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MULTILATERAL INVESTMENT FUND

BOLIVIA

**YOUNG ENTREPRENEURS: BUSINESS DEVELOPMENT THROUGH
HOSPITALITY**

(BO-M1071)

DONORS MEMORANDUM

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PROJECT SUMMARY
YOUNG ENTREPRENEURS: BUSINESS DEVELOPMENT THROUGH HOSPITALITY
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This is the sixth project under the Youth Entrepreneurship Program (YEP) (RG-M1240), approved by the Donors Committee on 31 July 2013 and implemented by Youth Business International (YBI). Its objective is to improve the entrepreneurial skills of low-income youth through greater access to quality services, laying the groundwork for a stronger youth entrepreneurship ecosystem in selected countries of the region, including Bolivia.

This project seeks to address the limited and insufficient supply of comprehensive services required for youth entrepreneurship (“comprehensive” meaning technical training, soft skills, business training, entrepreneurial support and mentoring, and assistance to secure financing), which is not meeting the needs of young men and women in the hospitality industry.¹ For entrepreneurial ventures with real growth potential, assistance to start and grow the business as well as mentoring will be more intensive and personalized.

The project is based on the experience of the “Manq’a” culinary schools. These schools are established and funded by the Interchurch Organization for Development Cooperation (ICCO) with donor funds from the Dutch lottery and take their name from the Aymara word for “food.” The schools seek to inspire young Bolivians to create prosperity and life opportunities by revitalizing and consuming local environmentally-friendly products. Manq’a is part of Bolivia’s culinary integration movement, known as *Movimiento de Integración Gastronómico* (MIGA). Together, they seek to promote the richness and culinary heritage of Bolivia. The ICCO and the Manq’a schools seek to “fine tune” their teaching model to include entrepreneurship training and support, in order to more effectively engage students and create income-earning opportunities. They also intend to connect with other technical institutes that provide nonculinary training in order to meet the needs of the hospitality sector as a whole, so that it can foster entrepreneurship in other, complementary areas (hotels, services, table linens, entertainment, tour guides, etc.).

The Manq’a schools operate with a community outreach approach, forming strategic partnerships with community councils, educational organizations, the private sector, the Autonomous Municipal Government of El Alto, the Ministry of Education, and others. It also has the support of teaching restaurant Gustu,² which is transferring its culinary experience to the schools to drive the transformation of Bolivian products into healthy, nutritious, and appetizing dishes for consumers.

¹ The hospitality sector is linked to domestic and international tourism and includes products and services to meet the needs of travelers, such as lodging, food and beverage, transportation, travel operators, and entertainment.

² Gustu is a school dedicated to providing culinary and gastronomic training to young people with fewer opportunities at the facilities of Restaurant Gustu, giving them with the opportunity to receive professional training and put into practice what they learn. Its objective is to train these young people to the highest possible level, giving them the skills and knowledge necessary to drive the renewal and revitalization of Bolivian cuisine. Gustu is currently ranked 17th among the 50 best restaurants in the world.

The project will be executed by the ICCO, which has broad regional and local experience working in specific sectors and with rural and urban value chains. As an outcome of the project, 1,260 low-income young people between the ages of 16 and 29 in the municipios of El Alto, La Paz, and Sucre will start their own business in the hospitality sector (restaurants or restaurant suppliers, catering services, hotel trade, tour guides, or other related businesses). The expectation is that 2,700 young people will develop their entrepreneurial and business management skills and abilities, and 2,100 will develop their business skills and soft skills. The Project will also support the first expansion of the Manq'a schools to another city in the country. Its fine-tuned model will include coordinating with technical institutes to meet the needs of the hospitality sector through entrepreneurship.

ANNEXES

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

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Proposed resolution

AVAILABLE IN THE DOCUMENTS SECTION OF THE MIF PROJECT INFORMATION SYSTEM

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ABBREVIATIONS

CEA	Centros de educación alternativa [alternative education centers]
CID	Colectivo Integral de Desarrollo [Comprehensive Development Collective]
CAINCO	Chuquisaca Cámara de Industria y Comercio de Chuquisaca [Chuquisaca Chamber of Industry and Commerce]
DNA	Diagnostic needs assessment
FEDEMYPE	Federación de Micro y Pequeños Empresarios [Federation of Micro and Small Enterprises]
GEM	Global Entrepreneurship Monitor
ICCO	Interchurch Organization for Development Cooperation
IDB	Inter-American Development Bank
ILO	International Labour Organization
INFOCAL	Fundación Nacional para la Formación y Capacitación Laboral [National Foundation for Vocational and Job Skills Training]
MIF	Multilateral Investment Fund
QED	Quality for effectiveness in development
YBI	The Prince of Wales Youth Business International Limited
YEP	Youth Entrepreneurship Program

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EXECUTIVE SUMMARY

Country and geographic location:	The project will be executed in the Plurinational State of Bolivia with a target area of the three municipios of El Alto, La Paz, and Sucre.
Executing agency:	Interchurch Organization for Development Cooperation (ICCO)
Access area:	Access to market and skills
Agenda:	Youth: Jobs and Entrepreneurship
Coordination with other donors/Bank operations:	<p>The project will coordinate with operation BO-L1121, to be financed by the IDB in the tourism sector. The operation, which is currently in the design stage, will work with the Departmental Government of Chuquisaca and the municipal governments to promote tourism specifically in the Chuquisaca-Sucre area. Operation BO-L1121 and the project are expected to work with the same strategic partners in Sucre (entrepreneurs, training institutes, and authorities), which will facilitate smooth coordination so that the project's activities (especially the ventures launched) will complement those of operation BO-L1121.</p> <p>The project will create partnerships with: (i) the municipal governments of El Alto, La Paz, and Sucre and their corresponding departmental governments; (ii) the Ministry of Cultures, acting through the Office of the Vice Minister of Tourism; (iii) the Ministry of Education, Alternative Education Centers; (iv) chambers of commerce, such as the Chuquisaca Chamber of Industry and Commerce (CAINCO Chuquisaca) and the Federation of Micro and Small Enterprises (FEDEMYPE); (v) training and vocational institutes such as Fundación INFOCAL³ in Sucre; (vi) Fundación Melting Pot Bolivia; and (vii) I3 Impacto Social.⁴</p>

³ The National Foundation for Vocational and Job Skills Training (INFOCAL) is made up of private, semipublic, and nonprofit educational institutions created by the various departmental private enterprise groups. Although independent, they coordinate with each other with the goal of provide specialized entry-level vocational and job skills training services to both improve the job skills training support traditionally provided by the private sector and offer programs aimed specifically at microenterprise executives.

⁴ The objective of I3 Impacto Social SRL is to invest in and implement social impact projects, to improve the quality of life of economically and socially excluded and disadvantaged communities. It is currently implementing the "Metro Paradas Juveniles" project, which creates gathering places for young people at community (neighborhood) centers in the city of El Alto. For the most part, the Metro Paradas Juveniles share space with the Manq'a schools implemented by the ICCO and coordinate for a holistic approach to the work with young people.

