

PUBLIC POLICY AND PRODUCTIVE  
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# The case of Start-up Chile

**A PIONEERING  
PROGRAM TO ATTRACT  
TALENT AND PROMOTE  
ENTREPRENEURSHIP**



# **The case of Start-up Chile.**

## *A pioneering program to attract talent and promote entrepreneurship*

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**Public Policies and Productive Transformation Series**  
**N°18 / 2015**

**Juanita González-Uribe**

**The case of Start-up Chile.  
A pioneering program to attract talent  
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Director of Public Policies and Competitiveness

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Public Policy and Productive Transformation consists of a series of documents aimed at disseminating successful experiences and cases in Latin America as a tool for producing knowledge for the implementation of best practices in the field of business development and productive transformation.

Edited by: Henry Gómez

Designed by: Claudia Parra Gabaldón

Translated by: David Arenas Thomas

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# Foreword

Productive transformation has been one of the areas that CAF, as the development bank of Latin America, has fostered as a necessary condition for reaching a high and sustainable development in the region.

The experience and expertise generated in each project during the last decades have made the Institution a Latin American point of reference in areas such as competitiveness, Corporate Governance, local and business development, and productive inclusion.

The public policies necessary to drive productive transformation are based on the development of those capabilities aimed at the implementation of good practices and specific supports for improving business management and productivity. Thus, CAF makes its knowledge and expertise available and offers efficient support to a variety of sectors while, at the same, it creates documentation and does research on success stories that are relevant for the region.

“Public Policy and Productive Transformation” consists of a series of documents aimed at disseminating those experiences and relevant stories in Latin America as an instrument for spreading the knowledge that CAF makes available to the countries in the region so that better practices with respect to business development and productive transformation practices can be implemented.

L. Enrique García  
**Executive President**



## **Executive Summary**

Latin American countries have been increasingly interested in adopting public policies aimed at dynamic entrepreneurship as a way of increasing income levels, as well as reducing poverty and social inequality. Chile stands out in the region as a country that for more than 50 years has been promoting legislative measures to build an “institutional framework” that favors entrepreneurial development.

The Start-Up Chile (SUP) program, launched at the beginning of Sebastián Piñera’s administration in 2010, offered incentives to high-potential entrepreneurs from all over the world to launch their business initiatives in Chile. The idea was not only to help these initiatives thrive, but to use the experience as a source of inspiration for Chilean citizens to become world-class entrepreneurs. This paper describes the measures implemented by the government as it executed its bold program; from the conception of the pilot program, to the adjustments resulting from experiences attained through the successive generations of entrepreneurs. It also highlights the difficulties organizers had to overcome when facing the social, economic, political and cultural challenges that are still prevalent in the country.



# Introduction

The objective of Start-Up Chile (SUP) was to attract high-potential entrepreneurs from all over the world, offering them incentives so that they would launch their business ventures in Chile. The program was conceived and launched at the beginning of the Sebastián Piñera government in 2010. The expectation of this innovative program was that the initiatives would evolve into global businesses and inspire Chileans so that a growing number of citizens could become world-class entrepreneurs; at the same time, Chile would be positioned as the main innovation and entrepreneurship hub of Latin America.

The SUP pilot program had an initial budget of 1 million US dollars and would be executed by Innova Chile, a subsidiary of the development agency CORFO (Corporación de Fomento a la Producción), the main public entity devoted to supporting business development in Chile. The initial stage of the pilot program highlighted a series of unforeseen difficulties at the onset of this ambitious program. Many of these issues were overcome by adjusting procedures when moving onto the execution phase. The first wave of entrepreneurs arrived towards the middle of 2011, but the new modalities that strengthened both the attractiveness of the program and the benefits for the country were truly witnessed by successive generations. The SUP program offered a growing number of Chileans the opportunity to discover the skills needed to become successful entrepreneurs and attract venture capital.

On the other hand, participants from abroad were offered three main benefits: US \$40,000 in seed capital for their entrepreneurial projects without requiring an equity stake in their ventures; visas to allow foreign entrepreneurs to register their companies in Chile; and, work space in a shared office in downtown Santiago. In exchange, entrepreneurs had to take up residence in the country for the duration of the program (6 months) and participate in activities to attract investors and promote local entrepreneurship.

By August 2013, seven generations made up by 1,700 entrepreneurs from 58 countries had taken part in SUP, together with 825 start-up promoters. The program had an annual cost of US \$15 million and was funded by the Chilean taxpayer. After taking part in the program, a total of 110 start-ups had raised more than US \$50 million from local and foreign investors.

This study briefly describes the different organizations that support business development in Chile, as well as the SUP's role in the promotion of entrepreneurship and a stronger investment climate in the country. It also describes the emerging venture capital industry in Chile and its

relative size in Latin America. From this perspective, it looks at the origins of SUP and the measures taken to enable its first steps. We also analyze the institutional evolution of the program, starting from the successive generations of entrepreneurs attracted to the country right up to its current stage of consolidation.

# Supporting Entrepreneurship in Chile

Chile stands out in Latin America as a country known for supporting entrepreneurship and business development. Since CORFO was created in 1939, the country has built a business support structure comprised of an intricate system of public and private institutions that have evolved over several decades. The system encompasses all the stages of a business life cycle: from initial support for the setting-up, expansion and liquidation of companies (one-day business set-up<sup>1</sup>, loans for R&D<sup>2</sup>, bankruptcy legislation<sup>3</sup>), up to supporting entrepreneurial culture (funds to promote an entrepreneurial environment<sup>4</sup>), support for the setting-up of venture capital funds (incubators<sup>5</sup>, venture capital<sup>6</sup>), direct support to businesses (seed capital<sup>7</sup>, SSAF<sup>8</sup>) and support for internationalization (Contact Chile<sup>9</sup>, Global Connection<sup>10</sup>). As shown in Table 1, CORFO's most recent policies in this area have been SUP in 2011 and the portal known as "tu empresa en un día" (one-day business set-up), launched in 2013. The successive laws and measures listed in the chart have contributed to create an increasingly investor-friendly environment.

It is expected that SUP's role within this system of institutions will be to foster an environment where an increasing number of Chileans can become entrepreneurs. In this sense, SUP is positioned at the beginning of the value chain of Chile's pro-entrepreneurship programs, looking to pave the way for the cultural change needed in the country. Table 1 shows its position within this group of institutions.

Law 18.657, passed in 1987, was the first piece of regulation related to the venture capital industry in Chile, and allowed the investment in unlisted companies through the creation of the Foreign Venture Capital Investment Funds (FICER).

1 <http://www.tuempresaenundia.cl/>

2 <http://www2.corfo.cl/innova/leyid/Paginas/Default.aspx>

3 <http://www.squiebras.gob.cl/>

4 <http://www.corfo.cl/programas-y-concursos/programas/programa-de-apoyo-al-entorno-para-el-emprendimiento-y-lainnovacion-pae>

5 <http://www.corfo.cl/programas-y-concursos/programas/operacion-de-incubadoras-de-negocios>

6 <http://www.corfo.cl/programas-y-concursos/programas/capital-de-riesgo-corfo-para-empresas-innovadoras>

7 <http://www.corfo.cl/programas-y-concursos/programas/concurso-capital-semilla>

8 <http://www.corfo.cl/programas-y-concursos/programas/subsidio-semilla-de-asignacion-flexible-para-el-apoyo-de-emprendimientos-de-desarrollo>

9 <http://www.prochile.gob.cl/contactchile/index/>

10 <http://www.corfo.cl/programas-y-concursos/programas/aceleracion-internacional-de-emprendimientos-tecnologicos--global-connection>

**TABLE 1. SUPPORT FOR VENTURE CAPITAL INDUSTRY, 1987-2013**

<b>1987</b>	Law No. 18.657 – Creation of FICE
<b>1989</b>	Law No. 18.815 – Regulation of Investment Funds
<b>1994</b>	Law No. 19.301 – Changes to Securities Markets
<b>1995</b>	Law No. 19.389 – Changes to Investment Funds
<b>1997</b>	CORFO – Investment Funds Funding Programs
<b>2000</b>	Law 19.705 – OPAS Law
<b>2001</b>	CORFO – Support for Seed Capital
<b>2001</b>	Law 19.768 – MK I Reform
<b>2005</b>	CORFO – Investment Funds Funding Programs for the Development of Venture Capital
<b>2006</b>	CORFO – Support for Networks of Angel Investors
<b>2006</b>	CORFO – Venture Capital Investment Funds Funding Programs
<b>2007</b>	Law 20.190 – MK II Reform
<b>2008</b>	CORFO – Venture Capital for Emerging Companies and Direct Investment Program in Investment Funds
<b>2010</b>	CORFO – Re-design of programs
<b>2010</b>	Law 20.448 – MK III Reform
<b>2010</b>	CORFO – SUP
<b>2013</b>	Portal for one-day business set-up (tu empresa en un día)

In 1989, Law 18.815 allowed for the creation of public investment funds, defined as pools of assets comprised by contributions from natural and legal persons, which could be transformed into venture capital investments. Initially, these funds were classified according to their investment objectives, with the following original line-up: (1) Business Development Funds (FIDE), (2) Mutual Investment Funds, (3) Real Estate Investment Trusts, (4) Securitized Credit Investment Funds, and (5) International Investment Funds.

Despite the ambitious intentions embodied in these first legislative efforts aimed at developing the venture capital industry, these first initiatives were thwarted by a combination of excessive regulation, lack of experience and low management fees. In 1990 the pension



funds management companies (AFPs) were authorized to invest up to 5% of their assets in investment funds; however, by 1991 only two funds had been created, and none of the AFPs had invested in venture capital funds.

A second attempt to pave the way for the creation of a venture capital industry was carried out in 1994 and 1995 with the passing of laws 19.301 and 19.389. These new laws helped to relax regulation by reducing limitations on investment policies, and promoting the creation of FIDES. This second attempt was complemented in 1997 by the Venture Capital Investment Funds system launched by CORFO, and then in 2000 with the passing of the OPAS Law, which allowed mutual funds to invest 10% of their assets in venture capital.

One of the obstacles for the development of the venture capital industry was the relatively small number of innovative projects with hyper-growth potential in which the funds could invest. In order to increase the supply of this type of businesses, in 2001 CORFO launched a series of instruments to support seed capital, together with the support program for the creation of angel investor networks in 2006. The seed capital instruments focused on lending support to entrepreneurs during the initial stages of their projects; they consisted of direct subsidies to entrepreneurs to support the definition and formulation of projects, as well as their launch and start-up stages. On the other hand, the angel investors support mechanism promoted the organization, formulation and operation of investment networks for early-stage ventures.

Another obstacle for the development of the venture capital industry was the excessive regulation that prevailed in capital markets, which basically blocked investor exit strategies. The 2002 Capital Markets Reform of 2002 (MK I) managed to mitigate this obstacle by establishing rules aimed at deepening the modernization of capital markets: capital gains tax on shares with a high presence in the Chilean stock market was eliminated, tax on international financial transactions was reduced, and the rights of minority shareholders were strengthened. MK I also contributed to boost the venture capital industry by paving the way for the creation of private equity funds.

In 2007, the second capital markets reform, better known as MK II, contributed to the development of the venture capital industry by eliminating a series of existing obstacles and awarding tax breaks to investors in so called public funds, as well as for those willing to invest in smaller companies.

The most recent reform to this market, known as MK III, introduced a series of changes in 2010 related to liquidity, financial innovation and capital markets integration, all of which were relevant in terms of facilitating investors' exit strategies. All things considered, we expect that this process of continuous improvement of the country's entrepreneurial ecosystem will give way to new measures that should be announced in the near future.

A series of investment funds aimed at early-stage companies have been created in Chile, such as: Nxtplabs<sup>11</sup>, Inversor Capital - Amerigo Chile Early Stage & Growth Fund<sup>12</sup>, and Nazca<sup>13</sup>. Some of these investment firms also operate in other Latin American countries and compete with their peers in these local markets.

Despite this, the venture capital industry remains in its infancy both in Chile and other countries in the region. There are not many entrepreneurs capable of developing the type of project that can potentially attract investors and funding, or offer different exit options. Many lack the necessary knowledge or the access to capital to allow their businesses to grow, and many remain as smaller companies and don't achieve the necessary scale. In Chile, large-scale entrepreneurship has been traditionally concentrated in the mining (copper), agriculture (vineyards) and fish farming (salmon) industries, which have stable cash flows and a relatively low level of risk. On the other hand, micro-entrepreneurship has traditionally been concentrated in the services sector. Hence, the venture capital industry has had a very limited offer in terms of investment opportunities.

