

The Competitiveness Repository

Chile — Start-Up Chile

Competitiveness is widely accepted as the key driver for sustaining prosperity and raising the well-being of the citizens of a country. Enhancing competitiveness is a long-term process that requires improvements across many areas and long-lasting commitments from relevant stakeholders to mobilize resources, time and effort. Accordingly, to make the right decisions, these stakeholders need information and data.

For more than 30 years, the World Economic Forum has studied and benchmarked competitiveness. From the outset, our goal has been to provide insight and stimulate discussion among all stakeholders on the best strategies, policies and activities to overcome the obstacles to improved competitiveness.

Against this backdrop, the Forum is taking the next step to inform the discussion on competitiveness practices among stakeholders by embarking on a project to build a **Competitiveness Repository** that compiles relevant information about practices that have aimed or are intended to build competitiveness. It will be complemented by a series of private events that provide a safe space for countries to better understand approaches that have worked elsewhere.

The platform will be built around a collection of practices collected through the completion of the template below. With this exercise, we seek to identify practices that:

- Had or are expected to have **system-wide impact**
- Are **scalable and potentially replicable** in other countries
- Have a **strong multistakeholder** component (they should rely on public-private collaboration and could include, for example, programmes and activities led or facilitated by government, but implemented or funded completely or partially by the private sector or civil society such as foundations, trust funds, etc.)

The practices collected will ideally follow the 12-pillar structure of the Global Competitiveness Index (GCI) Framework (www.weforum.org/gcr). They will include a variety of factors critical for competitiveness and offer a comprehensive tool to inform stakeholders about the different approaches for enhancing competitiveness in specific areas, as well as the key barriers to their implementation and factors that enabled change.

As well as reflecting the 12-pillar GCI structure, each of the practices will be structured along the following dimensions:

- A) **Background information about the practice**
- B) **Context and need for action**
- C) **Actions/activities adopted**
- D) **Role of the different stakeholders**
- E) **Results, lessons learned and additional information**

A) Background information about the practice

Title of the practice: Start-Up Chile

Country of practice: Chile

Region (within country, if applicable): Nationwide

Status (implemented, ongoing, planned): Ongoing

Public-private collaboration is/was key for success? Yes

A systematic evaluation was undertaken (Yes/No): Yes

The Chilean government systematically evaluates Start-Up Chile. In addition, Start-Up Chile has an Advisory Board, which is constantly reviewing the evolution of the programme. The Advisory Board is composed mostly of Stanford academics and important names in the innovation field, who also hosted an academic session in Chile (March, 2013) to evaluate and comment on the programme together with other Chilean academics.

Related area of competitiveness: Labour-market efficiency, business sophistication and innovation

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B) Context and need for action

What was the situation/challenge that resulted in a need for this competitiveness practice?

Chile has for a long time been dependent on its mining, salmon and other traditional industries, but recently there has been political willingness to convert Chile into the innovation and entrepreneurship hub of Latin America. Entrepreneurs with a global mindset are key to producing this shift, and Start-Up Chile was created to attract the world's best and brightest entrepreneurs to boost the number and quality of start-ups in the country. Start-Up Chile aims to foster a cultural change. The programme seeks to encourage entrepreneurs to think globally and at the same time to benefit from a multi-stakeholder approach – including investors, universities, large corporations and others – to build a healthy and sustainable start-up ecosystem.

C) Actions/activities adopted

What are/were the main activities/actions of the competitiveness practice?

Start-Up Chile funds both Chilean and international start-ups, and instead of equity they are asked to share their knowledge and contacts with local and foreign entrepreneurs starting companies in Chile. Three times a year, Start-Up Chile offers 100 spots in the programme and receives more than 1,500 global applications each time. Each selected start-up receives a one-year work visa for Chile, \$40,000 and access to a community of more than 800 start-ups ready to work collaboratively

Between 2010 and September 2013, Start-Up Chile participants held more than 750 meetings and took part in more than 3,000 workshops and conferences. Foreign-based entrepreneurs are expected to share their know-how by, for instance, coaching local entrepreneurs and speaking at events.

Members support local business access to new markets and identifying new opportunities.

- Members contribute their market intelligence, becoming valuable community guidelines to Chilean entrepreneurs.
- The network is able to meet the specific needs of Chilean companies and provide significant support to the biotechnology, design, ICT and renewable energy, among others.
- ChileGlobal – a NGO which forms a network of Chileans abroad – through its members, can help to convene meetings with potential partners and suppliers, providing entrepreneurs entry into international markets.