Direct beneficiaries:	<ul style="list-style-type: none"> - 3,000 low-income young people (50% women) between the ages of 16 and 29, living in urban and periurban areas of the cities of El Alto, La Paz, and Sucre. - 11 Manq'a schools, which will be trained to provide comprehensive entrepreneurship services to young people interested in launching a venture in the hospitality industry. - 3 technical training institutes (at least 1 in each municipio), where the entrepreneur selection and training methodology will be transferred, to round out their training programs. 												
Indirect beneficiaries:	<ul style="list-style-type: none"> - 12,000 indirect beneficiaries, 4 relatives per direct beneficiary. - 630 jobs created by the businesses founded through the program, not counting the entrepreneur (estimate assumes one part-time employee per business: $1,260 \times 0.5 = 630$). 												
Financing:	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Technical cooperation:</td> <td style="width: 25%; text-align: right;">US\$799,586</td> <td style="width: 25%; text-align: right;">32%</td> </tr> <tr> <td>Total MIF contribution:</td> <td style="text-align: right;">US\$799,586</td> <td></td> </tr> <tr> <td>Counterpart:</td> <td style="text-align: right;">US\$1,706,349</td> <td style="text-align: right;">68%</td> </tr> <tr> <td>TOTAL PROJECT BUDGET:</td> <td style="text-align: right;">US\$2,505,935</td> <td style="text-align: right;">100%</td> </tr> </table>	Technical cooperation:	US\$799,586	32%	Total MIF contribution:	US\$799,586		Counterpart:	US\$1,706,349	68%	TOTAL PROJECT BUDGET:	US\$2,505,935	100%
Technical cooperation:	US\$799,586	32%											
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TOTAL PROJECT BUDGET:	US\$2,505,935	100%											
Execution and disbursement period:	30 months execution, 36 months disbursement.												
Special contractual clauses:	Conditions precedent to the first disbursement will be: (i) approval of the Operating Regulations, and (ii) the hiring of the project coordinator. Conditions precedent to the second disbursement will be: (i) signature of an agreement between the ICCO and the CID establishing the type and mechanism of collaboration, on terms acceptable to the IDB/MIF.												
Environmental and social impact review	This operation was pre-evaluated and classified in accordance with the requirements of the IDB's Environment and Safeguards Compliance Policy (Operational Policy OP-703). Since the impacts and risks are limited, the proposed category for this operation is "C."												
Unit with disbursement responsibility:	MIF staff at the Bank's Country Office in Bolivia (MIF/CBO).												

I. BACKGROUND AND RATIONALE

A. Background

- 1.1 The strategy prepared by the youth agenda, “Give Youth a Chance: An Agenda for Action,” called for scaling up the most effective job placement models. As the results for youth entrepreneurship are mixed and the evidence on whether it really works is not conclusive, the strategy calls for working with a variety of methodologies, addressing the specific challenges identified in the analysis of the lessons learned from past projects and exploring new entrepreneurial alternatives for low-income youth.
- 1.2 This is the sixth project under the Youth Entrepreneurship Program (YEP) ([RG-M1240](#)), approved by the Donors’ Committee on 31 July 2013 and implemented by Youth Business International (YBI). The YEP’s objective is to improve the entrepreneurial capabilities of low-income young people through improved access to quality services, laying the foundations for a stronger youth entrepreneurship ecosystem in selected countries across the region, including Bolivia. Previously-approved YEP projects include comprehensive methodologies for financial and nonfinancial support with different approaches: (1) in Peru, scaling up through other public and private institutions; (2) in Chile, online training and an incubator; (3) Paraguay, lending to young people and microfranchising; (4) the Caribbean with Barbados, Jamaica, and Trinidad and Tobago, different approaches depending on the type of beneficiary (rural or urban) and business support services; and (5) Brazil, a platform for training and services and support networks and events in partnership with universities.
- 1.3 Executed by the Interchurch Organization for Development Cooperation (ICCO), this project meets the YEP selection criteria inasmuch as it: (i) offers integrated support for entrepreneurship (financial and nonfinancial services) including technical training, entrepreneurial training, advisory support, and mentoring; (ii) targets areas with tourism potential in El Alto, La Paz, and Sucre and the potential to be replicated in other cities in Bolivia and the region. (iii) offers relevant learning opportunities in the context of the regional learning agenda; and (iv) has financing and the participation of multiple actors.
- 1.4 **Youth conditions in Bolivia.** Bolivia has 2.8 million young people between the ages of 15 and 29, accounting for 28.9% of the population. The youth unemployment rate is 8.6%, almost triple the rate for adults (3.2%),⁵ and women are more likely to be unemployed than among men.⁶ Although the rate of youth unemployment is well below the regional average for Latin America and the Caribbean (13.3% in 2014), it does not fully reflect the job situation for young people in Bolivia: the average age for first work experience is around 13 years old, whereas elsewhere Latin America this age is 16.⁷ Also, just 49% of young people with jobs are wage-earners (the lowest rate in the region), while 84.7% have an unsteady, informal job.⁸ In other words, young people in Bolivia

⁵ Página Siete. “[Trabajo: hay al menos 80 mil jóvenes desempleados](#)” [Labor: at least 80 million young people are unemployed]. Published on 10 December 2014.

⁶ No official data breaks down the unemployment rate by gender for young people. However, for 2010, the unemployment rate for women was 7.6%, whereas for men it was 5.5%. Data from ECLAC/ILO (2015), “Employment situation in Latin America and the Caribbean.”

⁷ ECLAC. 2012. “La juventud en Iberoamérica. Tendencias y urgencias” [Ibero-American youth: trends and urgent needs].

⁸ ILO (2015). “Promoting formal employment among youth: innovative experiences in Latin America and the Caribbean.”

would appear to have not enough quality job opportunities,⁹ and for economic reasons accept unsteady work without benefits or adequate conditions.

- 1.5 In this labor market context dominated by unsteady, informal employment, entrepreneurship represents a work alternative for young people, especially when targeted to sectors where gaps need to be filled or there is potential for growth.
- 1.6 **Entrepreneurial ecosystem in Bolivia.** The latest Global Entrepreneurship Monitor (GEM) report for Bolivia, produced in 2014, finds that Bolivia has the third highest Total early-stage Entrepreneurial Activity (TEA)¹⁰ in Latin America and the Caribbean (27.4%), behind Ecuador (32.6%) and Peru (28.8%). Moreover, 58% of the population see opportunities for starting a business, while 47% intend to do so in the next three years. In terms of motivation, 76.7% of entrepreneurial ventures are motivated by opportunities identified, and 22.8% by necessity:¹¹ entrepreneurs cite a desire for more income and working freedom as the main reasons. Women, however, have higher rates of necessity-based entrepreneurship (27.5%) than men (18.8%). Yet despite this, there is no significant difference in early-stage entrepreneurial activity between men (TEA 30%) and women (TEA 25%).
- 1.7 Early-stage entrepreneurs in Bolivia are relatively young: 54.8% are between 18 and 34 years of age, almost evenly divided between men and women. In terms of education, the average entrepreneur has only a secondary-school education (48%), while 16% have only completed primary school, 18% hold an undergraduate degree, 16% have a vocational degree, and 1% have a graduate degree.¹² Furthermore, only 12.3% of the adult population say they received entrepreneurship training in school, and 16.5% received such training elsewhere. In other words, more than 70% of entrepreneurs have never received any training.
- 1.8 When the analysis turns to established businesses, conditions in Bolivia are different from other countries of the region. In Bolivia, 7.6% of the population owns an established business; for comparison, in Ecuador that figure is 17.7%, in Brazil 17.5%, and in Peru 9.2%. Thus although the rate of early-stage entrepreneurship in Bolivia is relatively high, this would not appear to be case with established businesses. As the previous paragraph indicates, this may be partly the result of insufficient entrepreneurship training and, when entrepreneurs do receive such training, its quality.
- 1.9 **The hospitality sector in Bolivia.** Bolivia's hospitality sector—chiefly gastronomy and tourism and their associated supply chains—is constantly growing. In terms of traveler flows, nearly 1.3 million visitors entered the country from abroad in 2013, an increase of 120% from 2007.¹³ Domestic tourism is almost double, at 2.9 million travelers over the same period. Some 37% of foreign

⁹ Jobs that, in addition to paying minimum wage, include one of the benefits: contribution to social security, medical insurance, paid vacation, paid sick days, maternity/paternity/adoption leave (MIF glossary on youth unemployment).

¹⁰ GEM Bolivia. 2014. The Total early-stage Entrepreneurial Activity rate is the percentage of people between the ages of 18 and 64 who are new entrepreneurs (up to 3 months) or owner-operators of a new business (between 3 and 42 months).

