



## MEMORANDUM

File Classification:  
PO-JA-M1023-Agree

**\*\*Copy\*\*** CJADocs # 36271438  
CCB/CJA/1163/2011  
DATE: July 6, 2011

To: Ancile Brewster  
Representative

From: Wayne Beecher  
MIF Consultant

Subject: Jamaica - Microfranchise as a tool for economic promotion of at risk youth JA-M1023  
Donors Memorandum.

### Justification:

Attached please find for your consideration and approval, the Donor's Memorandum for the above-mentioned project. The goal of the project is to contribute to creating sustainable entrepreneurial opportunities for youth at risk in Kingston. The beneficiaries will include 100 inner city youths at risk from 8 inner-city communities in Kingston.

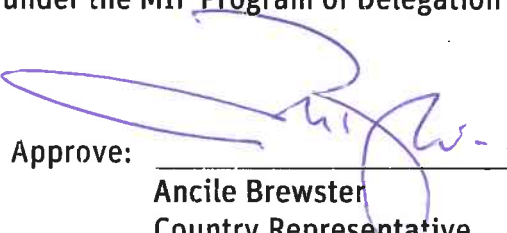
### Recommendation:

The Country Office Review Committee has reviewed the Donor's Memorandum on July 6, 2011 and recommended its approval.

### Approval:

The Project is recommended and approved for financing under the MIF Program of Delegation of Authority (MIF/GN-62-7).

Concur:   
Julian Belgrave,  
Operations Specialist

Approve:   
Ancile Brewster  
Country Representative



## THE PLANNING INSTITUTE OF JAMAICA

16 Oxford Road, Kingston 5, Jamaica, W.I.  
P.O. Box 634, E-mail: [info@pinj.gov.jm](mailto:info@pinj.gov.jm)  
Telephone: (876)-906-4463/4, (876)-960-9339, Facsimile: (876)-906-5011



June 15, 2011

Mr. Ancile Brewster  
Representative  
Inter-American Development Bank  
40 Knutsford Boulevard  
Kingston 5

Dear Mr. Brewster

**Re: Request for Technical Assistance for Micro-Franchising**

The Private Sector Organisation of Jamaica (PSOJ) has submitted to the Planning Institute, a request for endorsement of a proposal to develop micro-franchising as a modality for creating micro-enterprises and empowering youth at risk. The initiative is in support of the PSOJ's Youth Upliftment Through Employment (YUTE) Project and funding is being sought from the Multilateral Investment Fund (MIF).

The Institute readily endorses the proposal, as its objectives are consistent with the Community Renewal Programme which has as a primary outcome, the transformation of the attributes and assets of residents of vulnerable and volatile communities into wealth creation and sustainable livelihoods. The Institute has also endorsed the YUTE programme and continues to seek wider support for that initiative. Finally, the proposal is aligned to the recently crafted Growth Inducement Strategy, an objective of which is to unlock latent potential for wealth creation by fostering entrepreneurship.

The PIOJ recognises that a contributing factor to the sub-optimal impact of our several community development interventions over the years, has been inadequate coordination. We ask, therefore, that efforts be made to ensure that linkages are established between the proposed project and the wider Community Renewal Programme.

The Planning Institute anticipates your positive consideration of the proposal.

Yours sincerely,

Barbara Scott  
For Director General

cc. Mrs. Sandra Glasgow, PSOJ

**DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK  
MULTILATERAL INVESTMENT FUND**

**JAMAICA**

**MICROFRANCHISE AS A TOOL FOR THE ECONOMIC PROMOTION OF YOUTH  
AT RISK**

**(JA-M1023)**

**DONORS MEMORANDUM**

This document was prepared by the project team consisting of: Wayne Beecher (MIF/CJA), Elena Heredero (MIF/AMC) and César Buenadicha (MIF/AMC) Project Team Leaders; Winsome Leslie (MIF/AFT); Dora Moscoso (MIF/DEU); Laila Choe (MIF/KSC); Erica Haughton (MIF/CJA); Roy Parahoo (PDP/CSU); Anne Marie Lauschus (MIF/LEG)

