

Youth Startup Academy Colombia (2024-2026)

Colombia

Project/Program Proposal

6. 1. 2023.

PROJECT/PROGRAM PROPOSAL

SECTION 1. BASIC PROJECT INFORMATION		
1.1	Country	Colombia
1.2	Title	Youth Startup Academy (YSA) Colombia
1.3	Location(s)	Colombia nationwide
1.4	Duration	36 months (Year 2024 – Year 2026)
1.5	Budget (total)	<p>Contribution from Korea: US\$ 5million (2024: USD 1,342,230, 2025: USD 2,122,140, 2026: USD 1,535,630)</p> <p>ITC's co-funding: US\$ 20,000 (2024 funds), US\$ 100,000 (2024 in-kind), US\$ 20,000 (2025 funds), US\$ 100,000 (2025 in-kind), US\$ 20,000 (2026 funds), US\$ 90,000 (2026 in-kind).</p>
1.6	Objectives	Contribute to increased employment through entrepreneurial success
1.7	Beneficiary	<p>Direct beneficiaries: 800 entrepreneurs and 100 high-impact technology-based startups</p> <p>Indirect beneficiaries: 5,000 young entrepreneurs</p>
1.8	Arrangement	<ul style="list-style-type: none"> • Managed by the International Trade Centre (ITC) • Implemented by ITC • All implementation partners will be confirmed during the project inception phase following ITC's assessment. • Cooperating with the Government of Colombia (Ministry of Commerce, Industry and Tourism), iNNpulsa, Ruta N, Tecnova, ProAntioquia, Comité Universidad Empresa Estado • Cooperating with the local universities of Colombia (University of Los Andes, EAFIT, La Salle, CESA, Rosario) • Cooperating with local startups in relevant sectors (Platzi, Juancho Te Presta, Glasst, Virtual Impact) • Cooperating with KOICA
SECTION 2. REQUIREMENTS		

2.1	Consultation with Partner Government and other Local Partners	Date	Attendees		Main Discussions	
			Partner Government	ITC		
		16.11.2022	Los Andes University, iNNpulsa	Leonardo	Lebra Aizpurua	Entrepreneurship program and structure of Los Andes
		16.11.2022	iNNPulsa, Pantera Makers, Connect Bogota, CESA University, Del Rosario University	(LIA),	Juan Hoyos (JH),	Local Ecosystem
		17.11.2022	Felipe Quintero (VM of MINCIT)	Soowoong Jin (SJ),	Hosoo Ahn (HA),	Government initiative of Colombia
		17.11.2022	Juan David Castaño (Bogota Chamber of Commerce)	Federico	Perez (FP)	Startup support strategy and long-term plan for startup focused area
		18.11.2022	Hyeonkeun Kim, Seungcheol Lee (KOICA)	SJ, HA		Potential cooperative ODA projects
		18.11.2022	Cheol Park (Korean Embassy)			Project introduction and proposal
		18.11.2022	Monica Olarte, Armando, Irma (La Salle Univeristy)	LIA, JH, FP		Startup support and international trade program of the university
		21.11.2022	Tomas Rios (EAFIT University)			On Going center introduction
		21.11.2022	Alejandro, Manuela (ProAntioquia)			Local Ecosystem
		21.11.2022	Juan Camilo (Glasst) Mauricio Uribe (Virtual Impact)			Success cases of local entrepreneurs
		21.11.2022	Juan Esteban, Felipe Richard (Juancho Te Presta)			FinTech Ecosystem and loan programs
		21.11.2022	Santiago Gomez (Platzi)	LIA, JH, SJ, HA, FP		Education program for startups
		22.11.2022	Geiner Toro (Ruta N)			Science and Technology innovation Facility tour
		22.11.2022	Tecnova			Spinoff program and potential cooperative project in Asia
		22.11.2022	Liliana Galeano (CREAME)			Local incubation hub introduction
		22.11.2022	Alberto, Robinsson, Alejandro, Alexis, Juan (CUEE)			Investment system and ecosystem support

SECTION 3. PROJECT RATIONALE

3.1 SITUATION ANALYSIS

1. Social & Economic Situation: Colombia has become a stable and investment-friendly country that attracts substantial foreign direct investment. The Financial Times' 'American Cities of the Future 2021/22' ranked Bogotá as the second most important city in Latin

