

PROJECT NAME: AURUS COPPER, WATER & ENERGY FUND
PROJECT NUMBER: CH-M1059

PROJECT TEAM: Susana García-Robles (ATF/MIF), Team Leader; Patricio Diaz-Lucarelli (MIF/CCH), Co-Team Leader; Zachary Levey (MIF/ABS); Michelle Friedman (DEU/MIF); Lauren Murphy (DEU/MIF); Malaika Masson (INE/ENE); and George Rogers (LEG).

I. PROJECT SUMMARY¹

Chile is one of the world’s leading actors in the copper industry, contributing about one-third of global production. The copper industry is the largest source of the foreign direct investment (FDI), exports, GDP, tax revenues and fiscal income in Chile. Beyond the extraction of copper as a raw material, Chile also has burgeoning industry for innovative applications of copper through technology-based SMEs.

The MIF seeks to partner with the Chilean National Copper Corporation (CODELCO), the International Copper Association (ICA) and CORFO to launch an innovative investment fund called the Aurus Copper, Water & Energy Fund (CuW&E). The Fund will support new innovation around the copper and mining industries by investing in the growth and consolidation of SMEs that produce and sell value-added products, services and technologies. Specifically, the Fund will target high growth SMEs that demonstrate innovative applications of copper, particularly related to the delivery of basic services and the green economy, such as electrification, energy efficiency, water efficiency and access, renewable energy, green construction, public health and aquaculture. Examples of investments include copper alloys for antimicrobial aquaculture cages, seismic protection technologies, energy storage, hospital infrastructure, medical equipment, and energy efficient air conditioning and refrigeration systems.

Engagement with the mining sector has become a growing priority for the Bank. The Fund will provide an important pilot case and knowledge input on how the Bank can engage with mining companies to promote common goals for SME and private sector development.

II. PROJECT CONTRIBUTION TO THE ACCESS FRAMEWORK

Project contribution to MIF’s mandate: the project will contribute to achieving MIF’s mission of advancing private sector development with an emphasis on developing and growing small businesses in LAC. The project will provide at least 20 highly innovative companies with access to financing and value added advice, which will increase their possibilities of growth, job creation and internationalization. In addition, the Fund expects to support companies that provide products and services related to basic services and green growth.

Project alignment with MIF agendas: the project is aligned with the MIF’s “Start-Up and Early Stage Equity Funds for High Growth Firms” and the Access to Basic Services and Green Growth agendas. Project contribution to agenda results and knowledge: the project will contribute to the following

results of the Agenda: i) number of permanent employees (disaggregated by sex);(ii) number MSMEs offering new or improved clean energy products and services offered; (iii) number of MSMEs improving the sustainable use of natural capital, (iv) clean energy produced or saved ii) amount of revenues generated by portfolio SMEs (disaggregated by sector); iii) percentage of SME exits that are successful; iv) percentage of MIF's active portfolio reporting growth in EBITDA; v) number of dynamic businesses (and number that have a woman in the team); vi) number of companies receiving equity investment from the Fund; vii) dollar amount mobilized by other investors in Fund; and viii) dollar amount invested by the private sector.

Project alignment to the MIF's equity strategy: from a knowledge perspective, the project will contribute to filling a major knowledge gap in how to engage the mining sector in good development. If successful, this Fund will help the MIF understand how to keep supporting these partnerships and how to replicate this model to other industries and countries. Additionally, through this Fund the MIF will keep enhancing its understanding of the dynamics of the VC industry in Chile, which is in the process of consolidation, and its knowledge on the challenges faced by innovative SMEs to overcome high industry entry barriers. This Fund aligns with the new ESE strategy, which includes supporting funds that invest in technologies applied to traditional sectors.

III. INFORMATION

COUNTRY:	Chile	TEHCNICAL COOPERATION: INVESTMENT: LOAN:	\$ 500,000 \$ 5,000,000 \$ 0	00 %
		TOTAL MIF FUNDING:	\$ 5,500,000	
LOCATION:	Chile	COUNTERPART:	\$ 0,000,000	00 %
EXECUTING AGENCY:	AURUS GESTION DE INVERSIONES S.A.	COFINANCING (IF AVAILABLE):	CODELCO: \$ 10,000,000 Management team: \$ 975,000 Other Investors²: \$ 84,025,000 (to be confirmed)	00 %
ACCESS AREA:	ATF ABS	TOTAL PROJECT:	\$ 100,500,000	100 %
AGENDA:	Start-Up and Early Stage Equity Funds for High Growth Firms; Access to Clean Energy; Basic Services	NUMBER OF DIRECT BENEFICIARIES:	20 innovative Small and Medium Size Enterprises	
COMPLEMENTARY BANK OPERATIONS (IF ANY):		NUMBER OF INDIRECT BENEFICIARIES:	- Between 40 and 60 entrepreneurs - 120+ new employees	