## CONTENT

I.	EXECUTIVE SUMMARY .....	1
II.	BACKGROUND .....	2
	A. PROBLEM STATEMENT .....	2
	B. THE PROJECT .....	2
III	OBJECTIVES AND COMPONENTS .....	4
	A. OBJECTIVES .....	4
	B. COMPONENTS .....	4
	C. JUSTIFICATION AND ADDITIONALITY .....	<b>ERROR! BOOKMARK NOT DEFINED.</b>
IV.	PROJECT COST, FINANCING AND EXECUTION PERIOD .....	6
V.	EXECUTING AGENCIES AND EXECUTION MECHANISM .....	6
VI.	MONITORING AND EVALUATION .....	8
VII.	BENEFITS AND RISKS .....	9
VIII.	ENVIRONMENTAL AND SOCIAL IMPACTS .....	10

## **ANNEXES**

<b>ANNEX I</b>	<b>Summarized logical framework</b>
<b>ANNEX II</b>	<b>Summarized detailed budget</b>

## **DOCUMENTS AVAILABLE IN IDBdocs**

ANNEX III	Detailed budget
ANNEX IV	Disbursement triggers
ANNEX V	Draft procurement plan
ANNEX VI	Evaluation of Executing Agency

## **ABBREVIATIONS**

<b>CBO</b>	<b>Community Based Organization</b>
<b>COF</b>	<b>Country Office</b>
<b>DO</b>	<b>Development Options Ltd.</b>
<b>EA</b>	<b>Executing Agency</b>
<b>MIF</b>	<b>Multilateral Investment Fund</b>
<b>LD</b>	<b>Leadership Development</b>
<b>M&amp;E</b>	<b>Monitoring and Evaluation</b>
<b>PSOJ</b>	<b>Private Sector Organization of Jamaica</b>
<b>YUTE</b>	<b>Youth Upliftment Through Employment programme</b>

# MICROFRANCHISE AS A TOOL FOR THE ECONOMIC PROMOTION OF YOUTH AT RISK

## I. EXECUTIVE SUMMARY

<b>Country:</b>	Jamaica		
<b>Executing agency:</b>	The Private Sector Organisation of Jamaica (PSOJ)		
<b>Beneficiaries:</b>	The beneficiaries of this program include: 100 inner city youths at risk (between the ages 16-29) will have been inserted in the job market as microfranchisees. In addition, 400 inner city youths will be exposed to the concept of microfranchising as a means of entrepreneurial development. These youths and their families in 8 Inner-city communities in Kingston Jamaica will derive benefits from increased income and job creation. PSOJ, DO and at least two (2) corporate entities will benefit from intensive capacity building in designing and developing microfranchise business models.		
<b>Financing plan:</b>	MIF:	US\$	\$150,000
	Counterpart:	US\$	\$144,250
	<b>Total:</b>	<b>US\$</b>	<b>\$294,250</b>
<b>Objectives:</b>	The goal of the project is to Contribute to creating sustainable entrepreneurial opportunities for youth at risk in Kingston. The specific objective is to develop and test a microfranchise business model for youth at risk in poor inner-city communities in Kingston. The project will consist of 4 components: (i) Research and Market Analysis; (ii) Microfranchise Business Model Design; (iii) Live Market Testing, and; (iv) Implementation of a Learning, Communicating and Catalyzing (LCC) strategy. The beneficiaries will be young adults at risk from 8 inner city communities, most of them will be male but at least 35% will be female.		
<b>Execution calendar:</b>	Execution Period: 12 months Disbursement Period: 18 months		
<b>Special conditions:</b>	As a condition of disbursement: (i) Operational Regulations approved by the FOMIN, (ii) Annual Operation Plan approved by the FOMIN; and (iii) Evidence an increase in the scope of the existing Project Management contract between PSOJ and DO to include DO's management of the Microfranchise Project.		
<b>Coordination with other development institutions:</b>	The PSOJ is coordinating with the USAID who has committed co-financing of US\$40,000		
<b>Social and environmental revision:</b>	The project was reviewed, cleared and classified under "C" by ESR review 23/11.		