¹¹ Bolivia is following a global trend in which need-based entrepreneurship is in decline. The reasons cited by GEM for the drop in need-based entrepreneurship, both globally and in natural resources-based economies (like Bolivia), is the increase in international prices of natural resources and commodities for export, which has benefited the national accounts of countries with this type of economy (p. 51).

¹² GEM Bolivia. 2014.

¹³ Ministry of Cultures (2014), "Universos estadísticos del sector turismo en bolivia 2013" [Statistical universes of the tourism sector in Bolivia 2013].

tourists visit La Paz (including El Alto and other rural destinations), and around 5.0% visit Sucre. As for local tourists, 16% visit La Paz and 5.6% Sucre.¹⁴ The historical and cultural heritage of La Paz and Sucre have the potential to increase this flow.

- 1.10 The increase in tourist flow in turn drives growth in a number of activities directly related to the hospitality sector, including: food and beverage businesses, restaurant supply delivery, hotels and lodging (from farm products to furniture and table linens), services for tourism establishments, tour guide services, and other tourism services (photography, maps, Internet, entertainment, etc.). These activities surrounding the hospitality sector represent opportunities for entrepreneurship, and the businesses created can grow alongside tourism. They also represent opportunities for job creation.
- 1.11 The hospitality sector's potential can be seen in the growing revenue of restaurants and supermarkets, which in 2014 reached US\$1.1 million—up 21.4% for restaurants and 11.3% for supermarkets compared to 2013.¹⁵ Part of this increase is the result of rising income for the Bolivian population: from 2005 to 2014, per capita income tripled from US\$1,041 to US\$3,345, while urban poverty declined by 16.4 percentage points, from 51.5% to 34.7%.
- 1.12 Hospitality sector activity is concentrated in the central hub of the country (almost 80%). In the project areas, the breakdown is as follows: La Paz including El Alto (27.5%) and Chuquisaca (2.5%). For gastronomy activities specifically, recent years have seen notable growth as far as the launching of new ventures of all kinds. It is also worth noting that the gastronomy industry has an impact that extends from the food and inputs producers to the cooks and manufacturers of restaurant furniture. The majority of these industries have a strong domestic component and so have the added potential to create jobs.
- 1.13 Although Bolivia is home to a broad portfolio of hospitality-related businesses (including hotels, restaurants, transportation, travel and tourism agencies, shops, entertainment and recreation destinations), there is still much room for development. All destinations have potential for improving the quality of products and services offered to both domestic and international visitors. New business ventures with innovation and creativity components could be launched that would even further increase the supply of quality products and services.
- 1.14 **Manq'a culinary schools.** These schools, which take their name from the Aymara word "manq'a," which means "food," were the brainchild of Danish chef/entrepreneur Claus Meyer.¹⁶ Their goal is to inspire young Bolivians to create prosperity and life opportunities by revitalizing and consuming local environmentally-friendly products. Manq'a is part of Bolivia's culinary integration movement, known as *Movimiento de Integración Gastronómico* (MIGA).¹⁷ Together, they seek to promote the richness and culinary heritage of Bolivia.

¹⁴ Ministry of Cultures (2014), "Encuesta de gasto del turismo emisor y receptor 2013" [Outbound and inbound tourism expenditure survey 2013].

¹⁵ Data from the Ministry of Economy and Public Finance.

¹⁶ Claus Meyer is a Danish chef, entrepreneur, and cofounder of the famous restaurant [Noma](#) in Copenhagen, named the world's best restaurant in 2010, 2011, and 2012. He is also the driving force behind the Nordic cuisine movement, offering a new approach to food based on local traditions and the use of fresh, pure products that are respectful of the environment and animals.

¹⁷ MIGA's goals include revitalizing and promoting the Bolivian regional food heritage among primary producers and processors, food agroindustry, and regional cuisines, all of which connect with each other through the production, preparation, consumption, and circulation of food in a specific environmental and sociocultural context.

- 1.15 The Manq'a schools operate with a community outreach approach, forming strategic partnerships with community councils, educational organizations, the private sector, the Autonomous Municipal Government of El Alto, the Ministry of Education, and others. It also has the support of teaching restaurant Gustu, which is transferring its culinary experience to the schools to drive the transformation of Bolivian products into healthy, nutritious, and appetizing dishes for consumers.
- 1.16 Manq'a focuses its attention and outcomes on the three most important groups in the gastronomy chain:
- a. Cooks (mainly low-income youth) who through technical culinary training rediscover local culinary knowledge and skills that enable them to strengthen their cultural identity and raise their income.
 - b. Small-scale producers, who promote and revitalize Bolivian foods, are the steady suppliers of healthy and environmentally-friendly products to the schools, which results in higher income.
 - c. Consumers, who improve their eating habits by eating healthy, delicious food made by young people and sold at reasonable prices.
- 1.17 There are currently 10 schools in the city of El Alto and provinces of the Department of La Paz, being introduced in community centers. Each school is also a dining room that provides students with tools for developing a new culinary occupation, improving the cuisine of local residents through proper use of local ingredients, and improving family consumption habits. The schools provide culinary training to local low-income youth (age 16 to 28) on principles of gender equality, interculturalism, and food sovereignty. They also seek to reaffirm regional identity, rediscovering and projecting culture through food.
- 1.18 The instruction at the Manq'a schools is 80% practice and 20% theory, using the productive sociocommunity education model¹⁸ favored by the Ministry of Education for technical training, which enables the young people who graduate to receive a valid national certification. This gives them the opportunity to continue studying, if they wish to do so, at any other institution of higher learning. The curriculum design is at a basic technical level and includes nine training modules (five in technical areas and four in humanistic studies) over five straight months. Manq'a wants to "fine tune" its teaching model to include entrepreneurship training and support, in order to more effectively engage students and create income-earning opportunities. Manq'a also intends to connect with other technical institutes that provide nonculinary training in order to meet the needs of the hospitality sector as a whole, so that it can foster entrepreneurship in other, complementary areas (hotels, services, table linens, tour guides, etc.).

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

- 1.19 This project seeks to address the limited and insufficient supply of comprehensive services required for youth entrepreneurship ("comprehensive" meaning technical training, soft skills, business training, entrepreneurial support and mentoring, and assistance to secure financing), which is not meeting the needs of young people in the hospitality industry. The main causes of the problem are described below.

¹⁸ The productive socio-community educational model of the Plurinational Education System is based on the "Living Well" educational paradigm with its four pillars of decolonization, community, interculturalism/multilingualism, and production.

