of UAC-CP as a catalyst of local economic development and the creation of the Rural Entrepreneurship School, under the authority of UAC-CP's academic management.
1. The project will strengthen UAC-CP's role around an approach that promotes entrepreneurship. For example, UAC-CP is partnered with financial institutions with an interest in hiring UAC-CP graduates as loan officers or for other activities<sup>28</sup>. These relationships could be extended so as to obtain financing for youth ventures. In addition, given its influence in the area, it could coordinate the relevant public and private actors in order to collectively improve the tourism offering of the municipio of Coroico. This approach could help to identify improvement opportunities to be addressed by youth entrepreneurial ventures.
  2. The Rural Entrepreneurship School will allow UAC-CP to link its production and services education to market and business logic, enabling its students to acquire capacities and build key skills for their development after graduating from the university. UAC-CP will also be able to specialize in a business approach for rural areas that is relevant for the local development of its area of action and fulfillment of its mission. In addition, it will enable UAC-CP to offer an education alternative to young people who are not studying at the university, since they would be able to access the business management and entrepreneurship programs as separate modules.
- 2.5 The model will have the following stages (a graph is included at the end of the description):
- 2.6 **Call for and selection of students.** It will seek to optimize the correspondence between student capacities, aptitudes, and interests and the available degree programs, with a view to reducing student dropout rates (currently 30%) and to start the course with a more homogenous academic level to improve educational quality.<sup>29</sup> It will consider three criteria: (i) the passing of an academic admissions exam; (ii) the assessment of students' skills and interests relative to the degree program they wish to study; and (iii) the socioeconomic situation to assess the need for scholarships.
- 2.7 **In-classroom technical training.** Over eight semesters, the students will receive theoretical/technical training in the following degree programs: agriculture, veterinary medicine, rural tourism, education, and nursing. The curricula and programs for each degree program will be reviewed and updated to include business management in the most relevant subject areas in a crosscutting and progressive manner.

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<sup>28</sup> The development finance institution Sembrar Sartawi provides resources to finance the studies of a number of students. This institution currently is executing a MIF EcoMicro project (BO-X1014) and has expressed an interest in expanding its collaboration with UAC-CP to take advantage of both projects. UAC-CP also has a partnership with Diaconía-FRIF in the framework of another EcoMicro project (BO-X1011), where the students will be trained to provide technical assistance on adaptation measures for its clients.

<sup>29</sup> According to UAC-CP's experience, when students do not have homogenous or sufficient skills and education levels, the academic standard of the course may fall, to the detriment of those students that do possess the required level. The students that pass the entrance exam and need to strengthen their skills will be able to participate in a free pre-university program that is either partially or totally subsidized.

- 2.8 **Practical technical training.** Throughout the eight semesters, students will learn the following in a practical and gradual manner at UAC-CP's UPS: pig and chicken rearing, sausage production, ecological gardens, and restaurant/lodging. The first four semesters will be focused on studying the **production** side of the business; that is, how to produce and how to serve clients. From the fifth semester onwards, learning will focus on the **management** of the businesses. The UPS will be the responsibility of instructors who are heads of the units, who will supervise the students' work and ensure their sustainability on the basis of production and/or service delivery.
- 2.9 **Strengthening soft skills.** Crosscutting work will be done, with a focus on: (i) practical technical training, promoting business management and entrepreneurship skills such as responsibility and leadership; and (ii) the community work done by students at UAC-CP to maintain the facilities (such as cutting the campus grass) to promote intercultural appreciation<sup>30</sup> and commitment. To generate an environment that is conducive to the continual strengthening of these skills, work will also be done on the socioemotional skills of the teaching and administrative staff of UAC-CP.
- 2.10 **Business management training.** From the fifth semester onwards, the students will study business management modules, covering market analysis, accounting, and marketing (some of which will be mandatory, others elective, depending on the degree program). These modules will complement their work at the UPS and will be taught by specialized instructors from the Entrepreneurship School.<sup>31</sup> The modules will also be available as a specialization (certificate program) for former graduates of UAC-CP or young people in the region interested in specializing in business management without having to study a degree program at UAC-CP.
- 2.11 **Research training applied to the creation of rural businesses.** Currently, students are conducting applied research projects from the fifth semester onwards, under the guidance of the Research Center. In most cases, these projects develop into graduation theses. The model proposes reinforcing the Center's work and, when necessary, linking research projects to the market. This will enable a portion of these research activities to become business opportunities, helping to complete UAC-CP's business management approach. There are examples of successful projects that became businesses, as well as some missed opportunities.<sup>32</sup>
- 2.12 **Entrepreneurship training and development and consolidation support.** From the seventh semester onwards, students interested in starting businesses