## **II. BACKGROUND**

### **A. Problem Statement**

- 2.1 According to the Statistical Institute of Jamaica, there are 127,000 young people in Jamaica who are not in an academic or training program and not actively seeking work and therefore are considered 'unattached' or 'at risk'. Seventy percent (70%) of these young persons are deemed unemployable, either because they lack critical academic training or they have not been exposed to any vocational training, which would give them the required skills to enter the workforce. Additionally, there are few opportunities for youth to enter the workforce, due to limited or no work experience and inappropriate or partial skills for the workplace. For those young persons living in inner city communities, this is worsened by the stigma attached to where they live (their postal code). Anecdotal data from one of the inner-city community indicates that unemployment levels for persons 19 – 24 living in inner-city communities stood at 38%, 12.4% above the national level. Feedback from three (3) focus group sessions held in communities within the target geographic area for YUTE further supports this data, indicating that 45% - 95% of the participants were either un-employed or marginally employed.
- 2.2 A recent research reveals that seventy-five percent (75%) of the crimes in Jamaica are committed by males under the age of 30 years in inner-city communities in Kingston, St. Andrew, St. Catherine, and St. James where a majority of at risk males reside. The findings from this research indicate an implied relationship between the level of at risk youth, their socio-economic status and the incidence of crime and violence.
- 2.3 The Kingston Business District, located in downtown Kingston and comprising over 20 communities, is known for its high levels of crime, with youth usually the main perpetrators, as well as, victims of criminal activities. These high levels of crime have and continue to seriously damage the business environment and socio-economic growth in the area. In May 2010, the Government of Jamaica launched a major offensive in the troubled communities of Western Kingston to address an escalating crime issue with international implications. The operation resulted in severe and protracted disruption in business activities in and around the Kingston Business District. Being acutely aware of the core issues contributing to criminal activities, the PSOJ decided to act as an agent of change and leverage its ability to generate employment and foster entrepreneurship to address the underlying problems affecting young people. The premise is that through access to training and a stable employment/source of income youth will be empowered to move out of crime, improve their socio-economic condition and contribute to the stability of their communities.

### **B. Justification of the proposal**

- 2.4 In order to provide a solution to the above challenges with the youth unemployment in the country, the Private Sector Organisation of Jamaica, comprising the major companies in the country, championed the Youth Upliftment Through Employment (YUTE) initiative. YUTE objective is to improve the socio-economic condition of young persons living in 8 inner-city communities in Kingston.

- 2.5 One of the main components of YUTE is its Entrepreneurship Program, which seeks to engage young person's "at risk" from the communities around the Kingston Business District in micro enterprise activities as a source of income and personal development. The premise is that providing them with viable employment and training will considerably reduce the probability of these youth turning to crime.
- 2.6 The PSOJ and its sponsors have been searching for an effective approach to youth microenterprise development. Having implemented and studied several models of youth entrepreneurship, the PSOJ has identified microfranchising as the model that offers the highest probability of creating sustainable enterprises for inexperienced young entrepreneurs.
- 2.7 The project will pilot microfranchising for youth at risk in a challenging socio-economic landscape in Jamaica, developing an innovative and comprehensive model for business/job creation linked with private and public interventions. It is expected that project results and knowledge will influence and generate opportunities for numerous socially responsible businesses, NGOs and public sector actors with focus on youth empowerment, so they can catalyze greater changes both in Jamaica as well as in other countries of the Region.
- 2.8 As a result of the project, sustainable micro-enterprises for at least 100 youth at risk in poor inner-city communities in Kingston Jamaica will be created by applying a microfranchising methodology for youth entrepreneurship development. At least 400 inner city youth will be aware of the benefits of microfranchising for entrepreneurial development, and at least two (2) micro franchises (engaging 50 young entrepreneurs each) will be developed and tested.
- 2.9 The project has high potential to be replicated in other English-speaking Caribbean countries as well as in other regions with specific youth at risk groups (i.e. Central and South America). In this respect, the project will serve as a pilot case for linking microfranchising with labor insertion programs for youth (and eventually other excluded populations). In order to influence selected audiences beyond the direct scope of this project to adopt the microfranchise as a valid business model to economically empower the youth, the project will systematize, package and disseminate the microfranchising methodology developed, project results and relevant lessons learned, using the most adequate channels.
- 2.10 The project is in keeping with the IDB Country Strategy for Jamaica (2006-2009) and also the draft Country Strategy to be approved in October 2011 which aims to develop the private sector.

### **III OBJECTIVES AND COMPONENTS**

#### **Objectives**

- 3.1 The purpose of this project is to contribute to creating sustainable entrepreneurial opportunities for youth at risk in Kingston. The specific objective is to test and develop a microfranchise methodology for youth at risk.
- 3.2 The project will have four components: (i) Research and Market Analysis; (ii) Microfranchise Business Model Design; (iii) Live Market Testing; and (iv) Implementation of learning, communication and catalyzing strategy.