- 1.20 **Limited access to quality comprehensive training programs.** As mentioned in paragraph 1.7, more than 60% of entrepreneurs have never received any entrepreneurship training. If they did, in all likelihood the quality was not the best and the training almost certainly did not include: (i) development of soft skills that are key for entrepreneurship—including communication and tolerance of failure—that would help them identify, develop, and lock in business opportunities; (ii) support during development and mentoring during initial growth of the venture; and (iii) support to secure seed capital and deal with financial institutions. Without these comprehensive services, young people in Bolivia have limited options and their ventures are on shakier ground.
- 1.21 Although entrepreneurship training programs do exist in Bolivia, there are few options that help young entrepreneurs develop their ideas and provide them with the tools (including financial tools) and support necessary to do business. The institutions that offer programs or courses to support entrepreneurial ventures include: the Senior Technical Management and Entrepreneurship Program at the Universidad Católica Boliviana, which does not target low income youth; the startup network Red Bolivia Emprende, which offers training and networking events but not support or mentoring; and certain municipio governments, such as La Paz.
- 1.22 **Limited understanding of the hospitality sector among entrepreneurs.** Although the data indicate that the hospitality sector could offer sustainable business opportunities for young people, it would seem that neither they nor their instructors have been able to visualize the hospitality sector's high potential or the business opportunities found across its constituent industries. Young people generally launch businesses without clearly identifying the market segment they wish to reach and offer products and services that are not much different from the competition's. However, the hospitality sector requires better-than-average customer service and quality standards for the local market. If young people came to understand the characteristics of the sector, they could identify its unmet needs that might influence, for example, the way they provide their products and services (packaging, delivery methods, etc.). For this, it is essential to understand how the sector works.
- 1.23 On the service delivery side, trainers must provide young people with tools for identifying and developing creative and innovative ventures that not only address market failures but allow them to differentiate themselves and stand out. To accomplish this, training institutes must understand the sector and be able to provide comprehensive training as well as specific support to young people in order to help them identify good opportunities and make the support more effective.
- 1.24 **Insufficient financing for young people.** Young people who want to become entrepreneurs and take steps to do so are not always able to obtain seed capital or financing. Financial institutions view them as high-risk clients, and it is rare to find lending products aimed specifically at startups. According to the GEM 2014 report, the majority of entrepreneurs in Bolivia (18 to 64 years of age) need only small amounts of investment: 33% need less than US\$1,500, 30% need between US\$1,500 and US\$7,200, and 20% need more than US\$7,200. With little access to financial institutions, entrepreneurs typically depend on personal and family savings, and only 38.5% would or did resort to a financial institution at some point.
- 1.25 **Lack of coordination among operators.** One obstacle to entrepreneurship in the hospitality industry (and in Bolivia in general) is a lack of coordination between public and private sector operators to create business opportunities and

match the sector's specific demand with supply. Businesses thus may not meet the market's real needs, and the loss is felt on both sides: businesses cannot grow and they fail, while the sector's demand remains unmet. To foster entrepreneurship in the hospitality sector, partnerships have to be formed with hotels, restaurants, travel and tourism agencies, universities, technical institutes, financial institutions, and local governments to enable entrepreneurs to get trained and better informed on the market and thus build sound, sustainable businesses.

C. Project beneficiaries

- 1.26 The project's direct beneficiaries will be 3,000 young Bolivians between the ages of 16 and 29, living in predominately periurban areas of the municipios of El Alto, La Paz, and Sucre. The project will focus on low-income youth with a secondary school education and, in some cases, with a technical or basic university education. In addition, the 11 Manq'a schools will be trained to provide comprehensive entrepreneurship services to young people interested in launching a venture in the hospitality industry. This will supplement the technical training currently provided by the schools and enable them to provide more effective in terms of impact. At least three technical training institutes will also benefit from adding an entrepreneurship training component, transferring to them the entrepreneur selection and training methodology that may later be used to round out their training program.
- 1.27 The project's indirect beneficiaries will include 12,000 family members of the young people who receive the business startup training and support; they will benefit from the higher income from the new businesses, where many may also find employment. The project will also indirectly support the creation of 630 jobs by the businesses founded through the program, not counting the young entrepreneur.
- 1.28 **Gender considerations.** In the experience of the Manq'a schools in providing technical training in El Alto, women tend to be better represented than men: 70%, compared to 30%. The reason has to do with the fact that the culinary field typically attracts women as a result of the traditional gender roles that still exist in Bolivia, as well as the women's desire to learn how to feed their families a healthy diet. However, the gender balance is expected to change with the addition of entrepreneurship training, which will be new for the Manq'a schools. A special effort will therefore be made to attract and retain women at the entrepreneurship stage, and men's participation will be encouraged in the culinary courses. Also, personalized attention will be emphasized during the support and mentoring stages to meet the specific needs of young women and thereby increase their chances of launching a sustainable venture.
- 1.29 For young people from other technical institutes where they completed nonculinary hospitality sector courses, specific actions will also be taken to encourage both men and women to participate equally in the entrepreneurship training.

D. Contribution to the MIF mandate, Access Framework, and IDB strategy

- 1.30 The project will help fulfill the mandate of testing new models for attracting the private sector to solve economic development problems, focusing on emerging enterprises with the capacity to grow and create economic opportunities, as this will make it possible to support young, low-income entrepreneurs as they strengthen their businesses and create jobs while at the same time developing the communities where these small businesses are founded.

- 1.31 **Connection to the Youth Jobs and Entrepreneurship Agenda.** The project is aligned with the MIF's strategy for youth entrepreneurship as it relates to: (i) **Innovation:** The project will develop an entrepreneurship model specific to the hospitality sector and the profile of the target beneficiaries that can be implemented by the Manq'a schools and other actors involved, including other technical institutes (El Alto, La Paz, and Sucre) and/or municipal governments (in the case of La Paz). The project also seeks to partner with public and private institutions to provide business training and seed capital to young people, as well as with financial institutions to secure financing for their ventures. (ii) **Scale:** The project will support scaling up of the "fine-tuned" model of the existing, validated Manq'a schools to one new municipio characterized by its growth potential and business opportunities in the hospitality sector; and (iii) **Outcomes, evaluation, and knowledge dissemination:** Case studies will be done to assess the impact of the new elements added to the methodology, such as the focus on the hospitality sector, and replication of the "fine-tuned" model of the Manq'a schools in another municipio.
- 1.32 The project is part of the regional Youth Entrepreneurship Program (YEP) (RG-M1240), designed by YBI in conjunction with the MIF. YBI's experiences and lessons learned in the 43 partner countries in its network will be transmitted effectively, so that they can be integrated in each country. For example, in Bolivia, YBI will help the ICCO design and pilot a mentoring program adapted to the Bolivian context. It will also form partnerships and promote knowledge sharing through the Regional Learning Center for the Youth Entrepreneurship Initiative (located in Bogotá, Colombia, and part of the core regional program).
- 1.33 This project will contribute to narrowing knowledge gaps in the Agenda relating to the question of: "What methodologies for supporting low-income young entrepreneurs are most effective for creating jobs and improving profitability and/or sustainability?" Questions related to regional program RG-M1240 will be addressed, including:
- (i) What are the best practices and methodologies that can be transferred for execution/involvement of the private and public sector, and what are the key factors for achieving sustainable partnerships?
 - (ii) What are the most effective and innovative ways to select young entrepreneurs to support?
 - (iii) How important is the development of soft skills for the execution and sustainability of the project/ventures?
 - (iv) Can the outcomes/impacts of youth entrepreneurship programs be improved if they target specific sectors?
 - (v) What factors enable young people to be successful at creating sustainable ventures in the hospitality sector?
- 1.34 The knowledge agenda of the YEP regional program has been developed, and a specialist in knowledge management has been hired to coordinate activities in this area at the regional level. The project in Bolivia will contribute to that agenda by developing knowledge products to extract lessons learned on how to target an entrepreneurship program to a single sector (i.e., hospitality), how to attract and sustain partnerships, and how to coordinate with financial institutions to provide loans to young people.
- 1.35 **Collaboration with the IDB Group.** The project will coordinate with operation BO-L1121, to be financed by the IDB in the tourism sector. The operation, which

is currently in the design stage, will work with the Departmental Government of Chuquisaca and the municipal governments to promote tourism specifically in the Chuquisaca-Sucre area. Operation BO-L1121 and the project are expected to work with the same strategic partners in Sucre (entrepreneurs, training institutes, and authorities), which will facilitate smooth coordination so that the project's activities (especially the ventures launched) will complement those of operation BO-L1121. This coordination will also facilitate the model's potential scalability in the Department of Chuquisaca once this project has concluded.