How has the venture capital industry been impacted by other measures aimed at supporting business development in Chile? On the one hand, between 1998 and 2013, the funding programs for venture capital funds managed by CORFO approved transfers of funds totaling US \$651 million. On the other, the Seed Capital Fund has provided funding for smaller companies. The Pension Funds Managers (known as AFPs) would seem to be the natural candidates to act as limited partners. However, according to an expert in this market, the relatively sophisticated nature of the Chilean AFPs means that many of them are not interested in taking part as limited partners of venture capital firms, and instead prefer to invest directly in the underlying companies.

Similarly, in other countries in the region venture capital firms tend to have very limited exit opportunities. The industry could well be served by deeper stock markets, as generally speaking returns seem to be limited to a small number of companies; these tend to be the successful few, which need to raise a certain level of capital only available in the open market.

Looking at the development of the venture capital industry in Chile, the introduction of the SUP program could be considered as a new attempt to break down the barriers that have limited its growth. We will now describe the origins of the program and the steps taken to enable its execution.

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11 <http://www.nxtplabs.com/>

12 <http://www.inversurcapital.com/>

13 <http://nazcaventures.com/about>

# Program Description and Stages

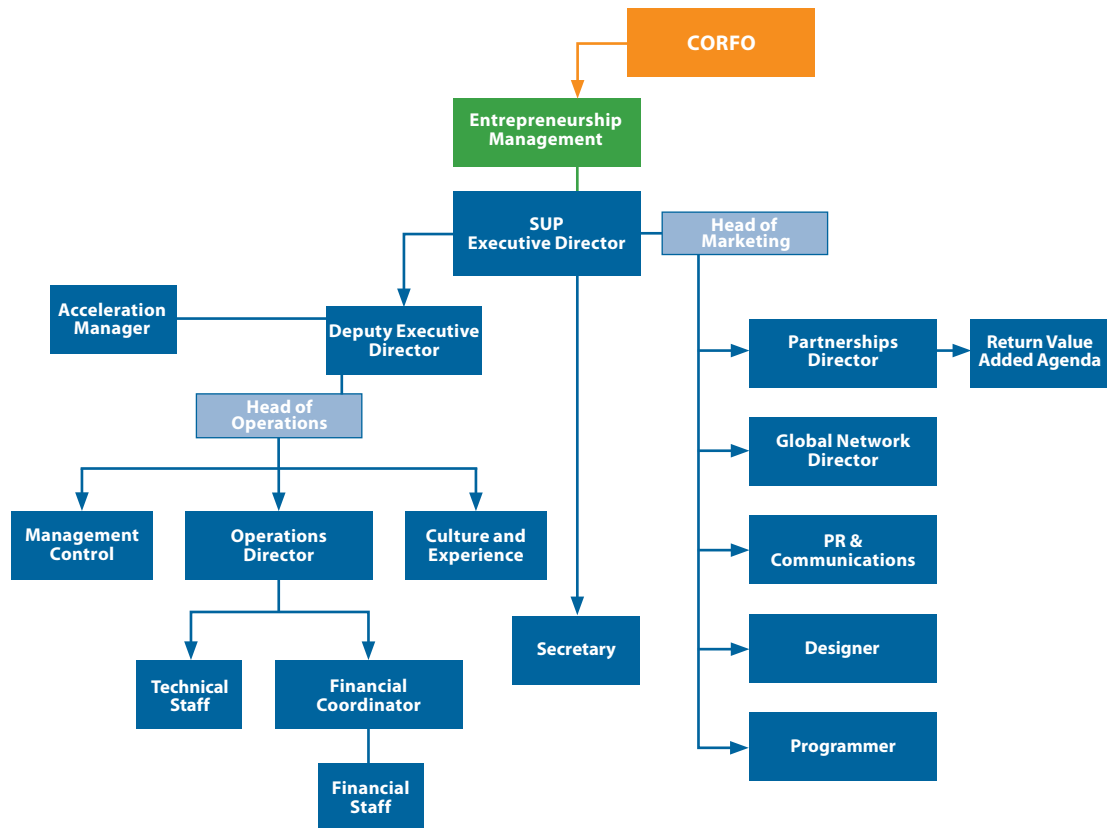
## The birth of the Start-up Chile program

The SUP program was conceived by Nicolás Shea, a Stanford graduate and Chilean serial entrepreneur. Days before Sebastián Piñera took office as President of Chile, Shea received a call from the recently appointed Finance Minister, Juan Andrés Fontaine in February 2010. The minister offered Shea a position as Innovation and Entrepreneurship Consultant, and asked him to come up with innovative policies to boost the economy. After living in California for many years, Shea was well versed in the struggles faced by many recently-graduated and highly-qualified foreign entrepreneurs who were looking to obtain visas to remain in the United States. These talented individuals represented a source of entrepreneurial energy that, if imported by Chile, could bring the country closer to the world's main innovation centers and contribute to the development of a Chilean entrepreneurial ecosystem.

Inspired in Dan Senor's and Saul Singer's book *Start-up Nation*, Shea drafted a prototype program in order to attract the necessary entrepreneurial talent with global connections. For the first six months participants would have to operate under the bootstrap modality (whereby high-tech ventures execute their projects with the absolute minimum financial support). In exchange, they would receive US \$40,000 in seed capital, without having to surrender an equity stake, as well as a one-year visa and a shared office space. The program was scheduled to start immediately and would be funded by the Chilean government. Also, in order to guarantee a critical mass of global connections, Chileans that were resident in the country would not have access to the program initially.

Shea presented the program prototype to the finance minister in March 2010. Fontaine was willing to support non-traditional ideas in order to boost economic growth, but he feared the difficulties of identifying qualified entrepreneurs that would want to move to Chile. Shea argued that they could identify them by establishing sufficiently demanding selection standards. "We have nothing to lose by trying. Let's set high standards and if nobody shows up, no public resources will be spent," said Shea. "That's a valid point, let's give it a shot," answered Fontaine. And so, without further delay, Shea and Fontaine launched their bold program aimed at attracting global entrepreneurs and their early-stage ventures to Chile.

FIGURE 1. SUP ORGANIZATIONAL CHART



## The Pilot Program

The SUP Pilot Program began in September 2010, executed by Innova Chile, the subsidiary of CORFO (see Figure 1). The executive team was made up by entrepreneurial-minded people, with no government-related experience. Cristóbal Undurraga, a former Silicon Valley entrepreneur and a friend of Shea, was at the head of Innova Chile, while Jean Boudeguer, took office as the first executive director of SUP.

Two administrative units were created during the pilot program, which have remained in place in the following years: The Advisory Board (Board) and CORFO's Entrepreneurship Committee (Committee). The Board was comprised by a group of professionals hired by Shea for the purpose of providing information on the development and practice of the program. At a later stage, the Committee was headed by Chuck Holloway, Director of the Center for Business Studies at Stanford University.<sup>14</sup>

<sup>14</sup> See: <http://startupchile.org/about/team/>.

## BOX 1. CRUISEWISE, THE FIRST SUP PROJECT

Stanford University graduates Amit Aharon and Nicolás Meunier were the first SUP participants; they had founded CruiseWise, a site that enabled direct interaction between buyers and sellers in the cruise-ship industry. Before joining SUP, Aharon and Meunier had pitched their company to three venture capital firms. Aharon commented: “we had just come up with an idea, and obviously the valuation was quite low...the alternative was to come to Chile for six months with all expenses covered, we could bootstrap and look to increase our valuation after that. It sounded like a good deal.”

So, Aharon and Meunier took part in the pilot program, and After SUP they managed to raise funds from Chilean and US investors reaching a valuation that was 2.5 times greater than the initial offer they had received. In 2013, they sold CruiseWise to Tripadvisor. Aharon has reflected on his Chilean experience: “I have no doubts in recommending SUP; it makes a lot of sense for recently created start-ups. At the beginning, there is absolutely no difference in writing code in San Francisco or Santiago... so we decided to go to Chile, where we would have money to live and work.”

Aharon and Meunier, however, had to face the initial challenges that characterized SUP. As Aharon remembers: “It was not easy. We were part of the first generation, and it wasn't clear how all of this would work. The first days were devoted to dealing with the tax authority, trying to legalize our company... on top of that, we arrived before all of the other participants, so we felt quite isolated.” After the pilot program, Aharon and Meunier had to face the skepticism of the US-based venture capital firms. Even the firm that had made them their first offer rejected them. “After several rounds with investors, we managed to raise capital through a Chilean Angel investor. SUP was seeking a change of mentality in Chile, but it was also necessary to change the perceptions about Chile in the international financial markets!”

The Board held several meetings during the year and made suggestions for changes to the implementation of the SUP program. Marcela Pérez de Alonso, a board member commented: “SUP has been very open to feedback. (...) The nimbleness of the project has been important to help us promote Chile's external image. In the past, Chile hadn't really enjoyed much recognition in the fields of science and technology; in just three years SUP has helped the country transform its image” (SUP, 2013).

The Committee brought together three members from public institutions and two from the private sector. Within CORFO, the Committee was in charge of supervising the initial phases of several entrepreneurial programs. Within SUP, the Committee's main task consisted in selecting the participants.

The selection process, as devised by the minister was actually quite cumbersome; each participant had several phone interviews with the Committee, via Skype. According to Fernan Ibañez, the advisor to Innova Chile who led the initiative, “it was a huge challenge as criteria was still being adjusted, which meant that during the applications process we needed to fall back on our personal experience and past knowledge to try and identify the projects with the highest potential.” Finally, the Committee chose 22 start-ups: 13 from the US, 2 from Spain and 1 from each of Argentina, Canada, Germany, India, Ireland, Israel and Portugal. Shortly after, the first participants arrived in Chile.

During the pilot program phase, SUP was harshly criticized in the local media, with objections coming from both politicians and the business community. The audacity of rewarding foreign entrepreneurs with Chilean taxpayers' money, without the former taking on any debt or relinquishing an equity stake, did not go unnoticed by the general public. There were also objections about the exclusion of Chilean residents as initial participants of the program; CORFO was accused of having greater belief in foreign talent than in their national counterparts. According to Shea: "The survival of SUP is largely attributable to the minister, who fought bravely against the program's detractors."

By February 2011, all of the participants in the pilot program managed to complete their projects. The next stage consisted of new goals: SUP would be expanded by US \$48 million and would target 1,000 start-ups by the year 2014. In order to reach such goals, three areas needed to be strengthened: first, the selection process had to be more efficient because the personalized system was too subjective and hard to expand; second, the process of transferring seed capital funds needed to be adjusted to meet the realities of entrepreneurs; and third, it was evident that SUP could benefit the country if it took into account the social capital of participants and developed links with local entrepreneurs. However, it was necessary to develop a methodology to activate and monitor this process.

## **The First Generation: (June 2011 - January 2012)**

In the midst of the attacks against the program, SUP initiated the applications process for the first generation of start-ups in February 2011. The personalized selection process of the pilot program was replaced by a two-stage process: first, candidates would have to apply through a digital platform provided by *YouNoodle*<sup>15</sup>, an online project selection network based in Silicon Valley. *YouNoodle* would then assign three judges to each application (each judge would review between 5 and 10 applications) and classify every project based on four criteria: quality of the product or service (25%), market and competitive positioning (25%), team mix, qualifications and experience (25%) and the team's existing network (25%). In the second stage, the projects would be reviewed by the Committee. At the end of the process, 100 projects were accepted to the program.

SUP adopted measures to address the inconveniences identified during the pilot program. A public tender was held to find new shared office space for participants, after which Centro Movistar Innova was chosen. A soft-landing services package was prepared to make all the paperwork easier for participants upon their arrival: registering with the police, issuing of local ID, opening bank accounts, housing and obtaining mobile phones. Requests were made to the Foreign Affairs Ministry and Consulates so that participants could process their visas through a one-stop shop. Similar requests were made to the Civil Registry Office and

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<sup>15</sup> <https://www.younoodle.com/>

Immigration Office so that participants could receive special treatment. Also, the organizers spoke to the Ministry of Education so that participants could enroll their children in municipal schools, and there were even agreements made with two banks and mobile phone operators to streamline processes for the benefit of entrepreneurs. Never, before SUP, had such an effort been made with public and private entities to support the development of a program.