	<p>America, based on the city's ability to attract foreign capital. Colombia also ranked fifth among Latin American countries in the Global Innovation Index 2021 and fourth in the region in the World Economic Forum's Global Connectivity Index.</p> <p>Today there are 1.6 million companies in Colombia, 1.3% of which are large companies (6,000), responsible for 66.6% of formal jobs. Ninety-two percent (1.5 million companies) are microenterprises responsible for 15% of formal jobs, and 6.7% are small and medium-sized companies (109,000). In other words, approximately half of the country's formal jobs are generated by 4,000 companies. According to the World Bank, the average time to create a business in Colombia is 10 days.</p> <p>2. Critical issue: Local startup ecosystem has difficulty in articulation between industry, university, and governmental partners. The gap between advanced technology-based startups in major cities and less economically developed regions is another issue that the Colombian government is focusing on. Additionally, the advanced technology to local entrepreneurs calls for exchange opportunity with external or international partners.</p> <p>3. How it was identified: Through the feasibility study which was conducted by ITC in November 2022, the issue was addressed multiple times during the meetings with government agencies, incubators, accelerators and investors.</p> <p>4. Solution: YSA Colombia will be implemented in two-track strategy. First track goes to entrepreneurs in less developed regions, and the training will focus on general capacity building such as entrepreneurship. Second track will be mainly conducted in two biggest cities: Bogota and Medellin. Advanced startups in scale-up stage will be selected and fostered to target investment and technology exchange. The infrastructure needed for the project can be provided by local partners as iNNpulsa and Ruta N (Corporation Ruta N is a non-for-profit public entity that belongs to the City of Medellin. Ruta-N was created in order to inspire and encourage innovation in the city and create favorable conditions for business and entrepreneurship.). Selected startups will have access to the international market where they can secure larger market and investment. Additionally, the exchange programs with YSA Korea and YSA Uganda will be considered during the project period.</p>					
3.2	COUNTRY DEVELOPMENT STRATEGIES AND POLICIES					
	<i>Linkage among project-partner government's policy/plan- SDGs</i>					
	<table border="1"> <thead> <tr> <th data-bbox="284 1395 459 1458">Beneficiary country</th> <th data-bbox="459 1395 1273 1458">Partner Government's National Policy/poverty reduction plan</th> <th data-bbox="1273 1395 1386 1458">SDGs</th> </tr> </thead> <tbody> <tr> <td data-bbox="284 1458 459 2007">Colombia</td> <td data-bbox="459 1458 1273 2007"> <p>Law 2069/20 Ley de Emprendimiento Explanation (2020):</p> <ul style="list-style-type: none"> - Provide a modern regulatory framework to facilitate the creation of new companies and entrepreneurial activities - Reduce entrepreneurial burdens and generate gradualism for smaller scale enterprises - Expand market access opportunities through public procurement - Diversify and expand financing schemes for all types of entrepreneurship - Strengthen and articulate the institutional framework for entrepreneurship, productivity, innovation and business development - Improve the skills of entrepreneurs through education <p>National Development Plan (2018-2022) and National Entrepreneurship Policy (CONPES 4011)</p> <ul style="list-style-type: none"> - Increase startup formalization, productivity and the creation of </td> <td data-bbox="1273 1458 1386 2007"> 8.2 8.3 8.5 8.6 9.3 9.5 10.b 11.a 16.6 </td> </tr> </tbody> </table>	Beneficiary country	Partner Government's National Policy/poverty reduction plan	SDGs	Colombia	<p>Law 2069/20 Ley de Emprendimiento Explanation (2020):</p> <ul style="list-style-type: none"> - Provide a modern regulatory framework to facilitate the creation of new companies and entrepreneurial activities - Reduce entrepreneurial burdens and generate gradualism for smaller scale enterprises - Expand market access opportunities through public procurement - Diversify and expand financing schemes for all types of entrepreneurship - Strengthen and articulate the institutional framework for entrepreneurship, productivity, innovation and business development - Improve the skills of entrepreneurs through education <p>National Development Plan (2018-2022) and National Entrepreneurship Policy (CONPES 4011)</p> <ul style="list-style-type: none"> - Increase startup formalization, productivity and the creation of
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	<p style="text-align: center;">an entrepreneurial culture</p> <p><i>Detailed description of the linkages.</i></p> <p>1. Linkage to National Policy: The Entrepreneurship Law 2069/20 (2020), is a comprehensive law tailored to all entrepreneurs, regardless of the size of their businesses. With this Law, Colombia strives to become a regional benchmark as an entrepreneurial nation that promotes the transformation of its entrepreneurial ecosystem. This is achieved through regulations designed to favor the creation, growth and scale of MSMEs across 5 strategic axes: (1) Formalization of businesses, (2) Fair competition in the public procurement market, (3) Financing and investment accessibility, (4) Organization and coordination of different government programs, (5) Set a roadmap of academic training in entrepreneurial skills</p> <p>Additionally, the National Development Plan seeks to promote social and productive inclusion through entrepreneurship and business formalization. The plan defines entrepreneurship as a key driver to achieve greater economic equality, foster collective and individual initiatives, and facilitate the formalization and advancement of local enterprises.</p> <p>2. Linkage to SDGs: Building startup ecosystem to solve youth unemployment is fully aligned to SDG 8. By promoting innovation in the ecosystem, the project also contributes to SDG 9. By working with government institutions to improve their service delivery to citizens, the project delivers on SDG 16. Furthermore, conducting two-track strategy to reduce the development gap between regions is linked to SDG 11, which suggests supporting positive economic, social and environmental links between areas and strengthening national and regional development planning. Overall, the project aims to target SDG 10 (Reduce inequality), which is a priority for the Colombian Government.</p> <p>3. Link to UNSCDF Colombia 2020-2023: This project directly contributes to result 3.4 of UNSCDF that focuses on strengthening the entrepreneurial ecosystem, innovation, cultural transformation, employment, and productive inclusion.</p>
3.3	<p>JUSTIFICATION FOR INTERVENTION</p> <p>Need for the project: Entrepreneurship is important as it creates jobs for youth and also help drive change with innovation. Thus, many governments make it a top policy priority and set up the institutions, plans and mechanisms to support local entrepreneurs. In Colombia, with the establishment of the Entrepreneurship Law, startups have been supported by various levels: government agency, private incubators, and accelerators. However the relative players are recognizing the needs to have articulation that can make synergy and cooperation. Also the new administration of Colombia is emphasizing popular economy with needs for decreasing gap between regions. Furthermore, the project will be conducted in existing local facilities, therefore it is possible to expect the sustainability of the YSA Colombia after YSA Colombia curriculum and materials are adopted during the project period.</p> <p>Why this is the most effective way of resolving the problem: Directly addresses a clearly defined need. In the startup ecosystem, incubators and accelerators are the most important players for pre-entrepreneurs and early-stage startups. According to the statistics¹, 90% of startups fail. Incubators and accelerators provide systematic and professional support for young entrepreneurs to test their ideas, set-up their businesses and increase their chances of survival in the market. YSA is a successful incubation programme that incorporates all the learnings and best practices of the Korean</p>