- 1.36 This project will also create opportunities for the MIF and the IDB Group through its ties to a number of strategic partners:
- (i) Municipal governments of El Alto, La Paz, and Sucre as well as departmental governments, responsible for infrastructure, institutions, promotion, development, and technical training in the tourism sector, which is directly connected to the hospitality sector. The project will partner with governments to align with the tourism plan of each region (municipio and department), seeking to launch entrepreneurial ventures in the priority areas of those plans.
 - (ii) Ministry of Cultures, acting through the Office of the Vice Minister for Tourism, with which it will coordinate to support implementation of the National Tourism Plan 2015-2020 (PLANTUR) in the project cities and neighboring rural areas;
 - (iii) Chuquisaca Chamber of Industry and Commerce, which coordinates with business owners, education centers, and others in the Department of Chuquisaca. Building on the market study to be done in Sucre, this partnership will provide access to entrepreneurs in the hospitality sector to learn which of their needs are unmet by suppliers, in order to develop ventures tied to the market.
 - (iv) National Foundation for Vocational and Job Skills Training (INFOCAL), representing well-known job training and vocational institutions in Bolivia with which partnerships will be formed for establishing Manq'a schools, so that their students who fit the project beneficiary profile can access entrepreneurship training, soft skills training, support, mentoring, and help to secure financing;
 - (v) Fundación Melting Pot Bolivia, a strategic partner of the project that will provide culinary advisory services to the Manq'a schools and training to the teachers. The foundation seeks to drive sustainable social and economic development in Bolivia through food.
 - (vi) I3 Impacto Social, a project partner in dealings with the neighborhood councils in the city of El Alto, enabling the Manq'a schools to operate at community centers there. I3 Impacto Social shares these spaces with the schools as part of implementation of the "*Metro Paradas Juveniles*" project.

II. OBJECTIVES AND COMPONENTS

A. Objectives

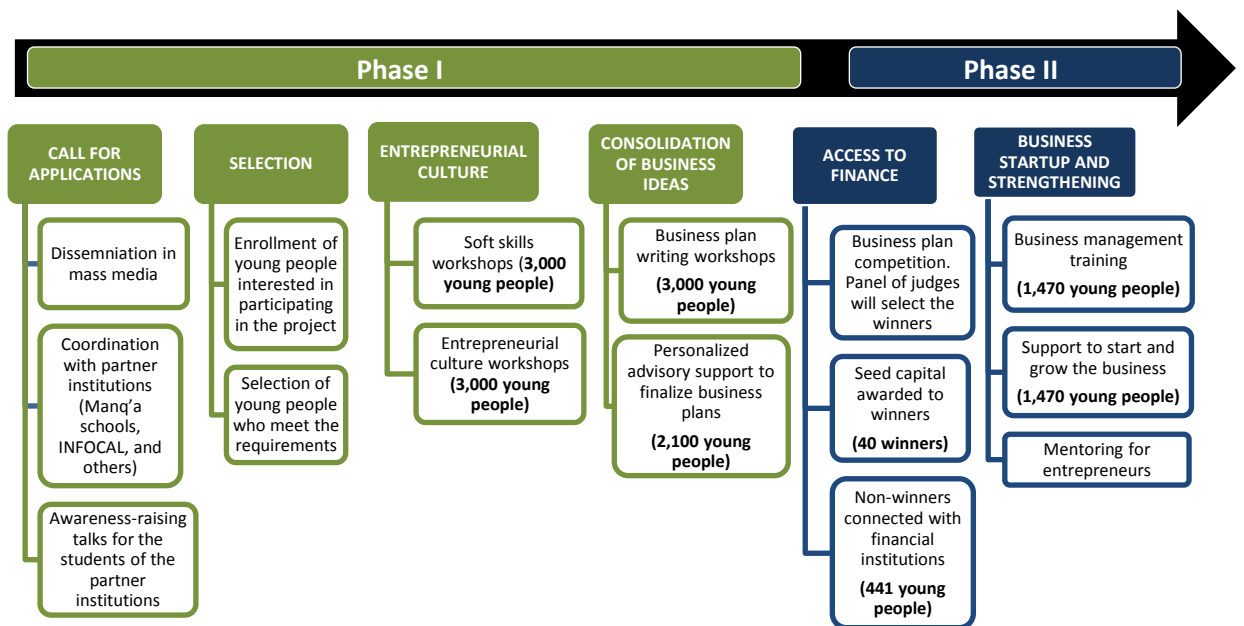
- 2.1 The project's expected impact is to improve future economic opportunities for low-income youth in the municipios of El Alto, La Paz, and Sucre through the creation of a greater number of sustainable enterprises in the hospitality sector. The expected outcome is the creation of a comprehensive entrepreneurship

training model focused on the hospitality sector that includes technical training, business training, support, mentoring, and assistance to secure financing.

B. Description of model / solution / engagement

- 2.2 The model for comprehensive support to young entrepreneurs focused on the hospitality sector combines the following components: (i) technical training in areas related to the hospitality sector, including food, tourism, services, etc.; (ii) development of key soft skills (life skills) for entrepreneurship, such as motivation, leadership, teamwork, and assertive communication; (iii) business training; (iv) support during development and mentoring during business startup; and (v) assistance to secure seed capital and connect with financial institutions.
- 2.3 The project is aimed at low-income youth in urban and periurban areas of the municipios of El Alto, La Paz, and Sucre. It will be based in the city of El Alto, where 10 Manq'a schools currently operate. For Sucre, it will support a full replication a Manq'a school program, to be implemented gradually as partnerships are formed with actors in the public sector (authorities) and private sector (institutes where the schools will be set up, neighborhood organizations, etc.).
- 2.4 Partnerships will also be formed in all three cities with educational institutions that offer nonculinary courses/diplomas related to hospitality so that those of their students who are interested and fit the beneficiary profile defined for the project can access the model starting at the soft skills for entrepreneurship stage. The areas of study to be included will be identified by diagnostic studies specific to each city, conducted at the start of project execution will define the areas of study to be included.
- 2.5 The model will have two phases: (i) entrepreneurship training, and (ii) business startup and support. Each phase has different stages, as illustrated in the figure below and described in the subsequent paragraphs.

Intervention Model



Phase I: ENTREPRENEURSHIP TRAINING

- 2.6 **Call for applications from young people.** This stage will be the first filter in the selection of potential young entrepreneurs (who intend to launch a business venture). The calls for applications will be directed at the culinary students of the Manq'a schools and at students studying for degrees related to hospitality at INFOCAL and/or other academic institutions. They will be sent out through partnerships with municipal governments, media outlets, neighborhood councils, and other major community stakeholders.
- 2.7 **Selection of young people.** (i) For young people from the Manq'a schools, the schools' current selection methodology will be adjusted¹⁹ to include the focus on entrepreneurship that the schools wish to adopt through this project. The methodology will therefore incorporate criteria on the family, socioeconomic, and work environments of the young people; the resources available to them; and how the project aligns with their abilities. (ii) Calls for applicants and selection processes for young people who are students at other institutes that provide hospitality-related training will, as part of the strategic partnerships to be entered into with these institutes under the project, follow the same criteria as the Manq'a schools.
- 2.8 The young people who participate in the project must meet the following criteria: (i) be between 16 and 29 years old; (ii) be planning to start a business or already own a business that has been operating for no more than 12 months; (iii) have no less than 50% of the total investment required for the business (there is no plan to set a minimum or maximum investment amount).
- 2.9 **Strengthening of soft skills.** The training will start with a 20-hour workshop on soft skills for both the Manq'a students and the students from other institutes (3,000 young people in groups of 25). Students will be trained on issues including motivation, leadership, teamwork, and assertive communication, evaluating and adapting the units currently used by the Manq'a schools.²⁰ The workshop will also serve to communicate the cultural and social principles and values of the Manq'a schools.
- 2.10 **Training on entrepreneurial culture.** The workshops on entrepreneurial culture will develop general concepts and ideas on entrepreneurship, as well as specific ones on the entrepreneurial trends and opportunities in the hospitality sector. These 10-hour workshops will help the 3,000 young people develop ideas associated with the areas in which they are being trained. The entrepreneurial culture content and training methodology will be based on the experience of the Colectivo Integral de Desarrollo [Comprehensive Development Collective] (CID) in Peru.²¹ They will be adapted to the specific features of each municipio where the workshops are to be implemented and to those of the hospitality sector.