Additionally, the management of the program was also adjusted. In order to promote further integration among participants, arrival dates were structured in two waves with a three-week separation. The technical monitoring and follow-up of projects was separated from the financial aspects through the creation of two distinctive administrative units. Capital disbursements were made by means of successive repayments, as follows: start-ups would gather information on their expenses and prepare reports based on three categories: human resources, operations and investments. However, some entrepreneurs would report expenses that seem unjustified and it would take CORFO up to 45 days to process reimbursements; this created working capital problems, so the process had to be modified once again for the next generation of participants.

Social contributions made by participants were another focal point (see Box 2). So that participants could contribute to the development of local entrepreneurs, the program created a Return Value Agenda (RVA) whereby participants received points for organizing or attending events associated to local entrepreneurship; they received incentives to participate in these activities and capital disbursements were linked to RVA targets. Nonetheless, the allocated scores per activity depended on the type of event and the extent of participation of the entrepreneur, and even though the RVA agenda achieved its purpose, its implementation was also improved for the second generation.

One of the most successful mechanisms were the meet-ups. The modality was introduced to generate social value by promoting informal gatherings between participants and local entrepreneurs. Horacio Melo, the second executive director of SUP, shared his impressions: "Only 10 people took part in the first meet-up, but today more than 100 people meet once a week to discuss business ideas and supplier networks."

Additionally, SUP began to counter its negative image in the press through a mentoring network (godfathers/godsons) whereby participants matched up with like-minded Santiago business people. Beyond helping participants adapt to Chile, the involvement of the local business community was also intended to boost SUP's objective of strengthening the country's entrepreneurial ecosystem. As observed by Catalina Boetsch, the first head of Culture and Experience at SUP: "For many participants, their godfather was their first personal relationship in the country, which led to a very close social bond. At the same time, many Chilean godfathers joined the SUP networks."

## **BOX 2. SOCIAL IMPACT OF SUP**

The long-term objective of SUP was to help Chile become a country of entrepreneurs. The objective of promoting local entrepreneurship could be aided by so-called social impact activities, which would be conceived, organized and led by program participants. To stimulate their participation SUP created the Return Value Agenda (RVA), whereby participants would be awarded points depending on the importance of each activity; at the same time, achieving target scores conditioned capital disbursements for their particular ventures. The activities that the participants were expected to organize became increasingly demanding: for the first generation, it was enough for participants to attend meet-ups once a week, as well as meeting with investors and potential local entrepreneurs; later on, they would be expected to organize entrepreneurship workshops and further on, increasingly ambitious information dissemination events. However, to be able to scale up these activities it would be necessary for SUP to materialize partnerships with companies, universities and municipalities with whom they would agree, design and present events.

At the same time, awarding RVA points to participants would also become a more structured and demanding process. Before the fourth generation, the required score was 3,000 points and commitments were only implicit; also, the percentage of participants that achieved their targets was quite limited. The first partnerships paved the way for the organization of certain activities and the required scores increased to 4,000 points, while scores for each activity were determined in a more precise manner. Once SUP had established explicit commitment mechanisms whereby the disbursement of capital was conditioned to a participant's RVA score, the percentage of high-scoring participants increased quite dramatically.

The partnerships struck with municipalities meant that SUP also reached so-called subsistence entrepreneurs: hot-dog stall owners and arts and crafts shops. Despite the differences between these businesses and SUP ventures, workshops offered to the popular sectors were successful in so far as everyone faced the same type of funding challenge. According to Constanza Pinochet, the Peñalolén municipality official responsible for the partnership with SUP: "Local entrepreneurs felt identified with the challenges faced by SUP entrepreneurs...Quite frequently, low-income entrepreneurs feel that their businesses are the only ones that face financial problems. So it is encouraging for them to listen to the experiences of other entrepreneurs...it changes the way our local residents think about their business problems. Their problems cease to be simply another example of how under-privileged they are and become the normal difficulties faced by all early-stage businesses..."

All in all, the pilot program afforded SUP an invaluable learning experience, which was further strengthened by the experience of the first generation. Similarly, the successive generations of the program also generated new modalities.

### **The Second Generation: October 2011 - May 2012**

The first wave of participants of the second SUP generation arrived in Chile in November 2011, and the rest in January 2012. Three operational changes were introduced: first, there were specific goals set for the social impact component, which was strengthened through partnerships with public and private entities. The RVA was kept as a measurement mechanism,



but the scoring system became much more demanding; points were only allocated to participants who actually led the organization of events. Through partnerships with a business training program of the Catholic University of Chile and the Association of Chilean Entrepreneurs, SUP complemented its godfather program with a mentors' program.

Secondly, the way in which capital disbursements took place changed, solving the issue of personal expenses that had hindered the previous generation: a proportion of capital was distributed as a salary at the beginning of each month. New technical and financial staff were hired to offer guidance to participants, both to estimate their financial needs and prepare their expenses reports. At the same time, processes were standardized and IT solutions were brought in for management indicators and documentation purposes.

The third operational change consisted in the introduction of a "Tribes" system to strengthen the generation of social networks; participants were split into groups, based on their project's industrial sector. This allowed for emerging synergies among participants and improved communication between SUP and entrepreneurs through the Tribe leaders.

The program's methodology also changed; the meet-ups that had been used until then were replaced by demo-days, events similar to those held in Silicon Valley, where start-ups had to pitch projects to investors. Apart from attracting investors, the purpose of demo-days was to fill the conference centers with university students eager to create their own start-ups. In fact, both goals were attained, but it was also very evident that only a handful of local investors were willing to invest in the start-ups that took part in SUP.

Some of these new measures were introduced by the new director, Horacio Melo. Nicolás Shea, who had transformed an idea into CORFO's most internationally-recognized program, and Jean Boudeguer, the director who consolidated it, both moved on. Melo's objective was to incorporate the best international start-up practices to the program.

## **The Third Generation: January 2012 - August 2012**

By this time, Start-up Chile was already recognized as an innovative program, both nationally and internationally. The program received an increasing number of invitations to international events involving entrepreneurship and innovation, and the global media highlighted the Chilean experience. Even the prestigious magazine *The Economist* published an article about "Chilecon Valley", describing it as a Mecca for talented entrepreneurs from any part in the world who were having difficulties obtaining a US visa to reside in the illustrious cradle of innovation in California. Other articles are also mentioned in Box 3. International media coverage devoted to SUP is listed in Figure 2.

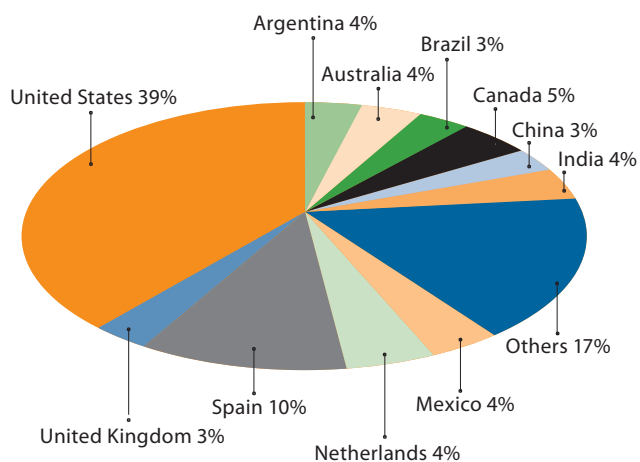
BOX 3. MEDIA COVERAGE

SUP has been the Chilean public program that has enjoyed the broadest international media coverage. In 2012, a total of 928 articles mentioned the program in media outlets such as the *BBC*, *The Huffington Post*, *The Guardian*, *The Economist*, *ABC* and *Le Monde*, among many others. By May 2013, another 442 articles had been published, 66% more than in the same period a year before.

One of the most positive articles was published by *The Economist*, and titled "The Chilecon Valley Challenge". Without a doubt, the piece acted as a catalyst for the recognition of the SUP brand throughout the globe. The highest point of international media coverage was probably November 2012 (174 articles), when the *Start-up Ecosystem Report 2012* was published, a joint publication by the start-up Genome and Telefónica Digital, where Santiago was included among the top 20 global entrepreneurship ecosystems. February 2013 also saw an important surge in the number of relevant publications after it was announced that SUP would be present at the technological innovation festival, South by Southwest.

FIGURE 2. SUP MEDIA COVERAGE IN DIFFERENT COUNTRIES

ARTICLES PUBLISHED BY COUNTRIES - 2012  
(mentioning Start-up Chile)



Source: Fundación Imagen de Chile

As the media coverage of SUP increased in different outlets, so did the number of invitations for the program to take part in international events about entrepreneurship. Some of the invitations came from government entities or foundations in other countries, where they were looking to promote business initiatives and reproduce experiences similar to SUP. Others came from international start-up competitions, or events in which SUP was invited to round-table discussions about entrepreneurship. These invitations could be considered as external validations of the program, they helped to attract new participants and positioned both Chile and SUP as a center for entrepreneurship in Latin America and the world.

As such, SUP was invited as a panelist to the Global Entrepreneurship Congress 2012 in the United Kingdom, and to the South by Southwest (SXSW) event in the United States in 2013. The latter consisted of the simultaneous presentation of 100 events, all competing for attendees. Melo remembered: “We were concerned that nobody would show up, but our expectations were totally surpassed: 120 people attended, and the SUP presentation was packed!”

During its third generation, SUP strengthened its Social Impact Program through a number of partnerships with companies and non-profit organizations. These included Enseña Chile (an organization similar to Teach for America) and Forja Chile, which taught business values to vulnerable youngsters. In exchange, SUP participants gave talks and directed business exploration workshops. In the years ahead, these partnerships paved the way for the academic partnerships that SUP maintains today with Chilean universities.

However, the complaints from participants kept on coming. In the first place, they objected to the delays in capital reimbursements; according to Melo: “It could take a month and half or two before entrepreneurs started to receive payments after arriving and setting shop up in Chile. Second, participants were eager for mechanisms that would act as business opportunity accelerators, such as the demo-days. Shea commented: “Acceleration was not a purpose in itself for the program. We were striving for a cultural change in Chile, and to achieve that we needed to attract highly-qualified entrepreneurs. Our job consisted in making sure they came, but it was their job to make sure they would be successful.” However, in the end SUP conceded and the demands of participants were taken on board; as from the fourth generation, acceleration initiatives were reinforced.

### **The Fourth Generation: June 2012 - January 2013**

SUP reached an inflexion point with its fourth generation and applications surged over the 1,000-level threshold. In order to formalize a business acceleration line that consisted of a set of services for entrepreneurs, which included meetings with mentors and preferential access to investors and special guests, SUP launched a mechanism know as Highway (see Box 4). However, implementation was far from easy. According to Carlos González de Villaumbrosia,

**BOX 4. THE HIGHWAY: THE ROAD TO ACCELERATION**

One of SUP's main objectives was to develop a project that in the medium term could become a company valued at one billion US dollars. To reach this goal, in 2012 SUP launched its Highway program, the object of which was to accelerate business opportunities. The Highway encompassed a diverse set of activities such as *Intro-days*, *Pitch-days*, *Demo-days*, *Roundtables* and *Roadshows*, as well as the SUP mentors network, talks and workshops, and the managing of visits by foreign investors and speakers. *Intro-days* took place soon after the arrival of participants and were the first instance of initial pitches: in other words, the promotional summary of any given project. The presentation would be followed by a feedback session, followed by a two-month period in which the pitch would be improved while the entrepreneurs worked on developing their business. Participants had to practice their pitches in informal competitions known as *Pitch-days*. There would then be a second presentation before a panel of external and internal judges, which would lead to a new event, *Demo-day*, where the best 20 projects would be chosen and then be included in the *Roundtable*, i.e., the internal SUP acceleration route. Selected projects would meet once a week with their mentors and the SUP team to make sure they were complying with their respective business development targets. These projects were given priority in terms of meeting international guests, making presentations to potential investors and taking part in the *Roadshow*, which was the promotional event for projects, organized in conjunction with other institutions such as *Pro-Chile* or the accelerator *Nxtp-Labs*. The *Roadshow* would take place in San Francisco, and included the pitch presentation for foreign investors. Since the *Highway* was launched, there have been 6 *Demo-days* and 3 *Roadshows* (see Table 2).