² Including the following: i) multilaterals and government agencies: CAF, and other European agencies; ii) local institutions: CORFO (iii) private investors: Pension Funds, Family Offices, Empresas Copec, Banco Penta

		QED SCORE:	7.63

IV. PROBLEM DIAGNOSIS

The Chilean economy remains highly dependent on the extraction of raw commodities, particularly copper. The copper industry is the largest source of the foreign direct investment (FDI), exports, GDP, tax revenues and fiscal income in Chile. Despite the dynamism of the Chilean private sector, Chile’s rich natural resource endowment in cooper remains a relatively non-value added export: 70 percent of Chilean copper exports are non-refined copper³, and less than 10 percent of Chilean exports have value-added⁴. Moreover, there are currently a number of challenges in the copper sector related to human capital, competitiveness, environment, energy access and water availability, climate change, hydrological resources and effective community and public engagement.

Mining in Chile faces a number of challenges, such as a shortage of power, water and qualified personal, yet exploration spending in the country continues to expand. Cost inflation in mining is expected to intensify in the near future. On the labor side, mining pays the highest salaries in the local market and faces declining labor productivity. There is scarcity in workers specialized in mining and training is not aligned with industry needs. Currently, energy is a challenge for Chile’s economic growth and the country has one of highest energy costs among the mining countries. Energy already accounts for 15% of mining costs and is expected to reach 20% due to expected higher energy costs in the future. Access to water is another issue. Copper operations are mainly located in the north of Chile, the driest area in the world. There, water is scarce and its high cost forces an increasing use of sea water in mining operations (energy is a key factor in future water availability via desalination plants). Additionally, ore grades have recorded a sustained drop over the last 10 years due to natural aging of deposits and incorporation of projects with lower grades. The challenges previously described are very significant for the mining sector in Chile and finding solutions through I nnovation and technology is a must.

Compared to other higher-income mining economies, such as Canada and Australia, Chile lags behind in the interaction between its mining companies and innovative SMEs. Small innovative companies in Chile face difficulties in overcoming high entry barriers. Demonstrating the value of their innovations and validating their business models is an expensive process that not all can afford.

Causes of the problem: Accessing long-term financing for early stage companies in Chile is a long-standing problem explained by the limited number of investors with appetite to finance high-risk ventures, and the absence of fund managers with the appropriate skills and track record in VC. Moreover, the structure of the Chilean copper mining industry presents major barriers to entry for private investment, thereby effectively excluding much of the investment community from participating in Chile’s most important industry. Capital to fund technology innovation and added value products related to this industry is scarce.

³ Source: Cochilco, Yearbook, 2012

⁴ Source: Prochile, 2012, based on Central Bank’s Data

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Classify the problem in one or more of the following categories that most apply:

<p>Market failure</p> <p>Institutional weakness</p> <p>Policy weakness/failure</p> <p>OTHER:</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;">x</td></tr> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;"> </td></tr> </table>	x			<p>Skill deficit</p> <p>Collective action problem</p> <p>Lack of appropriate technology</p> <p><u>Explain as needed</u></p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;"> </td></tr> <tr><td style="text-align: center;"> </td></tr> </table>			
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Project beneficiaries: The project beneficiaries will be at least 20 small companies developing innovative high value-added products to provide new uses and applications for products and by-products of the copper industry. Target companies will be at a stage where their founding team is beginning commercial efforts, validating a technology or a product, with sales usually under US\$ 5,000,000. The Fund will not invest in start-ups that are still developing an idea. All companies will be either incorporated in Chile. Portfolio companies are expected to generate at least 120 permanent jobs in addition to the original 40-60 entrepreneurs in the companies.

Women Beneficiaries: The Fund may benefit from the MIF’s efforts to boost women dynamic entrepreneurs through its investment in NXTP regional Fund that supports investments in innovative companies, or other TA projects with a Chilean focus that could provide pipeline for CuW&E. However, there is no baseline as to the actual number of women founder/entrepreneurs with companies in the Fund’s specific niche, and prepared to receive a minimum US\$ 2M in a VC equity investment.