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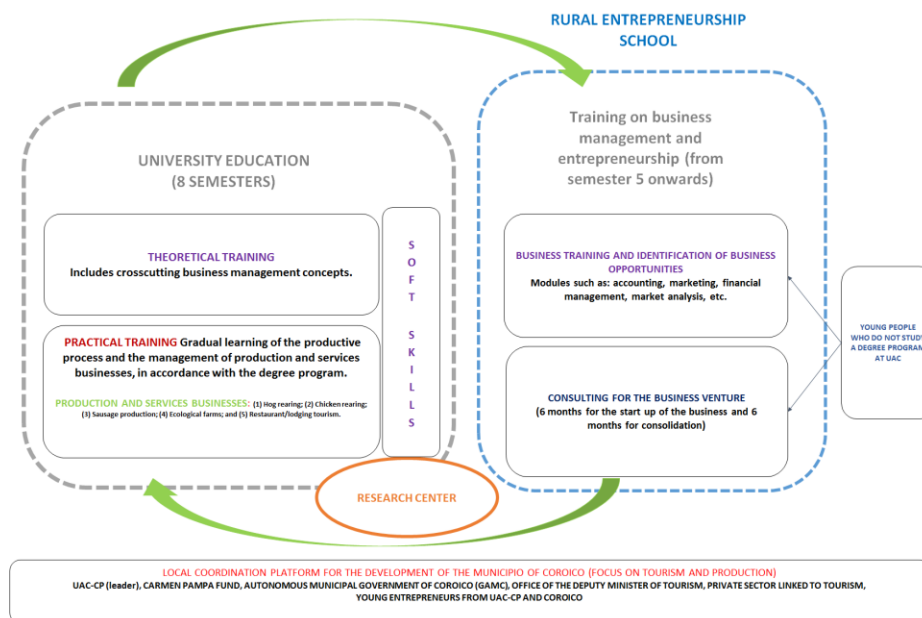
<sup>30</sup> The intercultural value is relevant at UAC-CP, where diversity coexists (ages, cultures, rural/urban, and foreign—through international internships promoted by the Carmen Pampa Fund).

<sup>31</sup> See paragraph 2.4.2. The School will: (i) support the monitoring of the crosscutting focus on business management and entrepreneurship throughout the education process; (ii) support the unit heads of the UPS in the management of these activities; (iii) train students on business management and entrepreneurship; and (iv) support the young people interested in developing and consolidating business ventures.

<sup>32</sup> In 2015, a group of students discovered a more effective way to rear chickens (cost-weight gain) which became a business in Caranavi and Guanay (regional municipios). Another group of students produced cheaper and more efficient compost by introducing and adapting the Californian red worm to the area, which could have become a compost business.

who also have the required skills (a selection tool will be developed) or already have a business, will have access to specific modules on entrepreneurship that will be offered by the Entrepreneurship School. The modules will focus on identifying and validating the business ideas, providing them with the tools to transform them into businesses (as startups) and subsequently consolidate them. They will also be available to young people from the area that are interested and have undergone a selection process based on their entrepreneurial skills and capacities.

- 2.13 **Support for obtaining seed capital and financing from financial institutions.** UAC-CP will strive to establish partnerships with public and private institutions in La Paz and the region so as to generate seed capital funds. The Entrepreneurship School will be responsible for designing competitions to reward the ventures with the most robust prototypes or business plans and with real growth potential. The methodology, the competition criteria, and the jury members will be determined prior to launching the first competition (relevant business owners and actors from the area are expected to participate). In addition, UAC-CP will seek to expand its current partnerships with financial institutions so as to obtain the financing needed for the business ventures by designing suitable mechanisms for the financial institutions, UAC-CP, and the young people.