**TABLE 2. HIGHWAY EVENTS**

Highway Event	Date	Generations	Location	Collaboration
<i>Demo-Day 1</i>	05/23/2012	1 and 2	Santiago	
<i>Demo-Day 2</i>	08/30/2012	3	Santiago	
<i>Demo-Day 3</i>	11/29/2012	4	Santiago	
<i>Demo-Day 4</i>	03/21/2013	5	Santiago	
<i>Demo-Day 5</i>	06/27/2013	6	Santiago	
<i>Demo-Day 6</i>	11/21/2013	7	Santiago	
<i>RoadShow 1</i>	09/13/2012	3	San Francisco	ProChile
<i>RoadShow 2</i>	04/03/2013	5	San Francisco	
<i>RoadShow 3</i>	09/12/2013	6	San Francisco	NXTP Labs

founder of Floqq and member of the fifth generation: “Finding qualified mentors with the relevant experience in Chile is one of the most important challenges faced by SUP.”

In parallel, the Social Impact program was enhanced through long-term partnerships with more than ten universities. SUP enjoyed a much stronger presence in universities and in some campuses activities revolved around staging informal talks with students about entrepreneurship, or expanding audiences for *meet-ups and demo-days*. Together with Finis Terrae University, a workshop for Design Thinking was created. In the meantime, internal competition within SUP to organize large-scale and high-impact events kept on growing. As such, new activities came about: *Start-Up Weekend*, *Start-Up World* and *Laboratorio SUP*.

### **The Fifth Generation: October 2012 - May 2013**

The arrival of the fifth generation of participants coincided with a transition period in the program. The process for selecting candidates had already been simplified and the focus was now centered on improving the services provided through the *Highway*. Also, attempts were made to improve the capital disbursement system and the Social Impact program was expanded.

Additionally, CORFO came up with a solution for the delays in its reimbursements: its mandate allowed subsidiary institutions to disburse capital by ways of reimbursements or advance payments. Therefore, participants could report their expenses, which would later be reimbursed, or they could receive advance payments after presenting the required collateral so that CORFO could provide funds in advance. Given that most participants were foreigners and that their projects were early-stage start-ups, the second option could not be implemented from the start. To overcome this, CORFO mandated an insurance company to offer financial collateral to participants. In fact, CORFO now intended to use this type of mechanism with all programs included in its Innova line-up; SUP was chosen as the pilot program, and execution would begin with the next generation.

This new modality by CORFO eliminated the pressures on liquidity and working capital that hindered beneficiaries. The objective was that participants would receive half of the money at the beginning of the program and the other half after the approval of a partial report, together with their expense reporting. If the projects could prove they were financially solid and their RVA score was sufficiently high, they would then receive approval for the second payment. These solutions were a useful mechanism to ensure the commitment of participants with the Social Impact program.

Additionally, the Social Impact program was expanded both in scale and size. SUP Ambassadors were designated from a pool of participants to help with the execution of events. Also, the number and demographic characteristics of attendees began to be registered systematically at the events organized by the beneficiaries.

## **The Sixth Generation: January 2013 - August 2013**

The sixth generation was very much characterized by the implementation of measures taken in the previous period, especially pertaining to the advance payments and collateral system, the Social Impact program expansion through the activities of SUP Ambassadors, and the adjustments aimed at improving operational efficiency. Agreements with universities that were previously verbal were now formalized via contracts, and agreements were also formalized with municipalities. The latter typically engaged in social programs with their local communities, and this allowed the Social Impact program to expand its reach beyond academia and the business sector. Thanks to all these measures, in May 2013 up to 10 activities were organized every five days, noticeably raising SUP's impact.

Also, there was greater monitoring of participants' evolution, as well as increased oversight of the program's internal cohesion. Similarly, SUP was approached by several researchers looking to document the program and assess its impact, and in the process of drafting a report on its history they gathered information on the technical and financial staff employed by the organization. A *Dashboard* was also implemented to promote interaction between beneficiaries; the system can be accessed through Angelist accounts and works as an internal communication tool to follow-up on and plan events and mentorships offered to participants.

## **The Seventh Generation: June 2013 - January 2014**

This period was also greatly determined by the actions taken to consolidate the program's management efficiency. A system, to be executed by the next generation, was designed to allow participants to sign their contracts electronically. Furthermore, SUP Ambassadors activities were given greater structure, whereby each participant was assigned to one of three groups: Entrepreneurs, Social Developers or Event Planners. The Entrepreneurs would be in charge of generating new ideas for social impact activities and creating partnerships with other institutions, as well as coordinating their implementation; the Social Developers had to work on the execution of these activities; and the Event Planners would be chosen from a pool of participants experienced from the outset in large-scale activities typical of the most important international programs for start-up promotion: *Hackathons*, *Lean Start-up Machine*, *Start-up Weekends* and *Facebook Conferences*. Those assigned to the Planners group would be in charge of choosing a large-scale activity to be executed during their time in Chile.

## **New Generations and the Future**

The eighth generation of SUP participants arrived to Chile in November 2013, the ninth in March 2014, and soon after that the program started to receive applications for the tenth generation. True to its policy of constant evolution, SUP planned for several future improvements. It

continued with efforts aimed at minimizing the inconveniences caused to participants, such as escalating the pilot program for electronic contracts. SUP also continued to process information about the different generations for the purpose of eventually systematizing it.

There are plans in place for several research projects about SUP and its impact on beneficiaries and the Chilean entrepreneurial ecosystem, with the participation of both national and international universities. SUP has also been trying to find a way to increase cohesion between participants and in this sense has created a survey for program monitoring. Lastly, SUP has prepared a guide for other governments wishing to meet the challenges of establishing innovative programs to promote entrepreneurship.

Without a doubt, SUP has become the star entrepreneurship and innovation program of the Chilean government. SUP's mission consists in mobilizing and creating an entrepreneurial revolution among Chileans; its immediate objective is to attract international entrepreneurial talent to the country, leaving behind a legacy of entrepreneurial knowledge. One of SUP's goals is to build a collaborative entrepreneurial environment, with ambitious Chilean entrepreneurs that strive for world-class projects.

Just as the start-ups themselves, SUP is a program undergoing constant change. This flexibility has been vital for its success and survival, and it is important that other countries wishing to follow in Chile's footsteps take this into account.

SUP faces many challenges in the future. On the one hand it must continue to strengthen the network of participants to reach its long-term objective of changing the country's entrepreneurial culture and mentality. It's also necessary to increase interaction between local and foreign investors in order to strengthen SUP's value chain and allow the Chilean business sector to position itself in the global stage.

Appendix 3 compares SUP with several other programs aimed at entrepreneurs in the region, such as Start-up Brazil and Start-up Peru, as well as those in other regions, such as Necotec in Spain and the Canadian Youth Business Foundation. In similar fashion to SUP, most programs do not impose an equity stake requirement on projects. However, programs aimed at companies in later stages of development tend to be based on a subsidized loan structure. Following the leadership of SUP in programs focused on attracting international talent, almost all of the other initiatives we have described also allow foreign participation; however, they limit these to a fixed percentage of places. It's worth pointing out that the social component of SUP is seen as its most innovative element, as none of the other initiatives described include this type of activity as a requirement for participants.





## Lessons and Conclusions: the Experience of SUP Chile

Moving beyond the reflections of the previous section, we can also point out some of the lessons learned from the SUP experience, which could obviously be taken into account by other countries in the region interested in promoting entrepreneurship. In fact, some of these lessons continue to be relevant for Chile in so far as governments need to acknowledge that “achieving a change in a country’s entrepreneurial culture,” requires successive and long-term efforts.

In this sense, the key dilemma that the SUP experience proposes is how to boost entrepreneurship in Latin America when considering the social, economic, political and cultural realities of the region. Firstly, we are witnessing the growth of an increasingly empowered middle class that is willing to express its dissatisfaction *vis a vis* social inequality and everything it implies in terms of access to public services in education, health and justice. On the other hand, given these realities and a long history of mistrust in the private sector throughout the region, how can Latin America foster entrepreneurship and recognize the role the business community plays in modern society as a mechanism to respond to said dissatisfaction? Let’s revisit some conclusions from the SUP case that could serve as valuable lessons.

a. It’s important to remember that the introduction of the SUP program in Chile was preceded by more than fifty years of legislative measures aimed at promoting the creation of a business-friendly “institutional framework”, starting with the creation of CORFO in 1939. By 2014, Brazil and Mexico were the only other countries in Latin America that had a group of institutions comparable to Chile’s. If any other country attempts to follow Chile’s footsteps with a program such as SUP, it will not be easy to reproduce or adapt this experience in other Latin American countries. An SUP-type initiative will not succeed unless it goes hand in hand with the development of an institutional framework that favors entrepreneurial activity.

b. When SUP was created in Chile at the beginning of the Piñera administration, the program enjoyed unprecedented political support if compared to official programs in other Latin American countries. Making paper-work requirements easier for foreign entrepreneurs, as several ministries and even some municipal governments did in Chile, would imply bringing down cultural barriers in many countries of the region. This is especially relevant, for example, if one considers the political struggles between central and regional/local governments in some of these countries.

c. Is it realistic to think that a cultural change, such as the one implicit in the SUP initiative in Chile, can be achieved in the short or medium-term in Latin America? The preceding pages are evidence of the beginning of a change in entrepreneurial behavior in Chile, which

is undoubtedly attributable to SUP. However, a deeper analysis of the whole experience as hinted in some of the charts included in the Appendices would probably suggest that SUP's impact has been limited to the capital city and some of Chile's most developed urban centers. Outside of these areas, the possibilities of finding entrepreneurs capable of generating and developing high-impact projects such as those sought by SUP is very limited. However, it is imperative that Latin America embarks on bold efforts, such as SUP, so that the region doesn't fall behind in today's globalized world. This means that the experience not only deserves to be adapted to other countries' realities, but that it also needs to be accompanied by other equally ambitious complementary measures.

d. The SUP experience demonstrates the sustained patience and effort needed at the government level to promote bold measures aimed at stimulating entrepreneurship in the predominant cultural context of Latin America. Beyond the adjustments made at the beginning of SUP, it was evident when executing the program with the first generations that new adjustments and modifications had to be introduced. This a process has continued, even now that we are approaching the tenth generation!

e. Despite the feeling that there are unsurmountable barriers, as some may feel after analyzing our previous observations, the truth is that Chile captured the world's attention when it launched the SUP program. It has been an innovation of the highest order and is precisely the type of effort required for Latin America to materialize its productive transformation. In other words, the Chilean experience with SUP is proof that a Latin American country can act resolutely and make an innovative leap in the right direction, and even become an attractive location for high-impact entrepreneurs.

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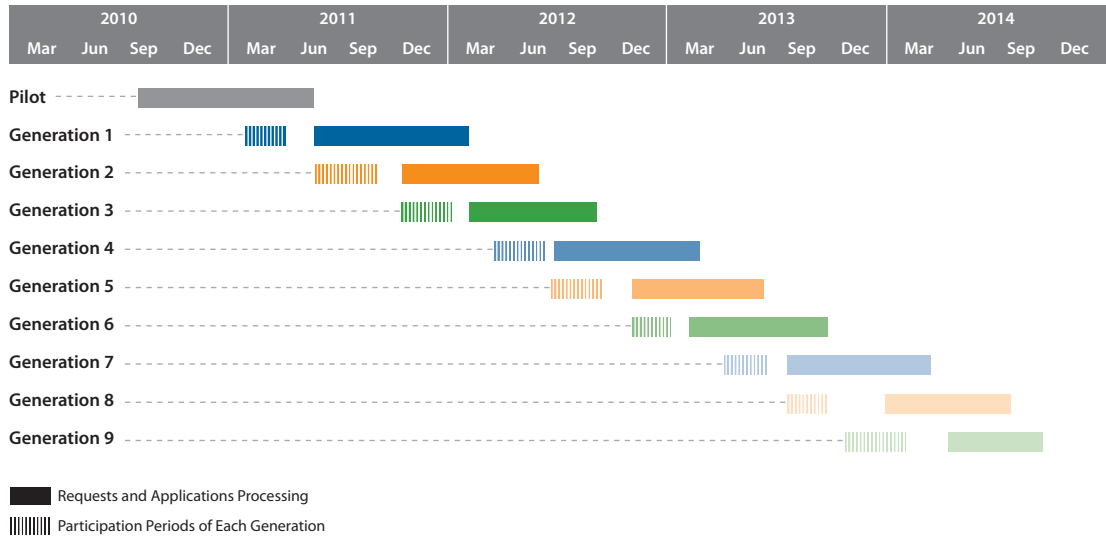
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# Appendix 1 SUP Timeline

**Applications Processing and Participation Periods of each Generation**





## **Appendix 2**

### **Start-Up Chile in Graphs**

The following series of graphs illustrates the development of SUP, from the processing of applications to the periods in which each generation of entrepreneurs took part in the program.