¹⁹ The methodology has three components: (a) socioeconomic aspects; (b) psychosocial aspects, to evaluate how committed and responsive candidates will be in their training and subsequent use of the skills they obtain; and (c) an interview to evaluate candidates' motivation for seeking culinary training and their expectations for their culinary careers.

²⁰ This unit focuses on the preparation of an occupational and employability project that is based on developing leadership and life goals, doing a personal SWOT analysis, and establishing short, medium, and long-term goals.

²¹ Colectivo Integral de Desarrollo (CID) is a nonprofit entity based in Peru. It has a 22-year track record serving entrepreneurs—especially low-income youth—with programs that include information, orientation, training, advisory, and technical assistance services. In 2007 and 2012, the IDB awarded it the Award for Excellence in Business Development Services as the best young entrepreneur support program in Latin America. The MIF has supported the CID's work in the context of operations PE-M1002, PE-S1005, and PE-M1097. The ICCO will sign an agreement with CID specifically for the execution of this project.

- 2.11 **Consolidation of business ideas.** The ideas and skills of each young person will be translated into a business plan. The 3,000 students will be guided as they write their plans in 30-hour practicum workshops. After filling out a simple 11-page guide over the course of the workshop, the young people will be able to express their business ideas and analyze whether they are viable or meet expectations before acting on them. The workshop will provide the young people with the basic elements of their business plans *for the first year* and enable them to answer the following questions: What is the market? Who am I competing with? What can I sell? How, and how much of it? What resources do I need and where will they come from? What do I estimate my outlays and revenues will be in the first year? Will my business idea be profitable?
- 2.12 **Advisory support for businesses.** Parallel to the business plan workshop, the young people interested in writing a business plan will have an average of five hours of personalized support. In the first session of the business plan workshop, each beneficiary will be assigned an adviser to help him or her draw up and finalize a plan to be submitted to the business plan competition. The expectation is that around 2,100 young people will finalize their business plans. Starting at this support stage, the project will provide differentiated support for the ventures with real growth potential (the ventures that receive seed capital among them). The support will be more personalized and ensure that the young people are connected with advisers experienced in the areas in which their ventures will be developed.

Phase II: BUSINESS STARTUP AND STRENGTHENING

- 2.13 **Access to finance.** To encourage implementation of the 2,100 business plans written, competitions will be held to reward the 40 best business plans in terms of growth potential with seed capital²² funded by the counterpart. A group of independent judges will be selected from regional VIPs—preferably business owners and officials from financial institutions and public- or private-sector entities dedicated to supporting and training entrepreneurs. In addition to the seed capital, winners will also continue to receive support through business management training and will receive assistance to start and grow the business. The young entrepreneurs who do not win the competition will be connected with financial institutions. The project will pursue partnerships with financial institutions to facilitate access to credit for the young entrepreneurs.
- 2.14 **Business management training.** The expectation is that 1,470 young people will implement their business plans. The project will offer them a training unit on business management to develop their ability to efficiently manage their ventures. The business management training will be 60 hours and broken into four units: management, marketing and sales, costs and finances, and taxation and accounting. This training will be supplemented by support and mentoring in order to improve the staying power and likelihood of success of the ventures.
- 2.15 **Business startup and strengthening.** An average of 10 hours of personalized advisory support to start and grow the business (first year of implementation) will be provided to 1,470 young people. The adviser will support the young person in calculating costs and pricing the equipment and/or raw material needed to run the business, as established in the business plan.²³ Young people will also be assisted in using tools to record purchases, control inventories, record sales,

²² The project will pursue partnerships with private institutions to raise additional seed capital funds for the young people.

²³ For the young people who win the business plan competition, costing will be a prerequisite for delivery of the seed capital.

handle cash, identify potential clients, and draw up a client portfolio list, among other things. This support will be more intensive and personalized for the businesses with growth potential. It will also be verified that the advisers have profiles enabling them to help the young people with practical market knowledge.

- 2.16 **Mentoring for entrepreneurs.** Mentoring will be provided for free by volunteer business owners and professionals with significant experience in business management. The objective is for the mentors to support, motivate, and inspire the young entrepreneurs and help them explore business opportunities, identify growth potential, etc. For this activity, 60 mentor relationships will be trained under the YBI mentoring methodology. The mentoring will also be more intensive and personalized for businesses with growth potential. The young people will be matched with mentors who are well-known in the sectors in which they are launching their ventures.

C. Components

- 2.17 The project has three components: (i) institutional capacity-building; (ii) comprehensive entrepreneurship services for young entrepreneurs; (iii) knowledge management and strategic communication.

Component 1: Institutional capacity-building (MIF: US\$93,080; Counterpart: US\$355,520)

- 2.18 The objective of this component is to develop the model for supporting youth entrepreneurship, including the necessary tools and materials, and to build the institutional capacity of the actors involved for its implementation.
- 2.19 This component's activities include: (i) identification of business opportunities in the hospitality sector of the project cities by studying supply and demand for products and services and mapping the actors, to better connect business owners with the local, regional, and national markets; (ii) partnerships with key actors in each city, including public institutions, training centers, and businesses, holding workshops and informational meetings. The partnerships will help secure technical resources, financial resources, and social capital and identify mentors to work with the project; (iii) development/adaptation of comprehensive service offerings for young people. This will involve developing the curriculum on entrepreneurship and soft skills and the instruments and materials needed to apply it, as well as designing a tool for evaluating potential entrepreneurs to use as a filter when selecting young people; (iv) recruitment and training of entrepreneurship instructors, advisers, and mentors. Training will be carried out in two stages: the first will be training of trainers for ICCO and Manq'a school personnel, who will then train the advisers working with the project. The mentors will also receive training directly from YBI; (v) implementation of the Manq'a and entrepreneurship schools, including minor improvements to the infrastructure of the community centers (in both Sucre and El Alto, if necessary) and equipment, so that the schools can operate; and (vi) development of a sustainability strategy for the Manq'a model, which the ICCO is currently doing. Activities outlined in the aforementioned strategy—some connected with youth entrepreneurship—will also be piloted: catering services for private and/or public institutions, installation of cafeterias featuring healthy food at public and/or private institutes.

Component 2: Comprehensive entrepreneurship services for young entrepreneurs (MIF: US\$486,992; Counterpart: US\$1,175,443)

- 2.20 The objective of this component is to provide training to develop the entrepreneurial skills of young people and support them in the development of

their own business ideas through a comprehensive program that includes: technical training, soft skills training, training in entrepreneurial culture, business training (writing a business plan), support for developing the business plan, and mentoring during the venture's initial consolidation. The goal is to generate income by developing and strengthening the entrepreneurship of young people and making it sustainable.

- 2.21 This component's activities include: (i) call for applications from young people, with support from outreach workers and in coordination with partners and others; (ii) selection of young people from among students of both the Manq'a schools and other training centers; (iii) workshops on soft skills (3,000 young people); (iv) training on entrepreneurial culture (3,000 young people); (v) writing business plans (2,100 young people); (vi) advisory support for implementing business management tools (1,470 young people); (vii) business plan competition for seed capital, provided by the counterpart to at least 40 young beneficiaries, and connecting the young people who do not win but have business plans with significant potential with financial institutions (441 young people).