#### **Component 1: Research and Market Analysis: (MIF \$35,500; Counterpart \$37,500).**

- 3.3 Under this component at least two business opportunities will be identified that can be developed as microfranchising models generating sustainable microenterprises to be operated by youth from the target communities. A two-week landscape market assessment will be conducted to identify consumer needs, market opportunities and inefficiencies and potential partners. In addition, the organizational structure required to support the implementation of microfranchising models will be defined within the context of the YUTE program to assure project impact and sustainability. The scope of the research will include; businesses, consumers, and key informants positioned to provide relevant, market-based information. The research will be conducted with potential target beneficiaries to ensure that the business interests and consumer habits are taken into account. An in-depth understanding of the legal and regulatory environment will be done to identify possible barriers as well as opportunities.
- 3.4 Specific activities in this component include: (i) mapping the market landscape; (ii) identifying potential microfranchise opportunities; (iii) identifying potential partners with businesses that can be developed as microfranchisors; (iv) understanding consumer behaviors and preferences; and (v) developing a plan to design the business models of the opportunities identified.
- 3.5 Expected results of this component will be the identification of at least 10 market driven, profitable and scalable microfranchise opportunities.

#### **Component 2. Microfranchise Business Model Design (MIF \$37,500, Counterpart \$20,500)**

- 3.6 Under this component at least two of the businesses opportunities identified in component 1 above will be developed, into comprehensive models based on established microfranchise design principles. This includes conceptualizing and writing a plan for the live market test (LMT) of the micro franchise models designed. The plan will include all key areas for systematization and replication; including increasing core competency of current business owners to manage a franchise.
- 3.7 Specific activities of this component include: (i) developing key strategies; (ii) defining the product categories and portfolio (i.e., sizes and types of products); (iii) recommending

price points and distributor profit margins, and; (iv) the initiation of micro franchisee identification and training.

- 3.8 Expected results of this component will be: (i) between 2 and 3 prototype microfranchise businesses set up for live market test; (ii) between 2 and 3 interested companies identified to become microfranchisors of the business models; and (iii) an initial 40 to 60 youth recruited and trained in microfranchise.

**Component 3. Live Market Testing (LMT) (MIF \$50,150, Counterpart \$41,250)**

- 3.9 Under this component the two identified businesses will be established and operated to test the products, business models, and strategies. The LMT is a structured pilot designed to test the hypothesis on which the microfranchise business models were designed. The LMT is an innovative way to collect data, validate the business model and refine the core strategy of a new enterprise. It allows for the testing of: the business plan, the prototype microfranchise business model, the consumer preferences, the pricing structures, the distribution systems, in order to refine and modify processes and systematize the operations. This level of understanding reduces the risk of failure due to the level of refinement and constant monitoring and iteration conducted in this phase; and thus allowing for the rapid systematization of a Microfranchise prototype in preparation for scaling.
- 3.10 Specific activities in this component include: (i) the design and implementation of the LMT; (ii) monitoring and testing of business results and strategies; (iii) ongoing business systematization and refinement; (iv) constant updating of best practices based on research of customers and micro franchisees and; (v) conducting deep dive sessions to analyze the data, capture the learning and make the necessary adjustments to the business models
- 3.11 Expected results of this component will be: (i) at least 2-3 business models would have been tested, are operating and have their relevant expansion plans; and (ii) and additional 40 to 50 youth have been trained and selected as microfranchisors.

**Component 4. Implementation of a Learning, Communicating and Catalyzing (LCC) strategy (MIF \$10,730; Counterpart \$5,000 )**

- 3.12 This component will capture and systematize the microfranchise methodology developed in the form of a video case study ( i.e. how to conduct market analysis, design the microfranchise, identify microfranchisors, define microfranchisee recruiting processes, training, brand, marketing, financing, etc). It will also capture and systematize project results and lessons learned to be presented at a dissemination seminar with an audience of at least 50 local and international stakeholders, as well as, the project beneficiaries.
- 3.13 Specific activities in this component include: a) the production of a video case study and; b) the hosting of a dissemination seminar.
- 3.14 Expected results of this component will be that at least 3 new companies are interested in applying the model in Jamaica or the region.



#### IV. PROJECT COST, FINANCING AND EXECUTION PERIOD

- 4.1 The total cost of this project is expected to be US\$ 294,250. MIF will contribute with US\$ 150,000 on a non-reimbursable basis; and PSOJ will contribute with US\$ 144,250 as local counterpart.