FIGURE 1. EVOLUTION OF PARTICIPATION IN SUP

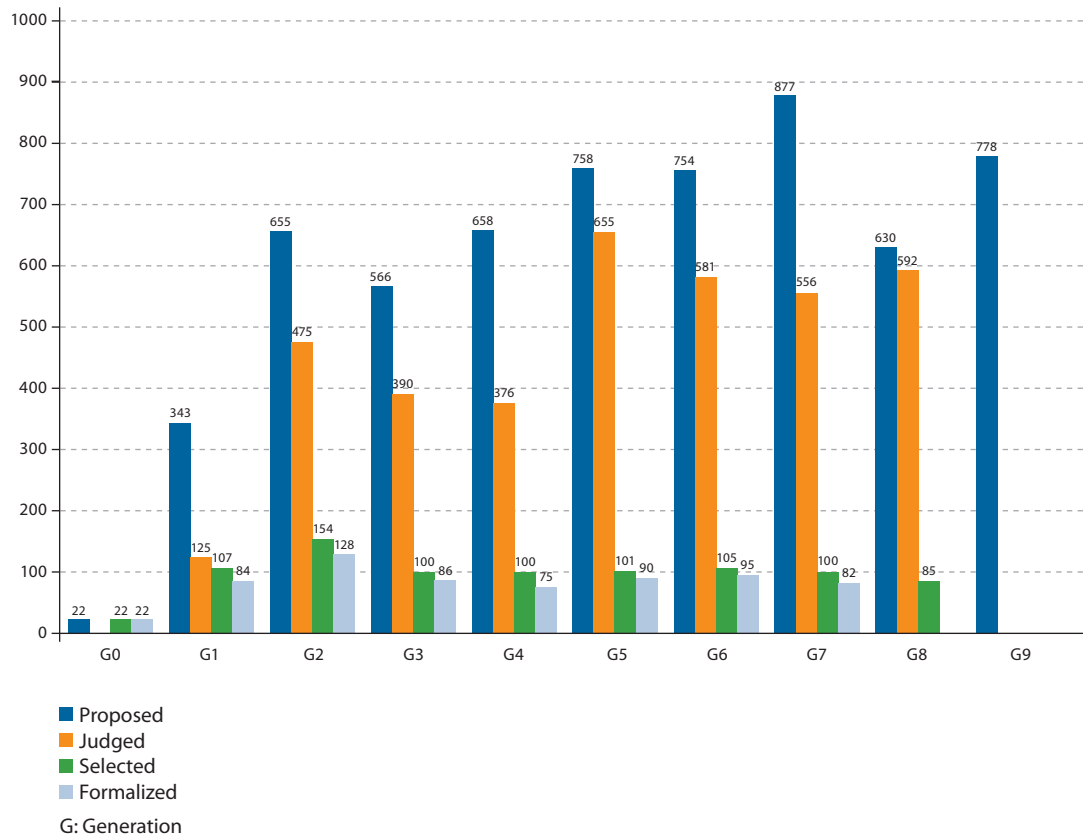
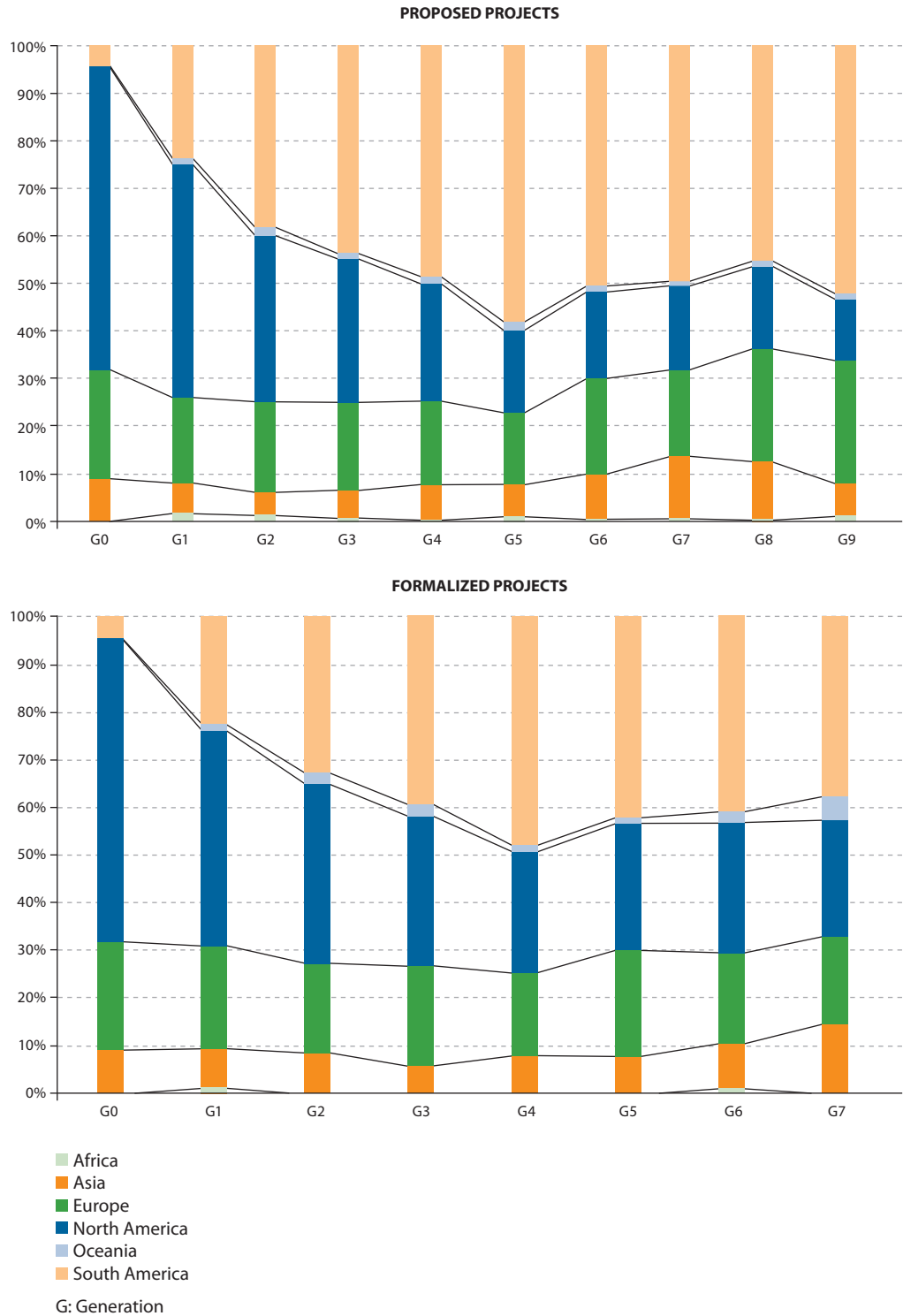




FIGURE 2. EVOLUTION OF GEOGRAPHICAL DISTRIBUTION OF PROJECTS



**FIGURE 3.** EVOLUTION OF THE DISTRIBUTION OF FORMALIZED PROJECTS FOR THE 10 COUNTRIES WITH MOST PARTICIPANTS

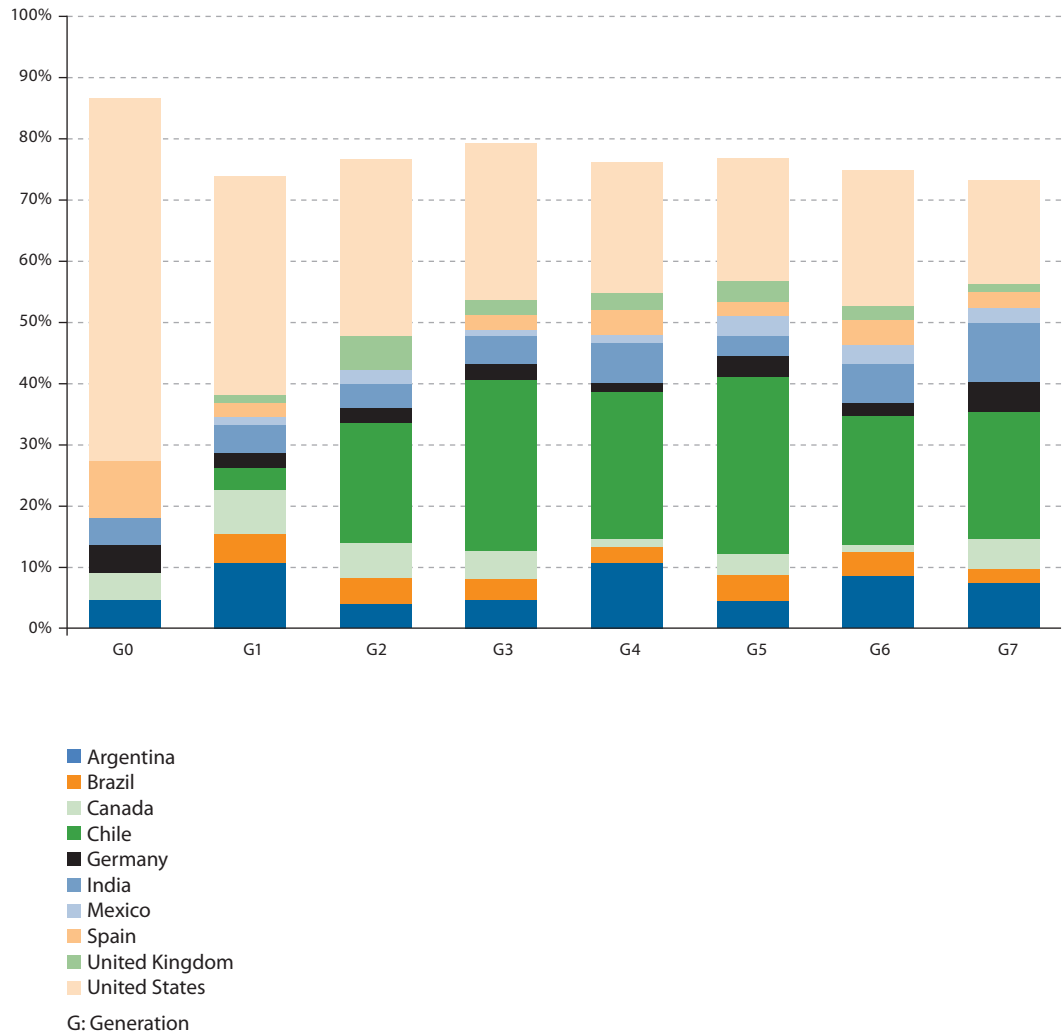
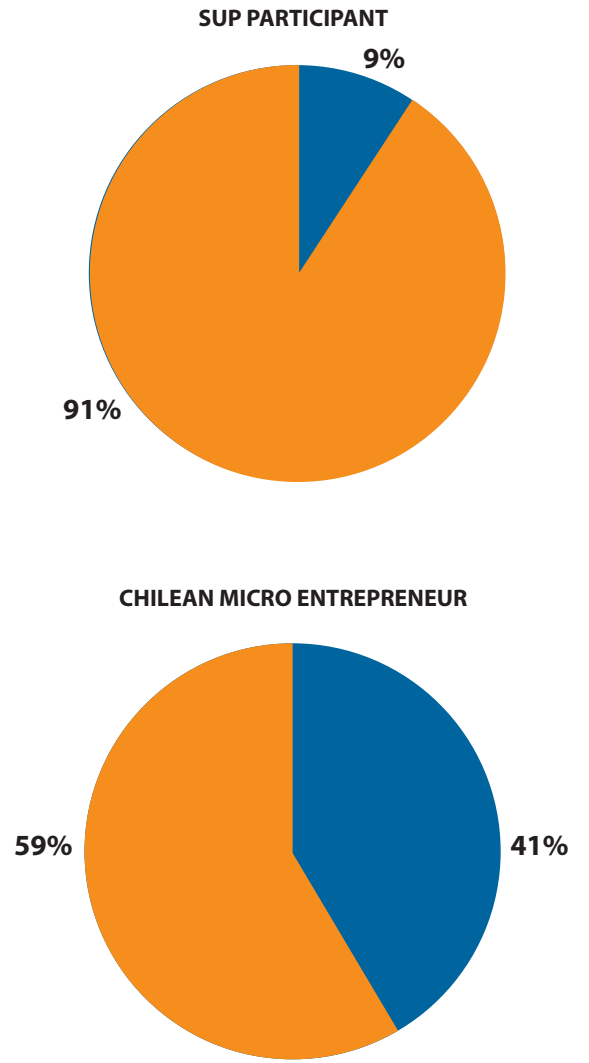
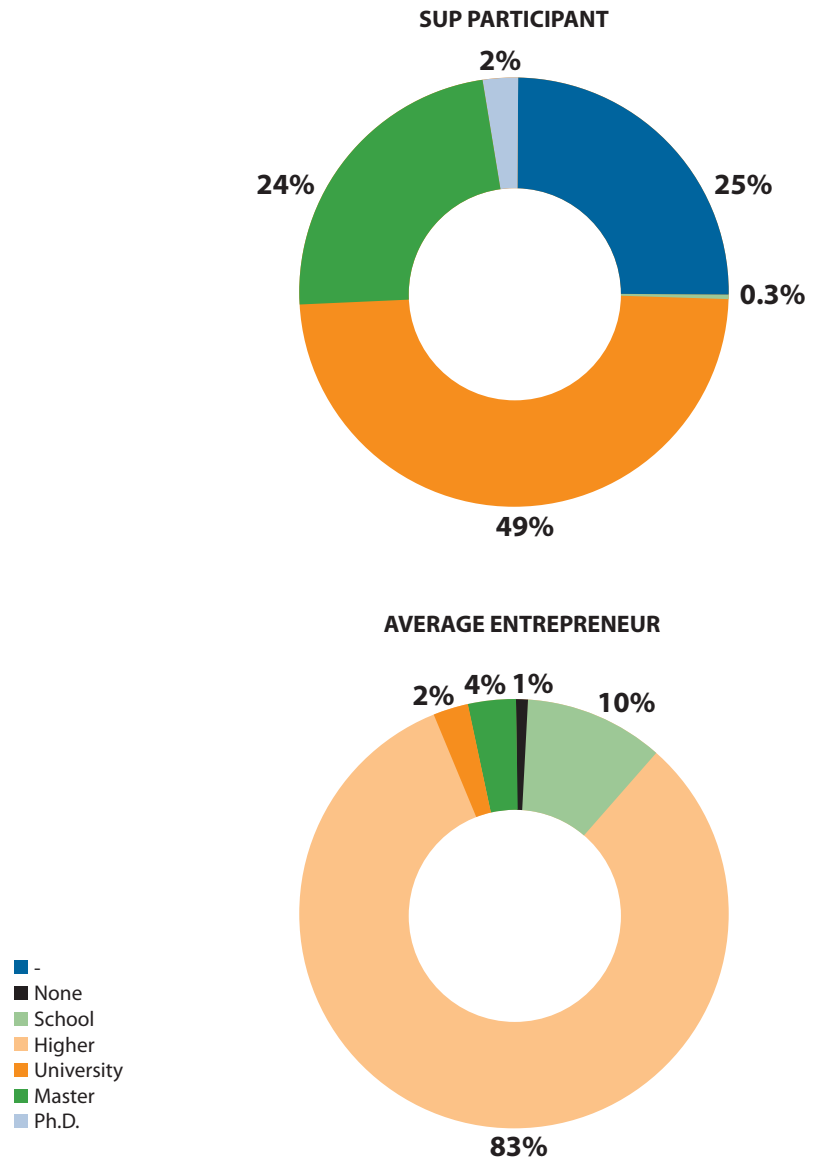