## C. Components

- 2.14 To achieve the proposed objectives, the project has four components: (i) development of a higher education model for rural entrepreneurship; (ii) strengthening UAC-CP's role as a catalyst for the regional rural entrepreneurship ecosystem; (iii) training of young people under the higher education model for rural entrepreneurship; and (iv) knowledge management and strategic communication.

**Component 1: Development of a higher education model for rural entrepreneurship (MIF: US\$279,250; Counterpart: US\$43,950)**

- 2.15 This objective of this Component is to finance the inputs required to develop the higher education model for rural entrepreneurship and to lay the institutional foundation to guarantee long-term sustainability. Specifically, the Component will finance: (i) a market study focused on the potential of rural business ventures based on degree programs offered at UAC-CP; (ii) a diagnostic assessment of the stages of UAC-CP's current higher education model (call for applicants, selection, technical and practical training cycles) and improvement recommendations; (iii) a diagnostic assessment of the current preuniversity program, recommendations to improve and prepare guides for each degree program; (iv.a) revision and adaptation of in-classroom curricula and programs for the **five** degree programs offered at UAC-CP to include a focus on business management and entrepreneurship; (iv.b) development of **five** practical curricula and programs, including five business plans for each productive or service unit, as well as tools for the management thereof; (iv.c) development of a crosscutting socioemotional skills program to be included in the five degree programs, with an emphasis on community work and practical work; (iv.d) development of a rural entrepreneurship program to be taught by the Rural Entrepreneurship School (with at least 10 modules); and (iv.e) development of a methodology for creating and supporting rural entrepreneurship, leveraging the partnerships between UAC-CP and the business schools of local and foreign universities<sup>33</sup> to adopt an "nimble" methodology (lean startup) adapted to a rural setting; (v) training of 100 instructors to implement the new higher education model for rural entrepreneurship, which will be based on the training-of-trainers methodology to achieve sustainability. In addition to developing an instructor induction program on the new model, a socioemotional skills program for faculty and administrative staff will also be prepared to provide a holistic environment to strengthen the skills of the young people.
- 2.16 The project will benefit from advisory support provided by the Zamorano Pan-American Agricultural School, based in Honduras, and will also engage Bolivian experts through a partnership with the UCB to ensure the local context is taken into consideration. UAC-CP has sought a partnership with Zamorano because this regionally-renowned academic institution bases its success on a model similar to the one UAC-CP hopes to implement.<sup>34, 35</sup>

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<sup>33</sup> UAC-CP is part of the Universidad Católica Boliviana, which has a Production and Competitiveness School: <http://www.epc-ucb.edu.bo>. In addition, through the Carmen Pampa Fund, UAC-CP has partnerships with Siena College (Albany, NY); St. Catherine University (St. Paul, MN); South Dakota State University (Brookings, SD); and St. Mary's University of Minnesota (Winona, MN).

<sup>34</sup> Its "learning by doing" method combines professional training and personal life coaching and is implemented through the students' work in the university's businesses (agriculture, livestock, and processing plants) for almost half of the study time. The businesses are laboratories where students can compare and contrast classroom learning with the real world, enhancing their learning process. Each business is managed through a business plan and a budget so that the companies are run like a business for financial and educational purposes. The practical contribution of Zamorano will be key not only in the incorporation of an entrepreneurship approach but also in the preparation of an appropriate educational and business model for UAC-CP.