V. PROJECT DESCRIPTION

The **impact** of the project is to increase high-quality employment, innovation, and competitiveness by increasing the value-add of Chile’s exports, particularly copper.

The **result** of the project is to mobilize capital for a Fund that will invest in 20 innovative companies with high-growth potential operating in the water, energy and clean technology sectors within the copper industry.

The Fund’s proposed business **model** is to establish a platform for collaboration among the Fund, Codelco’s commercial platform, InCuba, and the International Copper Association (ICA). These strategic partnerships will allow the Fund to have access to an expanded pipeline of investment opportunities with significant growth potential and the ability to validate the potential of those investment opportunities in close cooperation with the copper Industry. This approach will thereby increase the chances of success of the Portfolio Companies and the financial and developmental returns of the Fund.

Financial viability: In order for the Fund to have financial viability and implement its investment strategy, the minimum capital to start operations will be US\$ 40 million. During the life of the Fund (defined as 10 years plus two extensions of one year each if approved by the majority of the investors), management fees will be an amount equal to 2% of the Fund’s capital. This will cover the operational costs during the life of the Fund and will also allow retaining a good Management Team, keeping them focused on the investments.

Sustainability: Sustainability for this Fund is predicated on the notion that around half the companies in the Portfolio are expected to receive follow-on investments achieving operational and financial

sustainability and experience high growth rates leading to positive returns for the Fund. The Fund will make up for the other companies that may not perform as expected and show a languid growth or a yield loss, which is considered acceptable given the high-risk nature of the VC investments.

Component I: Equity Investment in the CuW&E Fund of up to US\$ 5 million.

Component II: Supervision, Advisory Services, Evaluation and Dissemination. This non-reimbursable component will provide up to US\$ 500,000 distributed as follows: (i) training for the Fund's management team; (ii) at least three rounds of independent evaluations; (iii) legal costs associated with the investment; (iv) dissemination of best practices in industry events and through publications; (v) rating of the Fund under the Global Impact Investment Rating System (GIIRS) for the first four years; (vi) supervision activities; and (vii) mandatory contributions to the agenda and MIF impact evaluation accounts.

Knowledge objective: The knowledge objective is to fill a major knowledge gap in MIF/IDB on how to engage the mining sector in good development practices through support for SMEs that produce and sell value-added products derived from minerals locally extracted. If successful, this Fund will help the MIF understand how to keep supporting these partnerships and how to replicate this model to other industries and countries. The relationship and the synergies between a VC Fund and large companies, which are part of a commodities' industry, will also generate knowledge to be shared.

Main knowledge-sharing product: Through this Fund the MIF will enhance its understanding of the dynamics of the VC industry in Chile, which is in the process of consolidation. The VC industry in LAC currently faces an important knowledge gap in terms of operational best practices as well as industry expertise. To help address this gap, this project will finance a technical note of the Fund's lessons and experiences, which will contribute to a broader knowledge product on lessons learned and best practices in Seed/VC investing in the Region. Since this Fund is highly innovative in the partnership that will have with a large corporation fostering innovation, there will be other papers or studies produced on the topic, and the potential replicability in other countries and sectors.

MIF or other organizations' experience: The MIF has an extensive track record investing in Seed and VC funds in the region. In the past years, the MIF has invested in a few VC funds in Chile (AgroDesarrollo and Victus), with the objective to contribute to create a critical mass of funds that will provide continuity in the financing chain for innovative SMEs. In addition, the MIF has begun to explore ways in which to engage the mining sector in all three access areas, including improving environmental performance of artisanal mining and partnerships for regional economic development with large mining company. This will be the first model for engaging the mining sector in the ATF access area, in which INE/ENE will provide strategic advice.

Some of the **lessons and best practices** that are being taken into consideration in this project are: (i) funds require a minimum capitalization of US\$ 20 million in order to achieve the necessary scale to support operational costs and to provide sufficient follow-on investments to grow portfolio companies. This Fund will target a minimum US\$ 40 million capitalization; (ii) fund management teams need to integrate a set of skills that have been identified by the MIF as key to be successful. Aurus managers have a diverse set of skills and experience investing in the VC industry and operational experience in the target industry; (iii) sector specific funds may work in developed venture capital markets with large industries and opportunities for specialization, but a diversified sector approach is more workable in most LAC markets. This Fund will be diversified around the

copper/mining industry: antimicrobial/copper metal and polymer alloys, high strength/high resilience materials, water treatment and reuse, renewable energy generation, energy storage, monitoring and efficiency of water and energy; and (iv) funds should ideally be private sector led and have a portion of investments from private sources. The Managers are seeking funding from private investors in the country.