FIGURE 4. GENDER OF SUP PARTICIPANTS AND AVERAGE CHILEAN ENTREPRENEUR



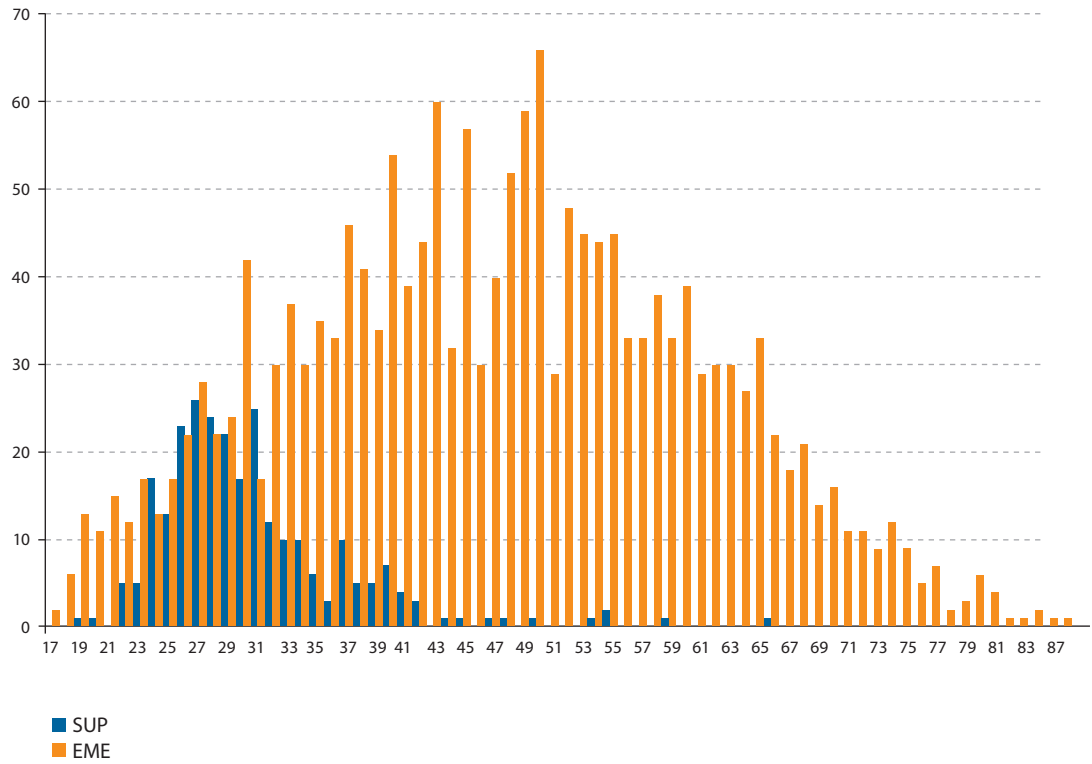
First Survey of Micro Entrepreneurship (EME) (1,792 respondents)

FIGURE 5. EDUCATION OF SUP PARTICIPANTS AND AVERAGE CHILEAN ENTREPRENEUR



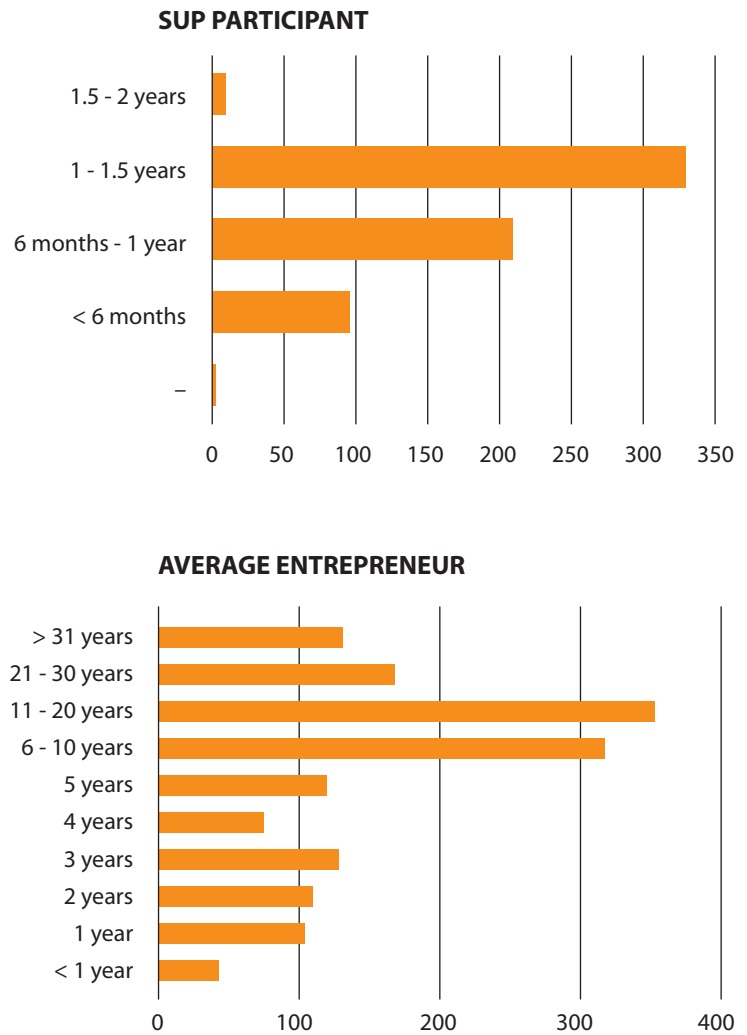
Source: First Survey of Micro Entrepreneurship (EME) (1,791 respondents)

FIGURE 6. AGE OF SUP PARTICIPANTS AND AVERAGE CHILEAN ENTREPRENEUR



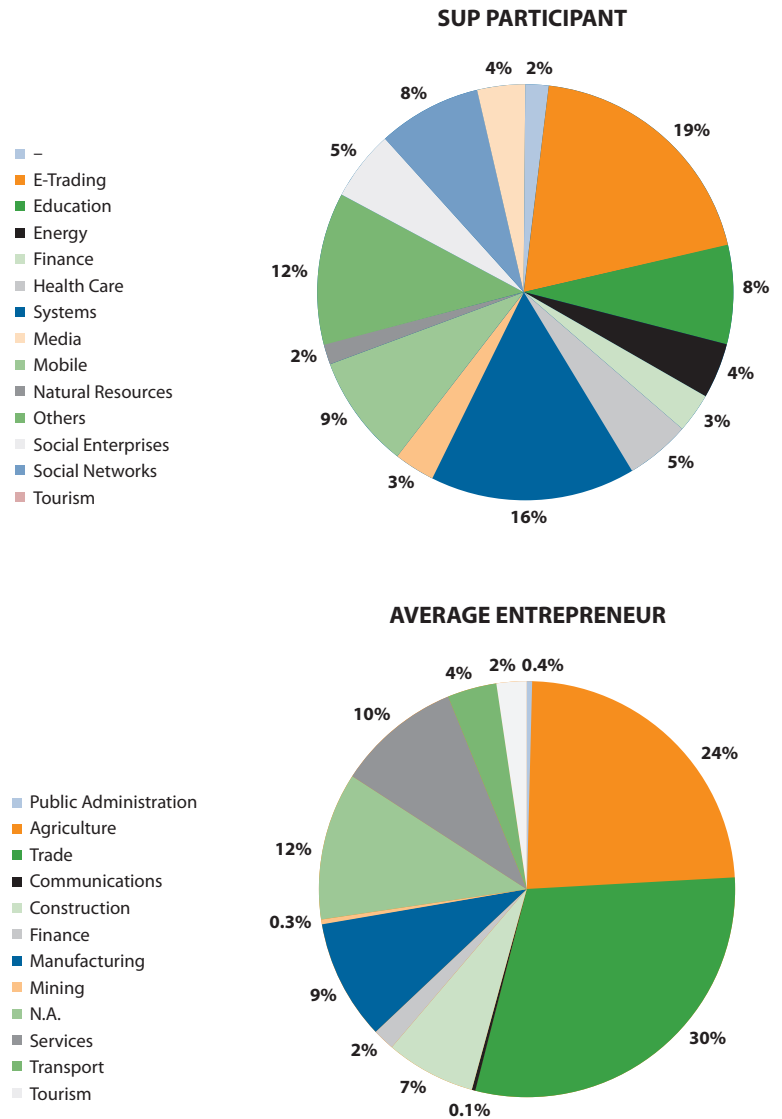
Source: First Survey of Micro Entrepreneurship (EME) (1,792 respondents)