##### BUDGET (IN US\$)

BUDGET CATEGORY	FOMIN	PSOJ	TOTAL	%
Component I	35,000	37,500	72,500	24.64%
Component II	37,500	20,500	58,000	19.71%
Component III	50,150	41,250	91,400	31.06%
Component IV	10,730	5,000	15,730	5.35%
Administration	0	40,000	40,000	13.59%
Auditing, evaluation and contingencies	16,620	0	16,620	5.65%
<b>SUBTOTAL</b>	<b>150,000</b>	<b>144,250</b>	<b>294,250</b>	
<i>Percentage</i>	<i>51%</i>	<i>49%</i>	<i>100%</i>	

- 4.2 The program execution period will be 12 months with a disbursement period of 18 months. Disbursements of grant funds will be done in accordance with the Bank and MIF policies and procedures.

#### V. EXECUTING AGENCIES AND EXECUTION MECHANISM

##### A. Executing Agency

- 5.1 The executing agency for the project will be The Private Sector Organisation of Jamaica (PSOJ). The PSOJ is a strong project-oriented organization with extensive experience in managing projects financed by private sector, public sector, and international development agencies. It has experience in working with other international donor organizations such as USAID and AUSAID. The PSOJ also manages the secretariat for the Bankers Association of Jamaica. The PSOJ is currently executing with good results two MIF projects: Improving the Competitiveness of Family Businesses through Corporate Governance (ATN/ME-11576-JA) and Extending Alternative Dispute Resolution Services to SMEs (ATN/ME-12426-JA). It has been ranked as a very low risk organization in the recent institutional assessment conducted by the fiduciary and procurement specialist in the COF/JA.
- 5.2 The PSOJ is currently the executing agency for the YUTE program for which it has appointed Development Options (DO) as the program management unit (PMU). As the present microfranchise project will be implemented as one of the key elements of the overall YUTE program, PSOJ will delegate the execution of the present project to Development Options (DO). For this purpose PSOJ will modify its current project management contract with DO to included the relevant duties and responsibilities for

management the project. Accordingly, even though PSOJ will formally be the executing agency for this project and therefore responsible to FOMIN, the effective implementation of the activities will be delegated to DO according with the letter of understanding mentioned above.

- 5.3 There will be a Project Steering Committee comprised of one representative from PSOJ, who will act as chairperson, one representative from the Development Bank of Jamaica, two (2) youth representatives (one male, one female) from the communities that are operating microfranchise businesses, two (2) microfranchisors, a representative from DO who will act as Secretary, and a representative from the MIF will be participating as an observer. The Project Steering Committee will meet monthly. The role of this committee will be to monitor progress results, provide strategic direction, and facilitate institutional coordination and outreach.
- 5.4 A Project Management Unit (PMU) will oversee day-to-day implementation of the micro franchise project. The PMU will be responsible for, among others, interfacing with donor organizations and with other implementing partners ensuring there is regular communication among all partners; ensuring counterpart financial support for all project activities; overseeing all of the proposed learning, monitoring, and dissemination activities; hiring and supervision of project consultants; and preparing financial, administrative, and technical reports for submission to the Bank. The existing PMU charged with overseeing overall implementation of the YUTE programme will also subsume the administration and overall implementation of the proposed micro franchise project. The justification to continue with the same PMU is based on the know-how and technical capacity demonstrated and the necessity to continue building upon the best practices and learning of the YUTE programme. The PMU is comprised of a Programme Director, two Technical Coordinators, and a Project Accountant. Financing for the project management resources are already provided through the PSOJ funding arrangements and will be recognized as counterpart funding. In addition, PSOJ will provide office space for the project consultants, and general support services at its offices in Kingston, Jamaica.
- 5.5 **Disbursement by results.** The project will be executed according to MIF operational guidelines as part of the new Project Management Based on Risk and Performance model (April 2008). Project disbursements will be contingent upon the achievement of milestones agreed upon by the EA and MIF. The means of verification of the milestones will be mutually agreed upon between the MIF and the executing agency. The completion of milestones does not relieve the Executing Agency from the responsibility of reaching a project's targets as specified in the Logical Framework. First disbursement will be contingent on compliance with preceding conditions. Successive disbursements will be made according to project spending requirements and will be paid in tranches as set out in the milestones table (see Annex IV). The milestones will be review jointly between the Executing Agency and the MIF to develop the subsequent annual operating plan. The milestones can be revised during project execution and reprogrammed. The executing agency can also request modification to the milestones as long as they have not expired.