VI. MIF ADDITIONALITY

Non-Financial Additionality: Aurus is not a first-time fund manager but still needs to consolidate its practice. The MIF has supported fund managers in their funds # 2 or 3, transferring best international practices. The MIF brings reputation, brand recognition, partner networks to this project. The innovative character of this Fund also aligns well with the MIF's mission to be a laboratory of new ideas.

Financial Additionality: The MIF's participation is likely to provide a positive signal to the market, giving confidence to other potential investors, especially Chilean Pension Funds, one of the initial targets in the fundraising process.

VII. RESULTS INDICATORS

- US\$ 95 million of additional investments mobilized into the Fund (20:1 ratio)
- US\$ 50 million from private sector investors mobilized into the Fund (10:1 ratio)
- 20 companies receive equity investment from the Fund
- Number of local suppliers linked to companies
- Number of companies providing clean products and services
- Number of companies engaging in more sustainable use of natural capital as a result of improved technology provided by the investee companies
- Number of companies accessing external markets

VIII. IMPACT INDICATORS

- 120 permanent employees and between 40-60 entrepreneurs (disaggregated by sex)
- Amount of revenues generated by portfolio companies
- Percentage of the Fund's portfolio companies reporting growth in EBITDA
- 8-10 of the Fund's portfolio companies to exit successfully
- At least 20% of companies become dynamic
- Amount (USD) taxes contributed
- The Fund receives a rating greater than 50% of the overall point scale (as per Global Impact Investing Rating System/GIIRs)
- Number of companies reducing energy costs (measured by companies adopting energy efficient technology provided by investee companies)
- Number of innovative uses of copper in different sectors, as a result of the Fund's investment in innovative companies

IX. SYSTEMIC IMPACT

The project seeks to contribute to the consolidation of the VC industry in Chile through the adoption of best international practices and new public/private partnerships among investors, commodity industries and innovators. At the same time the Fund seeks to contribute to lower the dependency on commodities and especially those from the copper/mining industry in Chile. Adding value to exports using innovation, new technologies, creativity and entrepreneurial efforts is deemed key for Chile to become a developed nation. This Fund will contribute to unlocking the talent and innovative ideas that dynamic entrepreneurs transform into high-growth companies; leveraging and connecting them with the capabilities and opportunities of the most important industry in the country, in order to support Chile becoming an innovation-driven economy.

X. BASELINE DATA, MONITORING MECHANISMS AND EVALUATIONS

The Management Team will capture the necessary critical data to monitor and evaluate performance and development impact of the companies. This data will come primarily from the companies' investment memoranda presented in the Investment Committees, and may be complemented by additional research. The data will be collected through the AFSR, when the Managers list the companies for the first time. As needed, the comprehensive "B Impact Assessment" used by the Global Impact Investment Rating system will be used as baseline and monitoring data.

Monitoring mechanisms: The Fund will monitor the investees' financials and other performance indicators, by providing "hands-on" direction/oversight to the SMEs, as well as through their internal monitoring system. The Fund will prepare reports on the state of the investees on a quarterly basis. The MIF will participate in the Fund's committees, conduct supervision missions, and prepare Annual Funds' Supervision Reports.

The project will be subject to up to three independent evaluations throughout the Fund's life, most likely three years in to the investment period, after the investment period is finished, and at the end of the Fund's life, to capture lessons learned. Key evaluation questions include: i) what are the main challenges faced by dynamic entrepreneurs (both male and female) to grow their companies in these sectors? ii) What constitutes a promising entrepreneurial team given the innovative nature of the companies? iii) What are the key elements the fund management team has to focus on to add value to the companies and the entrepreneurs?; iv) how has the project overcome the obstacles related to human capital, competitiveness, environment, energy access and water availability, climate change, hydrological resources, effective community, and public engagement?.

The project will not have an impact evaluation.

XI. EXECUTING AGENCY

Aurus S.A. Gestion de Inversiones will be the General Partner (GP) of the CuW&E Fund. Since its inception in 2008 Aurus combines years of experience with a proven track record and expertise in Asset Management. Aurus' partners are among the most successful asset managers in Chile and Latin America with 20+ years of experience.