**Component 2: Strengthening UAC-CP's role as a catalyst for the regional rural entrepreneurship ecosystem (MIF: US\$106,750; Counterpart: US\$32,050)**

- 2.17 The model leverages UAC-CP's role as a catalyst in the region, and enhances it so as to lay the foundation to create a regional ecosystem that promotes youth entrepreneurship. This implies that UAC-CP will be adapted to the new higher education model that it will deliver. The Component will finance: (i) the adaptation of UAC-CP's institutional management to the new education model, developing a diagnostic assessment and a proposal for institutional, academic, administrative, and financial upgrading in line with the university's capacity, as well as tools to improve its management, including the adaptation of the student information and monitoring system provided by UCB to UAC-CP; (ii) implementation of the educational management model through the training of administrative staff (30 professionals) on the new model (training of trainers), support for implementation and an internal and external communication strategy to communicate and promote the new UAC-CP model; (iii) creation and implementation of a local coordination platform for the business venture in the municipio of Coroico based on a study of market actors to guide the creation of partnerships with key market actors and the definition of an intervention strategy. This platform will focus on opening markets to new business ventures or improving existing products and services. For example, to improve the customer service of the region's tourism industry, students of rural tourism may provide advisory services to restaurants and hotels. UAC-CP will also expand its current partnerships with financial institutions in order to obtain financing for young entrepreneurs.

**Component 3: Training of young people under the higher education model for rural entrepreneurship (MIF: US\$250,619; Counterpart: US\$807,037)**

- 2.18 The Component will finance: (i) the call for young applicants, strengthening, if necessary, the current mechanisms used by UAC-CP; (ii) selection of young people, based on academic and socioeconomic criteria and their skills and interests; (iii) preuniversity program for those young people (200) needing to strengthen their basic skills to perform well academically; (iv) in-classroom technical training for five university degree programs (900 young people);<sup>36</sup> (v) practical training at UPS, according to the degree program selected (900 young people); (vi) research training through the completion of research projects as graduation theses in coordination with the Entrepreneurship School, when necessary, to link the research to the market (400 young people, agriculture and veterinary science students); (vii) training in socioemotional skills for entrepreneurship (900); (viii) training on business management for

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<sup>35</sup> In April 2016, the academic director of UAC-CP visited Zamorano to deepen his understanding of the educational model they use. Zamorano expressed willingness to collaborate with UAC-CP with advisory support during the development of an educational model tailored to the needs of UAC-CP and the Bolivian context.

<sup>36</sup> The number of students who receive in-classroom technical training at production and services businesses and on socioemotional skills has been estimated based on the current number of students at UAC-CP and the new students who will start during the project (it does not represent the number of students who will complete the degree programs, but those who will study at UAC-CP during project execution).

entrepreneurship (900); (ix) training and support to create (400) or consolidate (500) business ventures; (x) providing seed capital (using counterpart funds) for business ideas or recent ventures with growth potential (40); and (xi) providing assistance to obtain loans from financial institutions (40).

**Component 4: Knowledge management and strategic communication (MIF: US\$14,000; Counterpart: US\$3,000)**

- 2.19 This Component will support the documentation, systemization, and communication of the project's outcomes and lessons learned with the aim of disseminating a sustainable and innovative intervention methodology promoting the business ventures of low-income young people in rural areas that can be replicated and scaled. Therefore, the project will have a strategy to disseminate lessons learned and outcomes, which will be periodically updated to meet communication needs.
- 2.20 The following audiences have been identified for the communication of knowledge and exchange of good practices generated by the project:
- (i) Unidades Académicas Campesinas (UACs) of the Universidad Católica Boliviana (similar to UAC-CP), located in the Bolivian altiplano, in the municipios of Escoma, Batallas, Pucarani, and Tiahuanacu. The education and student profile of the students of these UACs are similar to those of UAC-CP.
  - (ii) Training institutes and academic centers for higher or technical education that are interested in improving their course offering to foster the development of an entrepreneurial culture in rural areas of the country with a view to consolidating businesses based on the identification of opportunities;
  - (iii) Government authorities such as the Ministry of Education at a central level, local governments in regional areas, and the department of La Paz at a local level that are interested in supporting youth entrepreneurship programs in a coordinated fashion;
  - (iv) Private sector chambers and enterprises interested in supporting youth entrepreneurship projects, creating a possibility to incorporate the youth business ventures into their networks of suppliers.
- 2.21 To meet the knowledge needs of these audiences, the following knowledge products will be developed: (i) a roadmap to visually synthesize the strategy, the main project actions and outcomes, which will be updated annually, and (ii) a document to systematize the model, describing its development and implementation and identifying the project's successes and lessons learned. In addition, workshops, face-to-face meetings, special events, and printed material will be used to reach out to the different audiences, as set forth in the project's dissemination strategy.
- D. Project governance and execution arrangements**
- 2.22 **Execution unit.** The project will be executed by UAC-CP of the UCB. Therefore, an execution unit will be established comprised of: a project coordinator and a financial and administrative assistant, who will work under the direct supervision