**Component 3. Knowledge management and strategic communication
(MIF: US\$24,500; Counterpart: US\$16,500)**

- 2.22 The objective of this component is to document, standardize, and communicate the project outcomes and lessons learned in order to publicize an innovative and sustainable intervention strategy to promote ventures by low-income youth that can be replicated and scaled up. The project will thus include a strategy for disseminating the lessons learned and outcomes that will be updated periodically to meet communication needs.
- 2.23 The following audiences have been identified for dissemination of knowledge and sharing of good practices generated by the project:
- (i) Nongovernmental organizations in Bolivia belonging to the YBI network and to the MIF's YEP program, to improve intervention methodologies and existing models for supporting youth entrepreneurship so as to increase impact and geographic reach;
 - (ii) Training institutes and academic institutions interested in improving their educational offerings, to encourage the development of a culture of entrepreneurship in the country so as to grow businesses based on identification of opportunities;
 - (iii) National government authorities such as the Ministry of Education and Ministry of Cultures, as well as local municipal and departmental governments interested in coordinating to support youth entrepreneurship programs;
 - (iv) Chambers of commerce and private-sector enterprises with an interest in supporting youth entrepreneurship projects and open to the possibility of adding youth ventures to their supplier networks.
- 2.24 To meet the knowledge needs of these audiences, the following knowledge products will be developed: (i) a case study that documents the experience of developing and implementing the model to support youth entrepreneurship in the hospitality sector; (ii) an audiovisual presentation to disseminate the factors behind the project's success and the lessons learned; (iii) an infographic summarizing the intervention model, its main components, achievements, challenges, and outcomes; and (iv) a project sheet that visually summarizes the project's strategies, main actions, and outcomes, to be updated annually. The audiences identified will also be reached through workshops, face-to-face

meetings, special events, and print material, as determined by the project's dissemination strategy.

- 2.25 Implementation of a monitoring system adapted to the needs of the project will enable collection of the information needed to generate and disseminate knowledge generated by the project. YBI has a license for Salesforce, which will be used to record, control, and track the project's proposed activities.

D. Project governance and execution mechanism

- 2.26 **Execution unit.** The project will be executed by the ICCO, which will establish an execution unit comprising a project coordinator, administrative and financial specialist, monitoring and supervision specialist, and technical coordinator. It will also include a full-time liaison for Sucre in charge of local coordination, partnership supervision, and technical and administrative support for the general coordinator.
- 2.27 **Management committee.** Chaired by the ICCO's entrepreneurship program officer, the committee's objective will be to keep the project's objective aligned with the interests and objectives of the various participants. It will hold virtual meetings once each quarter and will comprise the ICCO, the Fundación Melting Pot, the Colectivo Integral de Desarrollo (ICCO strategic partner and executing agency of the YEP project in Peru, [PE-M1097](#)), and YBI, with two vacancies for other donors or local partners who join later.

E. Sustainability

- 2.28 The project includes the design for a sustainability strategy (Component 1). However, elements of it already contribute to making the intervention sustainable beyond execution of the project.
- 2.29 The project is based on the existing Manq'a schools model in El Alto, which is very well regarded by public and private institutions and cooperation agencies in Bolivia. This raises the possibility of garnering support from other donors. The ICCO and Melting Pot International are therefore developing a strategy to broaden the Manq'a concept and raise funds nationally and internationally. Manq'a is also working on partnerships with the Ministry of Education so that in the future, the schools can operate under the authority of the alternative education centers (CEA).²⁴
- 2.30 Moreover, the ICCO and Melting Pot Bolivia are looking at business model options for the Manq'a schools including: (i) catering services provided by young people to private enterprises, workers unions, government employees, and others; (ii) opening cafeterias or restaurants in the schools themselves; (iii) opening Manq'a cafeterias at private businesses to sell the concept and promote the Manq'a philosophy on healthy food and the use of Bolivian ingredients; (iv) sale of bread, pastries, and other products under the Manq'a brand. and (v) sale of recipes copyrighted by Manq'a. The ICCO will pilot a number of these options over the course of the project to analyze cost-effectiveness.

²⁴ The Avelino Siñani-Elizardo Pérez Education Act establishes alternative (nonformal) education for adults, young people, and the differently-abled. Alternative education centers can be public or private and are free of charge.

F. Lessons in project design learned from the MIF and other institutions

- 2.31 The following lessons have been learned from the work to design and execute the Manq'a project in El Alto and from the experience of the MIF and CID Peru in the area of entrepreneurship.
- 2.32 **Selection of young people.** To ensure efficient use of resources, it is essential to identify the young people with the greatest likelihood of seeing the training program through to the end and launching a sustainable venture. This relates not only to the business idea but to the soft skills, which are key for entrepreneurship. The project will include processes for identifying young people with the necessary character traits and behaviors.
- 2.33 **Soft skills.** Soft skills are a determining factor in starting and growing a business. Thus the training that the young people will receive is aimed at developing and strengthening leadership, communication, and other skills.
- 2.34 **Advisory support and mentoring.** The direct, personalized support provided to the young entrepreneurs by advisers and mentors during the startup and consolidation of the ventures increases the likelihood of their success.
- 2.35 **Coordination with actors.** Coordination with actors in the entrepreneurial ecosystem needs to be promoted so that those involved (young people, the community, instructors, financial institutions, companies) not only are aware of the needs and challenges of entrepreneurs but can better identify business opportunities to address unmet market demand. Although the process of forming partnerships takes time, it is crucial for the success and sustainability of the projects.

G. MIF additionality

- 2.36 **Nonfinancial additionality.** The project will benefit from the MIF's experience with entrepreneurship and scaling up successful models. In addition, as part of a regional program financed by the MIF, the project will benefit from the services, knowledge, partnerships, and experience generated under that program.
- 2.37 **Financial additionality.** The financial support of the MIF is crucial for fine-tuning and strengthening the Manq'a schools' current model for training young people with an entrepreneurial methodology and for forming the partnerships necessary to reach a greater number of young people in different places and with different areas of hospitality-related instruction. Without the MIF's financial support, the model's targeting of the hospitality sector could not be tested or expanded to other cities in the country with tourism potential (La Paz and Sucre).

H. Project outcome

- 2.38 The project's expected outcome is the creation of a comprehensive entrepreneurship training model focused on the hospitality sector that includes technical training, business training, support, mentoring, and assistance to secure financing. The following are expected: (i) 1,260 businesses created and run by young people; (ii) 2,100 young people develop their competencies and life skills; and (iii) 2,700 young people increase their technical business skills.

I. Project impact

- 2.39 The project's expected impact is to improve future economic opportunities for low-income youth in the municipios of El Alto, La Paz, and Sucre through the creation of a greater number of sustainable enterprises in the hospitality sector. In total, 882 young people will have launched their own sustainable hospitality businesses (more than two years in operation), enabling them to increase their

income and therefore the living standard for themselves and their families. An additional 630 new jobs will be created and 706 young people will increase the annual sales of their businesses by at least 8%.

J. Systemic impact

- 2.40 The project will contribute to laying the foundation for an ecosystem that promotes youth entrepreneurship in Bolivia's hospitality sector. Considering the number of partners participating in the project from both the public and private sectors, it is expected to have a long-term impact thanks to joint action arising from the partnerships and coordination generated by the project. The Ministry of Education has been involved with the Manq'a schools since the beginning and has validated the educational model promoted by them. The entrepreneurship methodology will also be validated. Moreover, the partnerships and promotion of the Manq'a concept create the possibility of attracting new institutions—especially from the private sector—to support and finance new schools and move toward a model that is sustainable over time and broader geographically. In addition, involving other educational institutions such as INFOCAL raises the possibility that they may adopt the entrepreneurship methodology as part of their offerings for their own students.