The Management Team integrates the set of skills identified by the MIF as key for successful Fund Managers, including previous experience as entrepreneurs, as investors and advisors to companies in the relevant sectors, as well as supporting up to date dozens of innovative SMEs to validate their business model, their value proposition, supporting them for market penetration and business development, being actively involved in road-shows and fund-raising process in Latin America, California, NYC, London, Munich and United Arab Emirates.

Track record: Aurus is a pioneer in the LAC VC industry, dedicated to developing the ecosystem and investing in the region's most impressive talent and scalable technologies. Aurus is currently managing two VC funds; both of them in the process of concluding the investment period in the upcoming months and having a portfolio of about 25 highly innovative companies in total.

The Team has been working since January 2013 on designing the business model and structure for the Fund, approaching Codelco/INCuBA and ICA as key partners, as well as validating the proposed concept with key players of the industry, presenting the Fund's strategy to CORFO, and conducting the fundraising process with potential investors (CAF, Copec, Anglo American Chile, Antofagasta Minerals, Banco Penta, etc.).

Other partners: Codelco is the anchor investor and has entered a collaboration agreement with the Fund that includes: Codelco as limited partner of the Fund, Codelco and ICA supporting deal-flow and opportunity identification, and the Fund and Codelco providing commercial support to the Portfolio Companies through Codelco's commercial platform INCuBA.

Alignment. Since Aurus' goal is to have a family of funds, this Fund is aligned with the long-term goals of the Management Company.

The other partners that will participate in the project and their value added are:

Codelco has assumed a leading role to promote and develop markets based on innovative initiatives and technologies that have a high value-add and a strong potential impact on copper demand. The company is working on two fronts: through the International Copper Association, ICA; and through direct management of its subsidiaries dedicated to developing new uses for copper in partnership with ICA, universities and research centers. Codelco's subsidiaries work on : 1) the identification of innovative SME's developing high-value products and new uses for copper, 2) the identification of opportunities related to innovations and technologies required to increase the availability and assurance of water and energy supply in the mining industry and its transfer to SMEs as business opportunities, 3) early validation of the technologies, value-proposition and business model of innovative SMEs, and 4) providing support to SMEs for market penetration, commercial development, sales scaling and business internationalization.

INCuBA. Codelco's wholly owned subsidiary that complements its work with ICA through initiatives to close the divide between technological development and its marketing. To date, businesses have been consolidated for new copper uses such as fish farming systems and the use of antimicrobial copper in textile fibers and metal touch surfaces in hospitals and Metro stations. INCuBA was consolidated as a platform to create and coordinate networks to capture opportunities that others do not see or cannot implement, since it has a privileged position in the value chain of copper.

ICA is a non-for profit organization comprised of the leading global players in the copper Industry. Its aim is to expand the market for copper and help solve global challenges such as climate change, the availability of energy and water, and the quality of life. Through this cooperation, the Fund will have direct access to ICA's international portfolio of innovation, R&D efforts, and technologies related to new uses of copper providing a direct link with the most important global players of the copper industry.

CORFO: The Fund will apply to receive incentive programs of up to US\$ 35 MM promoted by the Chilean Government for venture capital funds, available through CORFO.

XII. PROJECT RISKS

Fundraising Risk. The Fund may fail to reach a minimum capitalization necessary to cover operational costs and make investments. **Considerations:** the Fund already has another investor, Codelco, and they are actively fundraising with public and private institutions, which are showing interest in investing in the Fund. Also, the MIF's commitment will likely provide confidence to other investors and help raise additional funds.

Sector Risks. The Fund's targeted businesses sector (Innovation around the copper industry), may present particular challenges in terms of entry barriers. **Considerations:** The Team has relevant experience in the targeted sectors, with a deep understanding of this industry dynamics by being part of the copper mining community for a lifetime. At the same time the Team has been directly involved introducing innovations and advanced technologies into the copper mining operations (wireless networks, wireless sensor networks, remote operations, etc.), and ventures related to renewable energy, energy storage, water treatment and purification and water supply. The partnership established with Codelco and its Commercial Platform is expected to be a key asset in order to facilitate overcoming the industry barriers.