¹ Startup Genome – the 2019 report claims 11 out of 12 fail

	<p>Government in promoting entrepreneurship. Since 2011, YSA has provided comprehensive incubation to young Korean entrepreneurs. The YSA alumni has much higher survival rate² than general companies. Some of them became unicorn³ already or are expected to become unicorn soon.</p> <p>This project will take the YSA model and will make the necessary adaptations to ensure its applicability in developing countries. The adaptation will build on the work done by the Korean government, will take into consideration the circumstances in which entrepreneurs conduct their businesses, and will include ITC's knowledge and expertise in supporting entrepreneurs and accessing markets. The YSA model will contribute to enrich the startup ecosystem in the region.</p>
3.4	<p>LESSONS LEARNED</p>
	<p>Key lessons from implementing the YSA and other projects supporting entrepreneurs and MSME managers include:</p> <ul style="list-style-type: none"> - Involvement and collaboration with government stakeholders and institutions at all levels is key for success and sustainability of the project. - Selection of participants is key, as the project needs to identify entrepreneurs with the right skills, knowledge and motivation to increase the chances of success. - Promoting cooperation between ecosystem players is an important task. It has been reported that this is a challenging endeavor, particularly in crowded ecosystems, but the project should address this issue and try to generate synergies. - Given the limited domestic market to grow, facilitating access to the international market is key to ensure sustainable growth to the international unicorn. - Potential alumni program organization between YSA Korea, Uganda and Colombia during the event period which will be held in Korea