FIGURE 7. AGE OF SUP BUSINESS AND AVERAGE CHILEAN ENTREPRENEUR



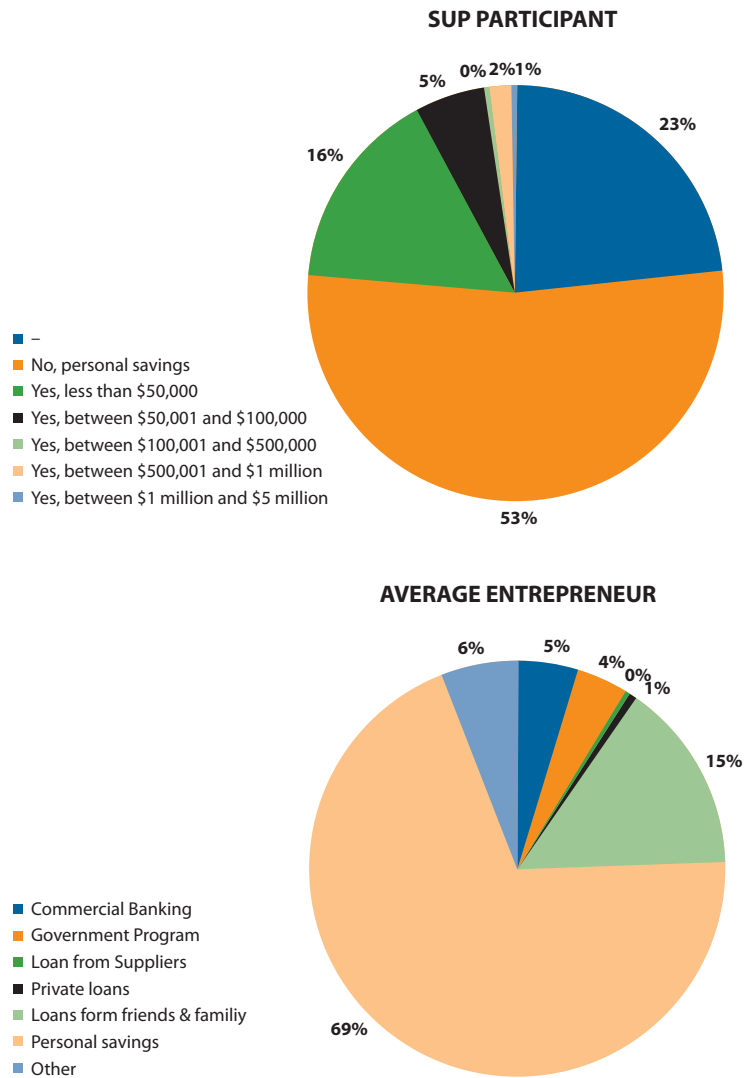
Source: First Survey of Micro Entrepreneurship (EME) (1,792 respondents)

FIGURE 8. DISTRIBUTION BY SECTOR - SUP PARTICIPANTS AND AVERAGE CHILEAN ENTREPRENEUR



Source: First Survey of Micro Entrepreneurship (EME) (1,792 respondents)

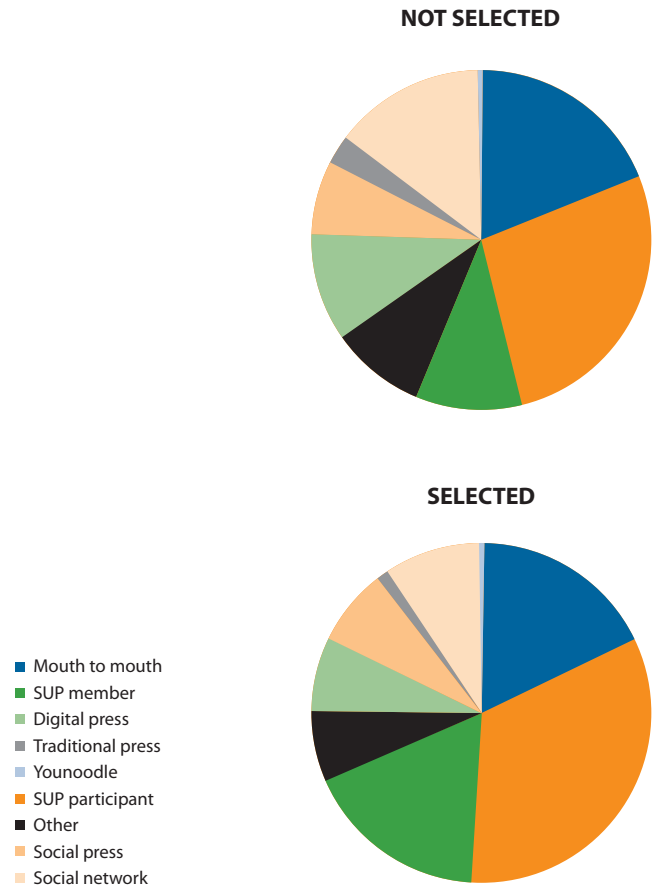
FIGURE 9. STARTING CAPITAL OF SUP PARTICIPANTS AND AVERAGE CHILEAN ENTREPRENEUR



Source: First Survey of Micro Entrepreneurship (EME) (1,588 respondents)

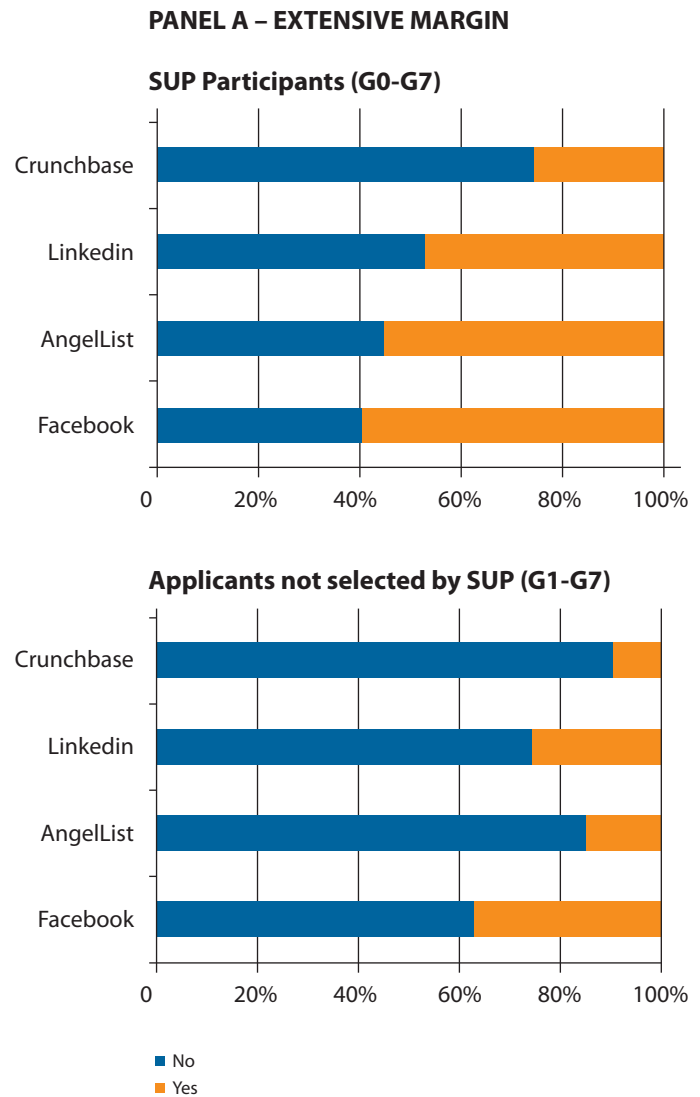


FIGURE 10. INFORMATION ABOUT SUP

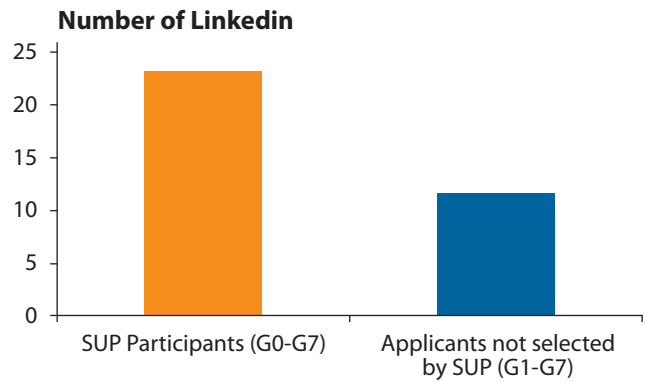
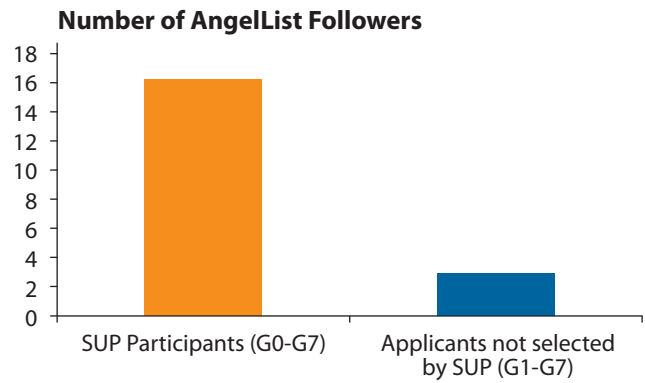
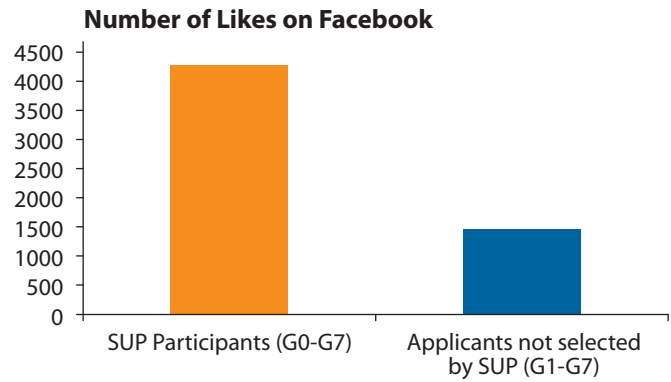


Respondents: 3,553

FIGURE 11. INTERNET PRESENCE OF PROJECTS AFTER SUP APPLICATION



### PANEL B – INTENSIVE MARGIN

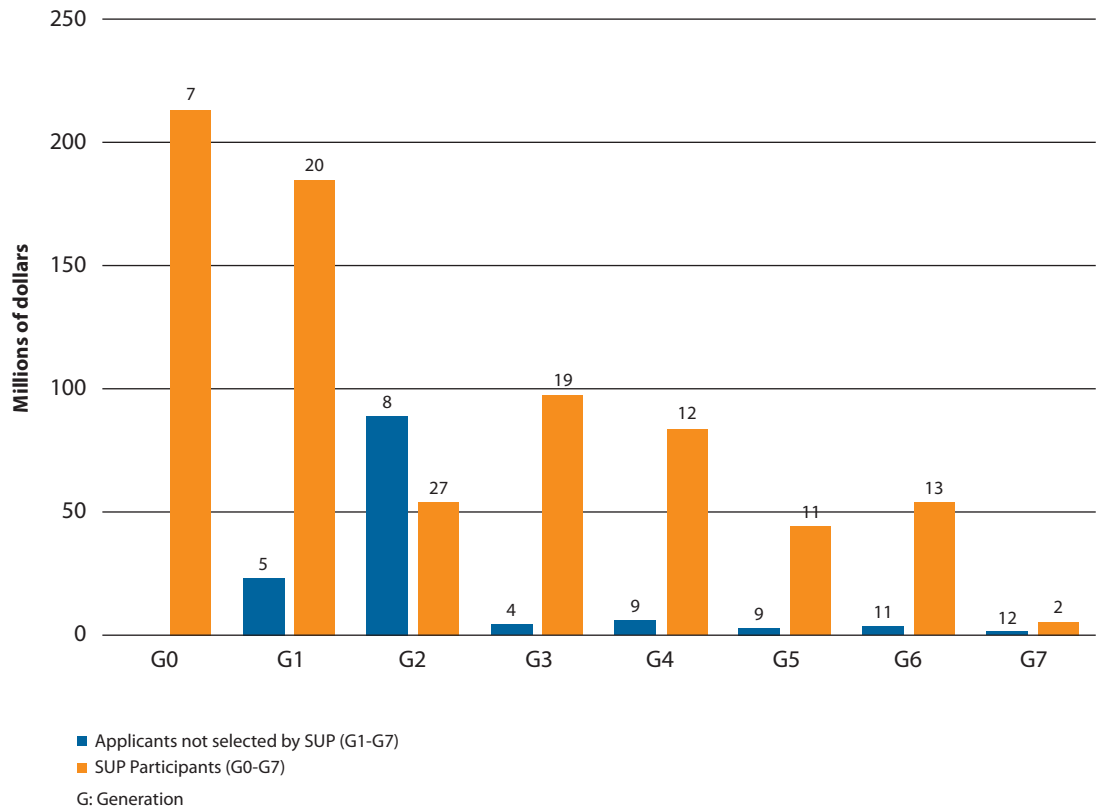


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Source: Facebook, Angellist, Crunchbase, LinkedIn