Financial and Exit Risks. The Fund may incur in losses and be unable to find suitable exit options to liquidate investments. **Considerations:** The Fund Managers are already active in designing and implementing exit strategies for the CuW&E Fund's portfolio companies. They are inviting key suppliers of the copper industry and institutional investors with business interest in the same target investment sector of the Fund and that conduct M&A deals on a regular basis to co-invest with the Fund. Both set of actors could become potential buyers of the portfolio companies. Additionally, they are working with Codelco's international network in identifying potential buyers of the portfolio companies.

XIII. ENVIRONMENTAL AND SOCIAL ASPECTS

One of the CuW&E Fund's target investment sectors is precisely related to sustainability and safety: securing availability of water supply (water treatment, water reuse, water monitoring and efficiency), securing availability of energy supply (renewable energy generation, energy storage, energy monitoring and efficiency) and using unique and superior properties of copper in added value solutions (antimicrobial, antibacterial, fungicidal, anti-virus). The Managers will manage the Fund in

accordance with the IDB/MIF's environmental and social guidelines for MIF Financial Intermediary Operations. The non-reimbursable component of this project will include a number of evaluations that will ensure that the Fund Manager has a procedure in place to ensure review and management of potential risks and impacts, and that the participating SMEs comply with national environmental and social legislation and with the IDB List of Excluded Activities.

XIV. COUNTRY OFFICE COMMENTS

The MIF Specialist finds that the project is not only attractive but also fills a gap in the country.

QED - (Quality for Effectiveness in Development)

Abstract
August 22, 2013

SECTION 1: PROJECT SUMMARY

PROJECT NAME: AURUS Copper, Water and Energy Fund	Project Number: CH-M1059
DESIGN TEAM LEADER: Susana Garcia-Robles	DEU OFFICER: FRIEDMAN, MICHELLE LEE

SECTION 2: QED DETAILS

1. MIF Strategic Development Objectives Dimension	5.9
1.1. Relation to the Agenda's Objectives	
1.2. There is a causal relation between project objective and the agenda's objective.	True
1.3. The project has potential for scalability after execution.	High potential
1.4. Specific benefits for women	
1.5. The project has specific benefits for women.	Project without specific benefits for women
1.6. Specific benefits for the environment	
1.7. The project has specific benefits for the environment (GHG reduction, water savings, conservation, biodiversity).	Direct environmental impact
1.8. Relation to the MIF's Objectives	
1.9. Target 1: Private Sector Development	
1.10. Innovation	True
1.11. Creating Markets and Adding Market Players	True
1.12. Entrepreneurship	True
1.13. Building Private Institutional Capacity	True
1.14. Technology & Human Capital	True
1.15. Higher Standards of Corporate Governance	True
1.16. Strengthening Legal and Regulatory Framework	False
1.17. Development of financial institutions and financial markets	True
1.18. Improved access to basic services	True
1.19. Target 2: Targeting the poor	
1.20. The project will be implemented in a region with a high incidence of poverty (poverty map resources http://mif.iadb.org/poverty/home) or target beneficiaries from the poor strata	Indirect impact on poverty
2. Additionality Dimension	8.0
2.1. MIF non-financial contribution is critical for developing the project.	True
2.2. MIF financial contribution is critical for developing the project (there is little or no alternative funding)	Ambiguous
2.3. MIF participation will mobilize counterpart funding that otherwise won't be available.	Ambiguous: Must be pre-identified
2.4. MIF participation will likely improve project structure by providing technical advice, institutional credibility and/or lessons learned/best practices from other MIF projects	True
2.5. MIF participation will likely strengthen the institution(s) directly involved with the project	True
3. Project Diagnosis Dimension	9.0
3.1. Diagnostic of the problem	
3.2. The problem or need that the project attempts to address has been clearly identified in consultation with stakeholders (borrowers, executing agencies, male and female beneficiaries, other interested parties)	Compliant
3.3. The causes of the problem, their interrelationships and magnitudes are clearly identified	Compliant
3.4. Proposed Solution	
3.5. The proposed solution is logically connected and related to the magnitude of the problem	Compliant

3.6. Relevant lessons learned from previous similar interventions in this country or other country (PSRs, ASRs, mid-term evaluations, final evaluations or other evaluation document) are taken into consideration	Partially compliant: This is a new project in Chile so we can only put a 1.
3.7. Evidence is provided as to the effectiveness of the intervention proposed based on experience in other settings, or previous experience in the same setting	Partially compliant: There is not yet evidence of this type of initiative, so we can only put a 1.

		TOTAL	7.6
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