

The coastal town of Cobquecura in the 8th Region of Chile relies on fishing, farming, and tourism as the main drivers of its struggling economy. The community, which was the epicenter of the 2010 earthquake, has identified increasing tourism traffic and services to accommodate visitors as a critical step toward development of its beleaguered market.

In January 2012 an Harvard Kennedy School (HKS) team developed an economic recovery and development plan for Cobquecura. The plan highlighted the main bottleneck for growth, especially in the tourism sector, as a lack of business capacity and a similar dearth of entrepreneurial and innovative culture. With a public high school that offers its only technical track in vehicle repair/mechanics, each of the business opportunities that the team identified lacked both the seed capital and the skillsets to be able to successfully establish a new business. The HKS team also recognized that there is an opportunity for new business formation and the expansion of existing businesses. Tourism demand during peak months can support additional economic activity, and improved tourism services and amenities can create even more demand.

For the past two years, Harvard students and faculty have put out a call for innovative business ideas amongst the residents and have helped find funding and initial consulting support for seven business startups in Cobquecura. The funding from this grant would allow us to formalize the process into a true entrepreneurship and innovation competition. The theory and research in the field of economic development suggests that entrepreneurship and innovation competitions can be effective mechanisms for stimulating economic activity and contributing to a shift toward entrepreneurial culture.

This project has two phases. Phase I will be completed by a HKS January Term course that will place seven students (plus faculty and staff) in Cobquecura for two weeks to design, organize and run the entrepreneurship and innovation competition. The students, who are studying international, economic and community development, will apply their classroom-learned skills to solve this real world problem in the field. The course is HKS, Social and Urban Policy (SUP) 607M, “Community Recovery: Rebuilding Disaster Damaged Communities in Chile,” <http://www.hks.harvard.edu/degrees/teaching-courses/course-listing/sup-607m>.

The competition will begin by asking local entrepreneurs to submit ideas for start-up businesses or innovative ways to expand their existing businesses. In order to effectively spread the word, multiple media including signs, announcements at town halls, and radio ads will be leveraged.

The two-week application process for the competition is designed to provide training and capacity building for current and potential entrepreneurs in Cobquecura. Entrepreneurs will need help in formulating, vetting, and refining their ideas, and part of organizing the entrepreneurship competition will be for HKS students to help applicants clarify their ideas and create business plans. This spans the gamut of helping a fisherman think through new markets for selling their fish, to helping weavers band together to open a cooperative store to sell their crafts. This stage will involve multiple training and capacity building mechanisms including workshops and one on one consulting.

The students in the course will run the competition, and a panel of Harvard faculty and staff will select the winning 3 innovative entrepreneurial ideas. These first, second, and third prize winners of the competition will receive the resources (capital and technical expertise support) to start their businesses during the second phase of this project.

Phase II is the awarding of the “prizes” and the implementation and support of the entrepreneurial startups. Phase II is completed by Harvard staff during the spring and summer of 2014. A top prize of \$10,000 is awarded along with lesser amounts of \$5,000 for second and \$1,000 for third prize. The prizes are not actually given in cash in most cases, but are administered by Harvard staff to pay for the startup costs of the entrepreneurial enterprises (construction materials and labor, initial inventory, etc.).

The Harvard faculty and staff working with the entrepreneurs during Phase II provide the handholding and the technical expertise to help the new entrepreneurs through the startup stage of their businesses. The prizes include business support and consulting resources that will provide one or more, experienced professionals working with the entrepreneurs to help them implement their business plan.

The total cost of the project is \$55,121, of which \$30,121 has been committed toward Phase I by the Harvard Kennedy School.

This grant provides for a combination of capacity building and capital in a competitive process that will help Cobquecura seize the opportunity for growth that so clearly presents itself to a largely socioeconomically disadvantaged, rural community.