of the UAC-CP's academic division, and in coordination with the administrative and finance division for administrative issues.

- 2.23 **Management committee.** Under the leadership of the chairman of the UAC-CP board<sup>37</sup>, or whomever he or she delegates, the Committee will be composed of management (one member), the academic division (one member), the heads of degree programs (five members), representatives of the Carmen Pampa Fund (one member), and the student body (one member). In addition, the Committee will have two external advisers with a proven track record and relevant professional experience, who will not have a right to vote. This Committee will be responsible for institutional decisions regarding education management and the education model. Rules will be established for the functioning and decision-making process of the Committee.

#### **E. Sustainability**

- 2.24 UAC-CP is a prestigious educational institution, and its work has been acknowledged by all the relevant actors: the authorities, private sector, communities, students, etc. UAC-CP's commitment and vision in adopting a rural entrepreneurship focus not only benefits its students by providing them with additional tools to boost their income-generating opportunities upon graduating from university but is also based on the university's awareness that it would be a key **differentiating factor** relative to other education institutions in urban and rural areas. It is crucial for the sustainability of this intervention that UAC-CP's management and its strategic allies recognize this competitive advantage. To strengthen this commitment among faculty and students, the project includes awareness and training activities on the model to be adopted.
- 2.25 In addition, the project will contribute to UAC-CP's financial sustainability through institutional strengthening in terms of cost management. As a boarding university, study time will be cut and in turn per student cost will be lower, with a higher quality of education. In addition, the university has an important edge in terms of the financial support it provides to its students. All students currently receive scholarships, even though there are cases in which the students do not require such support.

#### **F. Lessons learned in designing the project by the MIF and other institutions**

- 2.26 The project will draw on lessons learned from the MIF's employment and entrepreneurship projects, which have been taken into consideration from the design phase onwards:
- 2.27 **Selection of young people.** To ensure the efficient use of resources, it is crucial to identify young people with a greater probability of continuing in the training program and developing a sustainable business venture. This concerns not only the business idea but also socioemotional skills that are key for the venture. The project has selection processes to identify young people with the necessary characteristics and demeanor.

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<sup>37</sup> UAC-CP has a board comprised of members of the Catholic Church: Bishop of Coroico (Chairman), Vicar of Coroico, and Seminary Rector. In addition, it has an academic and a financial advisory board, including members of the Universidad Católica Boliviana along with representatives of other organizations, such as the Carmen Pampa Fund, Fundación Jubileo, Cáritas, and Franciscan Sisters (founders).

- 2.28 **Socioemotional skills.** Socioemotional skills are a determining factor in creating and consolidating business ventures. In this regard, the training to be received by the young people is expected to develop and strengthen skills including leadership, negotiation, and communication.
- 2.29 **Support for entrepreneurship.** Providing direct, personalized support to the young entrepreneurs during the creation and consolidation of businesses improves the probability that the business will be successful.
- 2.30 **Coordination of actors.** The coordination of actors in the entrepreneurship ecosystem should be promoted so that those concerned (young people, the community, trainers, financial institutions, companies) are not only abreast of the entrepreneurs' needs and challenges but are also able to improve the identification of business opportunities that meet unmet market demands. Although the process to establish partnerships takes time, it is crucial for the success and sustainability of the projects.