III. MONITORING AND EVALUATION STRATEGY

- 3.1 **Baseline.** The baseline will be set once comprehensive training of the young people begins. The monitoring and evaluation system will be designed beforehand and identify the strategies and responsibilities for collecting information at the project's various locations. The baseline will take into account information on: (i) the young people enrolled in the projects, including personal information, education level, current job status and income, access to finance, business idea, sales, status of the business idea, capital to invest, family environment, motivation for starting a business, etc.; and (ii) the partner institutions to be involved in training the young people, including their technical training and/or entrepreneurship models, methodologies used, instructors, etc.
- 3.2 **Monitoring.** At project start and with YBI's support, a monitoring and evaluation system will be designed that uses Salesforce software. During the project, processes and outcomes will be monitored for both the project as a whole and young people in particular; conditions of the context will be monitored as well. The system will use tools such as records of activities or events, interviews with actors and beneficiaries, direct observation, surveys, and attendance lists. The monitors and evaluators will make field visits to interview at the organizations and with the young entrepreneurs in question. Surveys and focus groups will be conducted at each phase of the project and during implementation. The ICCO's systems (Monitoring Tools and Microsoft Dynamics) will also be used for project monitoring in order to have the best system possible.
- 3.3 **Evaluations.** Two evaluations will be performed, one midterm and one final at the end of the project execution period. The evaluations will be commissioned by the MIF, chargeable against the contribution resources. The evaluation firm or independent consultants will determine the methodology to be used, with the Bank's concurrence. The evaluations will be coordinated with the YEP regional program, which will be collecting information on the effectiveness of the program's regional approach.
- 3.4 **Closing workshop.** ICCO will organize a **closing workshop** at the proper time in order to evaluate, together with other institutions involved, the outcomes achieved, identify additional tasks to ensure the sustainability of the actions

begun by the project, and identify and disseminate lessons learned and best practices.

IV. COST AND FINANCING

- 4.1 The project's total budget is US\$2,505,935. Of that amount, US\$799,586 (32%) will be contributed by the MIF, and US\$1,706,349 (68%) will be contributed by the counterpart. The counterpart contribution will be financed by the ICCO in the form of 50% in cash and 50% in kind. The execution period will be 30 months, and the disbursement period will be 36 months.
- 4.2 **Retroactive recognition of counterpart resources.** The MIF may recognize up to US\$200,000 equivalent as part of the counterpart resources when for expenditures to improve the infrastructure of community centers and equip the Manq'a schools in El Alto, incurred on or after 1 October 2014 and up to the date of project approval.

	MIF	Counterpart	Total
Project components			
Component 1: Institutional capacity building	\$93,080	\$355,520	\$448,600
Component 2: Comprehensive entrepreneurship services for young entrepreneurs	\$486,992	\$1,175,443	\$1,662,435
Component 3: Knowledge management and strategic communication	\$24,500	\$16,500	\$41,000
Execution and supervision			
Management	\$154,014	\$158,886	\$312,900
Other costs			
Evaluations	\$20,000	-	\$20,000
Ex-post reviews and institution-strengthening	\$21,000	-	\$21,000
Grand total	\$799,586	\$1,706,349	\$2,505,935
<i>% of financing</i>	32%	68%	100%

V. EXECUTING AGENCY

- 5.1 The ICCO will be the project executing agency and will sign the agreement with the Bank. The ICCO works to reduce poverty, inequality, and injustice so people can live with dignity and in prosperity. To do so, it works with local civil society actors to build capacity and provide technical assistance, promoting knowledge sharing and creating partnerships between different actors throughout the world. Its contribution as executing agency is key, since it began implementation of the Manq'a schools with funds donated from the Danish lottery. Its experience in Bolivia—with specific sectors and certain value chains—will also be key for the project's sector approach in a number of links of the hospitality industry's value chain.
- 5.2 The regional office for South America is located in Bolivia. From there, the ICCO manages programs and projects in Bolivia, Brazil, Colombia, Ecuador, Paraguay, and Peru for an annual amount of around €7 million. The ICCO's regionwide presence gives it local knowledge and existing strategic partnerships to adapt and replicate this model in other countries. It has experience implementing projects with other donors including the IDB/MIF, the European Union, private enterprises, and the Dutch lottery. The ICCO is currently the executing agency for project [BO-M1062](#) (ATN/ME-14079-BO), "Promoting the Inclusion of Small Producers in the Amaranth Value Chain in Chuquisaca, Bolivia," approved on

9 October 2013. This project is on course to meet its objectives. Outcomes thus far indicate that the income of amaranth producers has increased by 10% to 15%, while three organizations (of the projected six) have signed commercial agreements enabling them to sell their amaranth in high-value markets.

- 5.3 **Procurement.** For the procurement of goods and consulting services, the executing agency will be governed by the IDB's procurement policies (documents GN-2349-9 and GN-2350-9). Since the diagnostic needs assessment (DNA) of the executing agency returned a need/risk level of *medium*, the project team has determined that pursuant to the terms of Appendix 4 of the aforementioned policies, the executing agency, as a private sector enterprise, will use the private sector methods described in Annex 1 of the "Operating guidelines on procurement for nonreimbursable technical cooperation operations" (document OP-639). Project procurement reviews will be performed on an ex post basis with six-month frequency. Additionally, the executing agency will use funds from the MIF contribution to hire an administrative assistant to support procurement management under the project. Prior to the start of project procurement, the executing agency will submit the project's procurement plan for MIF approval. The plan will be updated *annually* and whenever there are changes to the methods and/or the good or service to be procured.
- 5.4 **Financial supervision and management.** The executing agency will establish and be responsible for keeping proper accounting records and internal control and filing systems for the project, consistent with IDB/MIF financial management rules and policies. Since the [DNA](#) of the executing agency returned a need/risk level of *low* for the financial management section, review of the supporting documentation for disbursements will be performed on an ex post basis with *annual* frequency. Additionally, the executing agency will use funds from the MIF contribution to hire an administrative assistant to support the financial management of the project.
- 5.5 The IDB/MIF or the executing agency will engage independent auditors to conduct the ex post reviews of the procurement processes and the supporting documentation for disbursements. The scope of the ex post reviews will include analysis of the financial reports that the executing agency must prepare on a six-month basis as part of its financial management. The cost of this engagement will be covered with funds from the MIF contribution according to 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 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) Lack of interest from financial institutions in providing credit to young entrepreneurs because they are seen as a "risky" investment, thus limiting access to formal financing. To mitigate this risk, the plan is to identify potential financial institution partners during the study of the environment and pursue partnerships with at least one from the outset of the project. (ii) The young people cannot produce the counterpart to access seed capital. To mitigate this risk, clear selection criteria will be set for the competition winners and communicated in a timely fashion to the competitors.
- 6.2 **Institutional risks.** That the partnerships with technical and/or other organizations necessary to execute the project (mainly in Sucre) will be delayed and/or that the partnerships only last for a short period of time. This risk will be

mitigated through constant verbal and written communication with partners as well as awareness workshops and letters of intent to formalize the partnerships and make them sustainable.

- 6.3 **Operational risks.** That the project will not gain the number or quality of mentors necessary to provide mentoring services to the project's young people because Bolivia does not have a developed culture of entrepreneurial mentoring. To mitigate this risk, YBI will coordinate with the executing agency to provide mentors with ongoing support and comprehensive training. Bolivia's existing mentor network will also be approached to propose formal or informal partnerships. In the event that not enough mentors are found who can meet in person with the young people, mentors who are accessible remotely (via telephone and/or Skype) will be considered.

VII. ENVIRONMENTAL AND SOCIAL IMPACT

- 7.1 No adverse secondary environmental and social effects of any kind are anticipated. The project will have an impact on low-income youths and their environment, so the only foreseeable social impact is positive for them and their families.

VIII. ACHIEVEMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 8.1 **Results-based disbursements and fiduciary arrangements.** The executing agency agrees to follow the MIF's standard arrangements concerning results-based disbursements, procurement, and financial management, as specified in the project 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 strategic and marketing plans of the entities.
- 9.2 **Intellectual property.** The Bank and the ICCO will weigh the legal options as far as intellectual property rights and licensing thereof based on the Bank's legitimate interest in replicating the initiative in Bolivia and other countries in the region, as applicable.