<p>SECTION 4. PROJECT DESCRIPTION</p>	
4.1	<p>Objective/Outcome/Output</p>
	<p>The project aims to improve the effectiveness and sustainability of the startup ecosystem in Colombia. The project supports the efforts of the Colombian Government to create a vibrant startup ecosystem for high-impact startups (i.e., innovative startups that bring benefits to society, including employees, communities, and the environment) and reduce the development gap between urban centres such as Bogota and Medellin, and less economically developed regions.</p> <p>The Youth Startup Academy Colombia project aims to incubate 900 young entrepreneurs by 2026, 800 of these entrepreneurs will be located outside large urban agglomerations, in less economically developed regions of Colombia. To fulfil this goal, the project will adapt and implement the Korean Youth Startup Academy programme, the most successful Korean startup incubation and acceleration programme. The project will partner with National and Regional Government Agencies, local incubators and accelerators, universities, and the leading companies in Colombia such as Platzi, an on-line educational platform. The main partner in this project will be iNNpulsA, the Government Agency mandated by law (Law 2069 of 2020 on Promotion of Entrepreneurship in Colombia) to coordinate all entrepreneurship work in Colombia.</p>

² 5 years survival rate: YSA alumni 64% Vs general companies 28%

³ Unlisted startup valued at over \$1 billion

	<p>Expected Outcome to Korean SMEs and Startups: This project will provide a platform for Korean startups ecosystem players to interact and cooperate with Colombian and Latin American startups. Korean startups interested in Latin American market can identify and interact with their Latin American counterparts. Korean investors interested in investing in Latin American startups can find opportunities among the beneficiaries of YSA Colombia.</p> <p>1. Objective The overall project objective is to: Contribute to increased employment through entrepreneurial success</p> <p>2. Outcome Increased business creation, growth, and internationalization of Colombian startups.</p> <p>The outcome will be achieved through the implementation of the following 3 outputs.</p> <p>3. Output Output 1: Provision of entrepreneurship capacity building for entrepreneurs in less economically developed regions Output 2: Provision of tailored support to technology-based startups with high potential for growth, innovation, and international expansion. Output 3: Support the transfer and adoption of best practices and concrete actions for the implementation of national entrepreneurship strategies and policies.</p>
4.2	<p>Activities</p> <p>Output 1: Provision of entrepreneurship capacity building for entrepreneurs in less economically developed regions</p> <p>Rationale: This output contributes to closing the economic development gap between the highly developed metropolitan areas and economically less developed regions, which is one of the main policy objectives of the new Colombian Government. ITC and its local partners will implement activities that seek to strengthen the capacity of the regions to create, develop, and consolidate economic activities. Local entrepreneurs, and the enterprises they create, will be supported to become the main engine for the creation of wealth and social impact. More specifically, the entrepreneurs will become a constituent element of regional development, establishing themselves as a key actor in promoting the prosperity of a region, satisfying social needs, and generating economic benefits. Through the strengthening of entrepreneurial and innovation capabilities, ITC will ignite a bottom-up development process that focuses on the resources, capabilities, and priorities of the region.</p> <p>The incubation program will be implemented in cooperation with national and local institutions for entrepreneurs to learn basic skills and knowledge that allow them to create and manage their businesses. The program will also link entrepreneurs to relevant partners, including large enterprises and investors.</p> <p>Target:</p> <ul style="list-style-type: none"> • 800 entrepreneurs in 4 regions. <p>Beneficiary group:</p> <ul style="list-style-type: none"> • Activities will be open to entrepreneurs of all sectors. Preference will be given to

entrepreneurs under the age of 35 and to women entrepreneurs.

- Unregistered startups or registered startups with less than 3 years of operations can benefit from activities under output 1.
- Preference will be given to projects that: 1. generate social impact for the communities and for vulnerable population groups such as the elderly, 2. address environmental sustainability issues (including energy transition and more efficient use of natural resources), and 3, that build on the region's resources, capabilities, and development priorities.

The following activities are going to be implemented:

1.1 Incubate entrepreneurs and transfer skills and knowledge to develop and grow their business idea.

1.2 Provide network opportunities with large enterprises, investors, and other ecosystem players to growth their startup business.

Output 2: Provision tailored support to technology-based startups with high potential for growth, innovation, and international expansion

Rationale:

Output 2 focuses on strengthening advanced startups in Bogota and Medellin. To do this, the project will concentrate on the 3 pillars of startup success: technology, investment, and internationalization.

The 1st pillar is technology. The project will partner with the Korean Ministry for SMEs and Startups in implementing a technology exchange program that connects Colombian startups with Korean technology providers in order to receive advanced technology from Korea. It will also work with Colombia's leading technology promotion agency (i.e. Tecnova) to help Colombian startups develop their technology or partner with technology suppliers (i.e. universities, large enterprises).