#### **G. MIF additionality**

- 2.31 **Nonfinancial additionality.** The project will benefit from the MIF's experience with entrepreneurship issues and socioemotional competencies for employment and entrepreneurship. The project will also enable UAC-CP to access Zamorano's advisory services and education and management model, which can provide key elements to UAC-CP. In addition, although UAC-CP, with the support of the Carmen Pampa Fund, could obtain resources to move forward with some of the necessary reforms, it lacks the entrepreneurship and private sector knowhow offered by the MIF.
- 2.32 **Financial additionality.** The MIF's financial support is essential for refining and strengthening UAC-CP's rural higher education model. As a result of the MIF project with UAC-CP, other donor institutions will be more willing to contribute counterpart funds to the university, as is the case of the Carmen Pampa Fund donors, not only because of the MIF's reputation but also because of the support provided in designing and implementing a **comprehensive** project with a high impact for the university and its students.

#### **H. Project outcomes**

- 2.33 The project will establish a comprehensive higher education model for rural youth entrepreneurship that has been validated and implemented so that young beneficiaries in rural areas have the knowledge, skills, and support needed for business ventures in such areas. The indicators that will be used to measure the outcomes are: (i) the implementation of a comprehensive higher education model for rural entrepreneurship; (ii) 500 young people set up and strengthen a business; and (iii) a reduction in student dropout rates from 30% to 15%.

#### **I. Project impact**

- 2.34 The project's impact will be to improve the economic situation of young people in rural areas by creating sustainable rural business ventures in the Los Yungas region, with ties to local, regional, and national markets. In total, 420 young people will sustain a youth business venture for one year or more, generating 210 additional jobs.

## **J. Systemic impact**

- 2.35 The project will contribute to developing the foundation for an ecosystem that promotes youth entrepreneurship in Coroico, Bolivia (generating positive externality in the Los Yungas region). By leveraging UAC-CP's role as a social and economic catalyst in the region, the partnerships and coordination promoted under the project, through the platform to be created, will achieve a long-term impact. Private and public sector actors will participate in these partnerships. As there are other UACs similar to UAC-CP that are part of UCB, the project will create a suitable environment to transfer key elements of the model and lessons learned so as to adapt them to the Bolivian altiplano.

## **III. MONITORING AND EVALUATION STRATEGY**

- 3.1 **Baseline.** The baseline will be defined as the training is delivered to the young people or the institutional strengthening activities are started, prior to the implementation of the educational model. Therefore, the monitoring and evaluation system will be designed first, also establishing the strategies (and responsibilities) for gathering information on the project. The baseline will include information on: (i) the young people registered in the different stages of the educational model, with personal information, course level, family details, etc. For those who receive business management training and entrepreneurship support (from UAC-CP and others), information will be collected on their current employment status, income, access to financing, business idea, status of business idea, investment capital, reasons to start a business, etc. (ii) UAC-CP's faculty and administrative staff in terms of their technical training, their capacity to improve the socioemotional skills of the students, etc. (iii) UAC-CP's institutional status in terms of programs and curricula, management tools, UPS, financial status, etc.
- 3.2 **Monitoring.** The project will have a monitoring system based on the management system currently used by UAC-CP, provided by the UCB. The system will be used to report on the project's progress, the critical factors proactively detected, and their solution. The system will be used to perform semiannual planning activities and to program the corresponding monitoring. To complement this, focus groups will be held with relevant actors during project execution to collect qualitative data. The monitoring will be continuous and UAC-CP will submit semiannual reports to the MIF.
- 3.3 **Evaluations.** Two evaluations will be conducted, one midterm evaluation and another evaluation upon completion of the project's execution period, which will be contracted by the MIF with contribution resources. The evaluations will be based on data from the monitoring system (baseline and updates) and will be participatory, involving the project's main actors. The midterm evaluation will be conducted after 24 months of project execution or when 50% of the funds from the contribution have been disbursed, whichever occurs first. This evaluation will include: the validity of the project design and the proposed model; the activity execution mechanism, including relations between actors; the analysis of the outcomes obtained at the time of evaluation as compared to the planned outcomes at the beneficiary level; the validity of the milestones proposed during