D) Role of the stakeholders

Which stakeholders have been involved (public sector, private sector, civil society, etc.) in the competitiveness practice?

PUBLIC SECTOR

- CORFO is the country's main industrial investor/economic development agency that grants seed capital, serves as a business incubator. CORFO oversees Start-Up Chile's work.
- Start-Up Chile is fully supported by the Chilean government with special consideration of the Ministry of Economy, the Ministry of Foreign Affairs, and the Ministry of Internal Affairs.

PRIVATE SECTOR

- Companies based in Chile, e.g. Telefonica, one of the biggest telephonic providers, have been key in offering co-working space, internet and other facilities to the Start-Up Chile community.

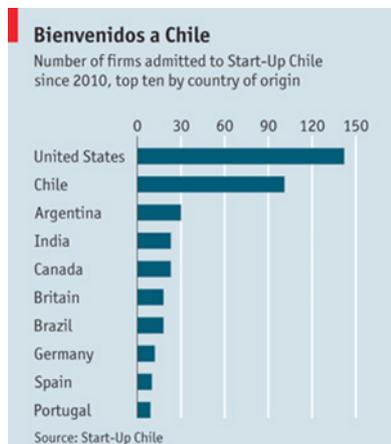
Start-up Chile partnered with many organizations in Chile, from NGOs to universities to organize activities where the entrepreneurs in the programme are speakers, mentors and others. In addition, Start-up Chile organizes meetings where entrepreneurs have the opportunity to meet executives of corporations.

E) Results, lessons learned and additional information

Implementation date of the competitiveness practice (start date, end date/estimated end date)

Start-UP Chile began with small pilot of 23 start-ups on September 2010. It is about to welcome applications for its 10th application process. So far, over 750 companies were selected and more than 1,500 entrepreneurs came to Chile in this period.

Figure 1: Economist, 2012



What were/are the resource requirements (human and financial resources) of the activity?

Start-Up Chile's budget is an average \$11 million a year to fund start-ups, and \$1 million a year for operational costs.

What were the outcomes/results (expected or achieved) of the competitiveness practice in terms of quantitative (metrics) and qualitative results?

There are two sets of key performance indicators defined for Start-Up Chile:

- i) **Internal cultural change.** After four years there are more Chilean entrepreneurs (40% of the most recent round of applications were from Chilean firms), universities working closer to entrepreneurs (i.e. the Catholic University of Chile plans to open an innovation centre to enable academics and entrepreneurs to work together), investors actively participating in the ecosystem and others.
- ii) **Chile to become the Pole of Innovation and entrepreneurship of Latin America.** In this pillar the programme has succeeded in attracting entrepreneurs from around the world, being published in every key media outlet internationally and recognized in reports as one of the leading countries in which to start-up a company.

In terms of number the results seem promising since after 3 years, 17% of the start-ups got funded, raising more than 50 MM USD in total.

What were the main barriers/challenges to implementing the practice and their effect on implementation? How were these barriers overcome?

Challenges include underdeveloped capital markets and lack of venture capital. Indeed, local entrepreneurs – and foreign ones who might consider staying – face financial challenges as there are not enough private venture capitalists to support young firms.

Another barrier is Chile's harsh bankruptcy regime, making it hard for those who fail to start afresh¹.

What have been the main enablers and their importance/relevance for the success of the practice implementation?

According to its executive director, the first, and maybe the most important enabler, is based on the positive influence the selected entrepreneurs can play. Start-Up Chile aims at selecting and attracting the most talented and high-potential growth entrepreneurs globally and make sure that they **positively influence the Chilean community**.

Also, although the programme is part of the government, it has been successful in avoiding red tape. Having the government's support has also allowed the country to exploit the original Silicon Valley's weak spot: the USA's tough immigration system. Indeed, **granting visa to entrepreneurs** has been key to attracting foreign talent.

What were the lessons learned?

The success of Start-up Chile is widely recognized and has inspired other countries to start their own programmes (e.g. Brazil).

Endnotes

¹ The Economist, 13 October 2012 | SANTIAGO, *The Lure of Chilean Valley*

Website/links if available and/or references to published material

<http://startupchile.org/>

<http://www.economist.com/node/21564589>

<http://www.angel.co/startupchile>

<http://www.slideshare.net/startupchile/startup-chile-by-the-mit>