The 2nd pillar is investment. The project will train startups to improve their ability to negotiate with investors. Trained startups will meet different types of investors (i.e., angel investor, corporate investor, venture capitalist and private equity) depending on their maturity level. The project will also seek to enlarge the pool of local angel and corporate investors by training high net worth individuals and large companies on the benefits of investing in local startups.

The 3rd pillar is internationalization. The project will apply ITC's expertise on business internationalization to help startups foreign markets. It will support startups to expand their business market and to grow into global unicorn companies. The project will also utilize Colombian large enterprises' global network to help startup to start their oversea business.

Target:

- 100 startups

Beneficiary group:

- Activities will be open to startups from all sectors.
- Startups that have already received seed funding and are focused on generating traction and growing the business.
- Startups active in the Bogota and Medellin area.

	<p>The following activities are going to be implemented:</p> <p>2.1 Enhance startups' technological and innovation capabilities by enabling partnerships with technology suppliers and Colombia's leading technology promotion agency.</p> <p>2.2 Increase the startups' investment attraction potential by developing their investment negotiation skills and linking them with investors..</p> <p>2.3 Provide access to the international market for startups and train them on international business skills.</p> <p>Output 3: Strengthen ecosystem by supporting the transfer and adoption of best practices for the implementation of national entrepreneurship strategies</p> <p>Rationale: The project support Colombian policymakers in adopting international best practices for the implementation of the national startup policy. ITC will provide policy consultation to develop Colombian ecosystem by studying Korean and Colombian ecosystem and suggest action plan for policy improvement. Colombian policy makers will also visit Korea to meet with partners and learn about advance startup ecosystem.</p> <p>Target: Relevant actors in ecosystem including the government officials, local accelerators and investors, and universities</p> <p>Beneficiary group:</p> <ul style="list-style-type: none"> • Policymakers and agencies in charge of implementing Colombia's startup and entrepreneurship policies • Local accelerators and investors who are aiming to enlarge their pools and reachable areas • Universities which are targeting to adopt entrepreneurship strategy <p>The following activities are going to be implemented:</p> <p>3.1 Provide policy implementation advice based on the Korean experience for developing a startup ecosystem.</p> <p>3.2 Facilitate training programs for policy makers in advanced startup countries.</p> <p>3.3 Support the expansion of the local investor pool by training wealthy individuals and large businesses on the investment potential offered by early-stage startups.</p> <p>3.4 Organize networking and knowledge sharing events to strengthen and articulate the entrepreneurial ecosystem</p>
SECTION 5. STAKEHOLDER ANALYSIS	
	<p style="text-align: center;">TARGET BENEFICIARY</p> <p>5.1</p> <p>1. Direct beneficiaries:</p> <p>Young entrepreneurs; The project will support 800 young entrepreneurs in less developed regions and 100 advanced stage startups in Bogota and Medellin. Entrepreneurs who intended to participate will be recruited by YSA. The training will be divided into two stages, which are beginning and advanced levels. The number of occupants will be limited to the maximum capacity of co-working space. The overall capability and potential of entrepreneurs shall be evaluated in selecting occupants. Other entrepreneurs will participate YSA's programs individually.</p>

	<p>2. Indirect beneficiaries: All the ecosystem players are able to benefit from the project. YSA will hold various events and seminars that are open to public. Anyone who are interested in entrepreneurship and startup are welcomed to the events. These activities will enrich the overall ecosystem in the region. Especially the project expects to enlarge the pool of local investors. The potential investors, e.g. High net worth individuals and large companies, will be invited to seminar or forum regarding startup investment and also participate on the IR pitching event as a judge or panel.</p>
5.2	<p>OTHER STAKEHOLDERS</p>
	<p>1. Colombia government Ministry of Commerce, Industry and Tourism and its agency iNNpalsa are main project partner. iNNpalsa is a government agency specialized in supporting startups and fostering entrepreneurship. Established in 2012, iNNpalsa already has experiences of cooperating with Korean partners such as Born2Global, Gyeonggi Center for Creative Economy and Innovation, and Seoul Business Agency. Ministry of Commerce, Industry and Tourism also involves in the area of the alignment with other ODA project proposed to KOICA.</p> <p>2. Implementing partners</p> <p>All agreements with implementing partners will be subject to an ITC due-diligence review during the project inception period.</p>