- the design phase based on the development and characteristics of the model; and the characterization of the beneficiaries.
- 3.4 The final evaluation will be conducted at the end of the execution period, or when 85% of the funds have been disbursed. The evaluation will focus on the scope and quality of the outcomes and impacts obtained by the project, as well as on the validity and effectiveness of the proposed model. The following are some interesting questions to include in this evaluation: (i) were the proposed model and the methodology followed the most suitable?; (ii) has the project outcome and impact been achieved?; (iii) have the right resources been used in the best way possible?; (iv) is the project sustainable?; and (v) is the proposed model replicable and scalable?
- 3.5 **Closing workshop.** UAC-CP will, in a timely manner, organize a **closing workshop** in order to evaluate, together with other institutions involved, the outcomes achieved; identify additional tasks to ensure the sustainability of the actions started by the project; and identify and disseminate lessons learned and best practices.

#### IV. COST AND FINANCING

- 4.1 The project has a total cost of US\$1,700,000, of which US\$750,000 (44%) will be contributed by the MIF, and US\$950,000 (56%) by the counterpart (US\$475,000 in cash and US\$475,000 in kind). The execution period will be 36 months and the disbursement period 42 months.
- 4.2 Retroactive recognition of counterpart resources: The MIF may recognize, as part of the counterpart resources, expenditures incurred on the visit of UAC-CP's Deputy Academic Director to Zamorano Pan-American Agricultural School, based in Honduras, in April 2016, with the aim of better understanding its educational model and identifying success factors that could be adopted by UAC-CP.

	MIF (US\$)	Counterpart (US\$)	Total (US\$)
<b>Project components</b>			
Component 1: Development of a higher education model for rural entrepreneurship	279,250	43,950	323,200
Component 2: Strengthening UAC-CP's role as a catalyst for the regional rural entrepreneurship ecosystem	106,750	32,050	138,800
Component 3: Training of young people under the higher education model for rural entrepreneurship	250,619	807,037	1,057,656
Component 4: Knowledge management and strategic communication	14,000	3,000	17,000
<b>Execution and supervision</b>			
Administration	56,381	60,463	116,844
<b>Other costs</b>			
Baseline and monitoring system	15,000	-	15,000
Midterm and final evaluation and closing workshop	18,000	3,500	21,500
Ex post reviews	10,000	-	10,000

<b>Grand total</b>	<b>750,000</b>	<b>950,000</b>	<b>1,700,00</b>
<i>% of financing</i>	<i>44%</i>	<i>56%</i>	<i>100%</i>

## V. EXECUTING AGENCY

- 5.1 UAC-CP will be the executing agency. This university is located in the Carmen Pampa community in the Nor Yungas province of the department of La Paz. UAC-CP is an economically independent unit that receives administrative support from the Diocese of Coroico and academic support from the UCB. It was established as a university in 1993 to respond to the migration of young people in search of higher education. Previously, since 1962, it had functioned as a secondary school. UAC-CP has experience in project management with international cooperation agencies, and has received support from USAID, Catholic Relief Services, Cáritas, as well as international universities. As for academic standing, in 2015, the National Institute of Innovation in Agriculture and Forestry (INIAF) of the Ministry of Rural Development and Land accredited UAC-CP as a leading technology institute.<sup>38</sup>
- 5.2 The UCB has operated since 1966 under the supervision of the Bolivian Conference of Bishops. It is one of the best known universities in Bolivia and has campuses in La Paz, Cochabamba, Santa Cruz, and Tarija. The UCB will provide technical advisory support on curriculum development for UAC-CP, and subsequently approve the curricula.
- 5.3 **Procurement:** For the procurement of goods and the contracting of consulting services, the executing agency will comply with the IDB's procurement policies (documents GN-2349-9 and GN-2350-9). Since the Executing Agency Diagnostic Needs Assessment showed a high level of need/risk, the project team has determined that, as stipulated in Appendix 4 of these policies, the executing agency, a private sector entity, will use the private sector methods indicated in Annex 1 of the Operational Guidelines for Technical Cooperation Projects (document OP-639). The project will conduct an ex post procurement review on a quarterly basis. In addition, using funds from the MIF's contribution, the executing agency will contract a coordinator and an administrative assistant to support project procurement management. Prior to starting the project's procurement and contracting, the executing agency will submit the project's Procurement Plan to the MIF for approval. This plan will be updated annually and whenever there is a change in the methods and/or the goods or services to be procured.
- 5.4 **Financial management and supervision:** The executing agency will establish and be responsible for keeping proper accounting records, as well as internal control and filing systems for the project, pursuant to the IDB/MIF rules and policies on financial management. Since the Executing Agency Diagnostic Needs Assessment generated a high level of need/risk for the section on financial management, the supporting documentation for disbursements will be subject to