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FIGURE 12. CAPITAL RAISED BY PROJECTS AFTER SUP APPLICATION



Source: SUP, AngelList and Crunchbase

## Appendix 3

# Comparison of public policies to stimulate entrepreneurship

Name of the Program		START-UP CHILE
Location	Santiago, Chile	
Description	A government -led program to attract high- potential foreign entrepreneu rial talent to Chile	
Program Duration	6 months	
Eligibility and Restrictions	The project must be less than 2 years old at the applicati on date	
Capital in US dollars	\$40,000	
Type of Award	Grant	
Types of disbursement and capital payoff	Advance payments with financial collateral	
Type of activities	Meet-ups, Demo days, Mentors, Hackathons, shared office space, soft-landing package	
Requirements for participants	Periodic reporting of financial statements, participation in institutional partnerships	

Name of the Program		START-UP BRAZIL
Location	Brasilia, Brazil	
Description	Federal program developed by the Ministry of Science, Technology and Innovation to help early-stage technological start-ups and connect them with accelerators	
Program Duration	12 months	
Eligibility and Restrictions	Projects must be less than 3 years old by the application date, and must involve the development of innovative software or technological services products or services, 25% foreign	
Capital in US dollars	\$100,000	
Type of Award	Grant	
Types of disbursement and capital payoff	Advance payments with financial collateral through business accelerators	
Type of activities	Demo-days, subsidized visits to the Start-up Brazil offices in Silicon Valley, Workshops	
Requirements for participants	Periodic reporting of financial statements	

continues

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continuation

Name of the Program		START-UP PERU
Location	Peru	
Description	An initiative of the Peruvian government led by the Ministry of Production for the purpose of promoting the development and consolidation of new Peruvian companies that offer products and services with high technological content	
Program Duration	12 months	
Eligibility and Restrictions	At least half of its members must be Peruvian or resident in Peru. Companies must belong to the technology sector	
Capital in US dollars	Maximum of \$20,000	
Type of Award	Grant	
Types of disbursement and capital payoff	Conditional disbursements if certain pre-established goals are met	
Type of activities		
Requirements for participants	Start-ups must report on progress every 3 months	
Name of the Program		CAPITAL SEMILLA
Location	Costa Rica	
Description	An initiative directed by the Development Banking System of the Ministry of Finance, Industry and Trade, which looks to finance innovative ventures in different technological areas.	
Program Duration	Maximum 7 years	
Eligibility and Restrictions	Projects must be supported by a local business incubator	
Capital in US dollars	Maximum of \$120,000	
Type of Award	20% grant, 80% debt (payable when product reaches the market)	
Types of disbursement and capital payoff	Advance payments with financial collateral through business accelerators	
Type of activities	Multiple business support activities by incubators	
Requirements for participants	Incubators must report the financial progress of start-ups periodically	

continues

continuation

Name of the Program		HIGH IMPACT PROGRAM FOR ENTREPRENEURS
Location		Mexico, Mexico
Description		A program of the National Entrepreneurship Institute Projects must request resources in order to reach specific goals. The program funds activities such as training, certifications, professional services, consulting, software development and advanced applications
Program Duration		N.A.
Eligibility and Restrictions		Mexican start-ups less than 2 years old at the application date
Capital in US dollars		\$250,000
Type of Award		Grant
Types of disbursement and capital payoff		Conditional reimbursement depending if pre-established goals are reached
Type of activities		
Requirements for participants		Start-ups must present their business model together with their request for resources, together with indicators and objectives that have been met

Name of the Program		START-UP MALAYSIA
Location		Malaysia
Description		Acceleration Program of the Digital Development Corporation of Malaysia, which is part of the government's Digital Initiative
Program Duration		3 months
Eligibility and Restrictions		For new businesses, founders must be born in Malaysia. In the case of existing companies, these must be registered in Malaysia. Non-eligible industrial sectors include: public transport, sales, hospitality, manufacturing firms and "life-style" cloud companies
Capital in US dollars		N.A.
Type of Award		
Types of disbursement and capital payoff		
Type of activities		Companies must meet with mentors and experts 3 hours a week
Requirements for participants		Founders must work on their projects 30 hours a week

continues

**The case of Start-up Chile.  
A pioneering program to attract talent and promote entrepreneurship.**

continuation

Name of the Program		START-UP AMÉRICA SBA
Location	United States	
Description	SBA is a program created by the Small Business Investment Company, a public-private enterprise aimed at filling the gap between the availability of capital for expansion purposes and the financial needs of small businesses. SBA does not invest directly in the companies and instead focuses on the experience of specialized private equity funds	
Program Duration	N.A.	
Eligibility and Restrictions		
Capital in US dollars	Variable	
Type of Award	Debt and stake in equity	
Types of disbursement and capital payoff		
Type of activities		
Requirements for participants		
Name of the Program		LAUNCHPAD DENMARK - YOUNG TALENTS PROGRAM
Location	Copenhagen, Denmark	
Description	Government acceleration program designed to attract entrepreneurs to Denmark for them to develop their venture projects, receive professional training and access to capital	
Program Duration	12 months	
Eligibility and Restrictions	The project must be less than 2 years old at the application date	
Capital in US dollars	\$8,000 and refunds for air travel	
Type of Award	Grant	
Types of disbursement and capital payoff		
Type of activities	200 hours of mentoring, access to software and servers through Microsoft BizSpark. One-year membership to the Danish Confederation of Entrepreneurial Industries, which provides legal assistance.	
Requirements for participants		

continues



continuation

Name of the Program		LAUNCHPAD DENMARK - GLOBAL ENTREPRENEURS
Location	Copenhagen, Dinamarca	
Description	Business acceleration program designed for entrepreneurs, inside or outside the European Union, so they can develop their businesses in Denmark, obtain professional training and gain access to capital	
Program Duration	12 months	
Eligibility and Restrictions	For start-ups in the expansion stage and with high growth potential	
Capital in US dollars	\$55,000 and the possibility of gaining access to \$680,000 after completing the program	
Type of Award	Debt	
Types of disbursement and capital payoff		
Type of activities	200 hours in business training. Resources and tools valued at € 50,000, including legal, accounting, marketing, hiring and software development costs, among others.	
Requirements for participants		
Name of the Program		INCU-APP
Location	Hong Kong	
Description	A program by the Hong Kong Science and Technology Parks Corporation (HKSTPC), launched by the Hong Kong government in 2001. The program paves the way for the development of science and technology, helping companies nurture their ideas, innovate and grow. The program offers its Research and Development (R&D) facilities to companies, as well as the services of 5 technological clusters	
Program Duration	18 months	
Eligibility and Restrictions	Companies must belong to the Internet and mobile applications industries. Companies must have been registered in Hong Kong for no more than two years before the program application date	
Capital in US dollars	\$40,000	
Type of Award	Grant	
Types of disbursement and capital payoff	The right to financial aid is subject to the fulfillment of pre-established goals set by the companies and approved by HKSTPC.	
Type of activities	Furnished work spaces	
Requirements for participants		

continues

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continuation

Name of the Program		INCU-BIO
Location	Hong Kong	
Description	A program by the Hong Kong Science and Technology Parks Corporation (HKSTPC)	
Program Duration	4 years	
Eligibility and Restrictions	Start-ups in the biotechnology sector that require laboratories for their operations	
Capital in US dollars	\$110,000	
Type of Award	Grant	
Types of disbursement and capital payoff	The right to financial aid is subject to the fulfillment of pre-established goals set by the companies and approved by HKSTPC	
Type of activities	Subsidized laboratory spaces	
Requirements for participants	Goals must be specific in relation to the following aspects: product development, use of the HKSTPC resources package, sales and earnings, and number of employees	

Name of the Program		INCU-TECH
Location	Hong Kong	
Description	A program by the Hong Kong Science and Technology Parks Corporation (HKSTPC)	
Program Duration	3 years	
Eligibility and Restrictions	Technological start-ups	
Capital in US dollars	\$80,000	
Type of Award	Grant	
Types of disbursement and capital payoff	The right to financial aid is subject to the fulfillment of pre-established goals set by the companies and approved by HKSTPC	
Type of activities		
Requirements for participants		

continues

continuation

Name of the Program		CYBERPOT INCUBATOR
Location		Hong Kong
Description		Cyberport is a Hong Kong government company created to promote entrepreneurship
Program Duration		24 months
Eligibility and Restrictions		Start-ups registered in Hong Kong
Capital in US dollars		Up to \$70,000
Type of Award		50% debt
Types of disbursement and capital payoff		50% to be refunded to cover Research and Development costs
Type of activities		Free work space, technological support, business management, business development, advertising and marketing, Internet domain .hk for 24 months
Requirements for participants		

Name of the Program		CO-INVESTMENT FUND FOR SPANISH START-UPS
Location		Madrid, Spain
Description		ENISA (Empresa Nacional de Innovación SA) offers loans to early-stage companies as an investment, together with other previously accredited co-investment partners
Program Duration		N.A.
Eligibility and Restrictions		Start-ups registered in Spain
Capital in US dollars		Any level of equity stake offered by a certified investor is matched
Type of Award		Debt
Types of disbursement and capital payoff		
Type of activities		
Requirements for participants		

continues

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continuation

Name of the Program		INICIATIVA NEOTEC
Location	Spain	
Description	The Center for the Development of Industrial Technology is a public business entity under the wing of the Finance and Competitiveness Ministry that supports the technological development and innovation of Spanish companies	
Program Duration	5 years	
Eligibility and Restrictions	The project must be less than 2 years old at the application date	
Capital in US dollars	Maximum of \$480,000	
Type of Award	Interest-free debt	
Types of disbursement and capital payoff	40%-60% of the loan is disbursed upon signing the contract The remaining funds are distributed when the company reached certain pre-established technical goals	
Type of activities		
Requirements for participants	Partners must contribute at least 30% of the requested budget before signing the agreement with the CDTI.	

Name of the Program		CANADIAN YOUTH BUSINESS FOUNDATION
Location	Toronto, Canada	
Description	National NGO devoted to the expansion of the Canadian economy through local entrepreneurs	
Program Duration	5 years	
Eligibility and Restrictions	Canadian citizens between the ages of 18-39. Projects must be at least 12 months old at the application date	
Capital in US dollars	\$45,000	
Type of Award	Debt	
Types of disbursement and capital payoff	Only interest payments during first year, and monthly payments of principal as from the second year	
Type of activities	Mentors, assistance to write up business plans, entrepreneurs in residency	
Requirements for participants		

continues

continuation

Name of the Program	START-UPS INITIATIVE IN MAGHREB
Location	Chaouia-Ouardigha, Morocco
Description	This initiative is the first business model competition of its kind in the Maghreb area. The purpose of this initiative is to stimulate the creation of businesses by three entrepreneurs in three countries: Morocco, Algeria and Tunisia
Program Duration	Not specified
Eligibility and Restrictions	Companies in the information technology sector
Capital in US dollars	\$10,000
Type of Award	Grant
Types of disbursement and capital payoff	
Type of activities	
Requirements for participants	

The Start-Up Chile (SUP) program, launched at the beginning of Sebastián Piñera's administration in 2010, offered incentives to high-potential entrepreneurs from all over the world to launch their business initiatives in Chile. The idea was not only to help these initiatives thrive, but to use the experience as a source of inspiration for Chilean citizens to become world-class entrepreneurs. This paper describes the measures implemented by the government as it executed its bold program; from the conception of the pilot program, to the adjustments resulting from experiences attained through the successive generations of entrepreneurs. It also highlights the difficulties organizers had to overcome when facing the social, economic, political and cultural challenges that are still prevalent in the country.

## Public policy and productive transformation series

"Public Policy and Productive Transformation" consists of a series of documents aimed at disseminating those experiences and success stories in Latin America as an instrument for spreading the knowledge that CAF makes available to the countries in the region so that better practices with respect to business development and productive transformation practices can be implemented. The Series is aimed at policymakers, public sector agencies, business associations, political leaders, and relevant agents that participate in the process of designing and carrying out public policies related to productive development in the countries in the region.