<sup>38</sup> <http://www.abi.bo/abi/?i=330923>.

ex post review on a quarterly basis. In addition, using funds from the MIF contribution, the executing agency will contract an administrative assistant to support the project's financial management.

- 5.5 The IDB/MIF or the executing agency will contract independent auditors to carry out the ex post reviews of procurement processes and of supporting documentation for disbursements. Ex post reviews will include an analysis of the financial statements that the executing agency will prepare semiannually as part of its financial management. The contracting cost will be financed with funds from the MIF contribution, in accordance with Bank procedures.
- 5.6 During project execution, the frequency of the ex post reviews of procurement processes and supporting documentation for disbursements—as well as the need for any additional financial reports—may be modified by the MIF based on the findings of the ex post reviews conducted by the external auditors.

## VI. PROJECT RISKS

- 6.1 **External risks.** (i) During project execution, the economic conditions of the Los Yungas region are adversely affected, reducing the opportunities to consolidate youth business ventures. Although this risk is external, the local platform that will be led by UAC-CP to promote the region's development will make it possible to anticipate contextual changes so as to adapt the support/advisory services provided by the Entrepreneurship School to the youth entrepreneurs to reduce negative impacts. (ii) UAC-CP's current students are not interested in setting up business ventures. To mitigate this risk, the change in the educational model will be implemented gradually. In addition, UAC-CP's business management and entrepreneurship modules, as well as the support for business ventures, will be open to other young people in the region who are not currently linked to the university. (iii) There is no local expertise to provide advisory support to UAC-CP on incorporating the business and entrepreneurial approach into its educational model or on adapting its institutional management to the new educational model. To mitigate this risk, in the framework of a pending agreement, UAC-CP will receive **advisory support** from the Zamorano Pan-American Agricultural School to identify key aspects to be considered when defining the curricula and programs and the institutional model. To include local expertise, professionals from the UCB will be incorporated.
- 6.2 **Institutional risks.** (i) UAC-CP's current instructors do not have the ability or interest to adopt the new educational model. To mitigate this risk, the project will finance awareness activities on the institutional and educational model, as well as training for instructors (including soft skills workshops for faculty—required to complement the new processes), and it will engage them throughout the curriculum and program design phase so as to bolster their empowerment. (ii) It will take more time than expected to form the ideal team for the Entrepreneurship School because of the professional profiles to be contracted. To mitigate this risk, the terms of reference for the professionals will be prepared in the very early stages of the project so as to start identifying potential candidates in a timely manner. The relationship with the UCB and its business school will be leveraged.



## **VII. ENVIRONMENTAL AND SOCIAL IMPACTS**

- 7.1 No secondary adverse environmental and social effects of any type are anticipated. The project will have an impact on low-income young people and their families. Therefore, the only foreseeable social effect is positive for both the young people and their families.

## **VIII. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS**

- 8.1 Results-based disbursements and fiduciary arrangements: The executing agency agrees to comply with the standard MIF arrangements concerning results-based disbursements, procurement, and financial management, as specified in the project's annexes.

## **IX. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY**

- 9.1 **Access to information:** The project's information is not confidential in nature according to the IDB's Access to Information Policy, with the exception of the publication of the strategic and marketing plans of the entities.
- 9.2 **Intellectual property:** The Bank and UAC-CP will assess, based on the Bank's legitimate interest, the possibility of replicating the initiative both in Bolivia and in other countries in the region, as well as different legal alternatives regarding ownership of the intellectual property rights and the licensing thereof, as applicable.