- 5.6 **Procurement of goods and services.** The execution of procurement and contracting activities will be in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (GN 2350-9) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (GN 2349-9).
- 5.7 According to the Policies for the Selection and Contracting of Consultants financed by the Inter-American Development Bank (GN-2350-7), it is requested to use the single source selection for the consultancy that will implement the components I, II and III of the project. In this respect, paragraph 3.10 of the mentioned policies establishes: "*Single-source selection may be appropriate only if it presents a clear advantage over competition: (...) (d) when only one firm is qualified or has experience of exceptional worth for the assignment*". After reviewing different options, Fairbourne Consulting has been chosen as a sole provider for the referred components (I) market analysis, (II) microfranchise business model design, and (III) live market testing (LMT) of the micro franchise business model, with base on its unique capacity, experience and expertise in designing and deploying microfranchise methodologies. The microfranchise industry is in its infancy and Fairbourne consulting is to date, not only the pioneer, but the unique firm in this area with the expertise and qualifications to be considered for this project.
- 5.8 The Risk Analysis Tool applied to PSOJ has determined that procurement and financial management risk is low. Given the relative simplicity of the project, the project team has decided to supervise all procurement and disbursement processes on an ex-post basis. All consultancies will reviewed according to the project's procurement plan which should be updated every six months or when there have been changes in the methods to be applied or the type of good or service to be procured.

## VI. MONITORING AND EVALUATION

- 6.1 **Monitoring.** The MIF in the IDB Country Office in Jamaica will be responsible for supervising and monitoring the project, and will be assisted by the project team. PSOJ will be responsible for submitting semiannual reports on activities and schedules through the Project Status Report system of the MIF. The project team will conduct reviews of the performance reports submitted by PSOJ. Mechanisms will be put in place to ensure that the quality of work and delivery of services will be appropriately and impartially monitored. Reports and surveys from external monitoring and evaluation consultants will go directly to the IDB COF in Jamaica.
- 6.2 **Knowledge strategy.** Project resources have been set aside to systemize, document, and communicate its results among the main stakeholders linked to the MIF microfranchise agenda. These resources will be managed by the MIF. The knowledge products generated within the project (manuals, methodologies, workshops, courses, studies, dissemination materials, etc.) will be the intellectual property of the IDB/MIF, and will be submitted on a timely basis so that it may be incorporated into the MIF knowledge products inventory. PSOJ will benefit from products generated by other MIF-funded projects, as well as from

its participation in events and seminars organized as part of the MIF microfranchise topic, which will disseminate case studies, guidelines on best practices, and models and methodologies of successful microfranchise business model

- 6.3 **Evaluations.** A final evaluation will be undertaken by external consultants contracted by the MIF in Jamaica. The evaluation will be done 3 months after the end of project execution. For the evaluations, consultants will consider, among other items: (i) initial business indicators; (ii) the quality of the PSOJ microfranchise program; (iii) program benchmarks, such as the number of young people trained and placed in sustainable livelihoods, etc.; and (iv) the soundness of the information system in place to deliver the knowledge, monitoring and evaluation activities.
- 6.4 **Financial monitoring.** PSOJ is responsible for project accounting, maintaining internal control, resource administration, and project filing systems, as established in the accounting and auditing standards and policies of the IDB/MIF. The project financial statements will be prepared by the executing agency and audited by an independent firm hired by the Bank. They will be presented to the Bank at the end of the project. The IDB/MIF will hire independent auditors to conduct the final audit as well the ex post review of the procurement and disbursement processes. The cost of this consultancy will be covered with MIF resources.
- 6.5 Periodic ex post reviews will be performed on procurement activities. The initial review will be semiannual.

## **VII. BENEFITS AND RISKS**

- 7.1 The project is expected to have a significant positive impact on young people, local communities and private sector entities that have the mission to provide sustainable economic activities for at risk youth. In this respect, at the end of the project at least 100 inner city youths at risk (between the ages 16-29) will have been inserted in the job market as microfranchisees. In addition, 400 inner city youths will be exposed to the concept of microfranchising as a means of entrepreneurial development.
- 7.2 Additional benefits that will result from this initiative, including cross benefits for the YUTE Program, include: (i) the families of the participants will benefit from greater household economic security through the knowledge, skills, training and the income generating activities, and sustainable business opportunities provided to young persons in the targeted areas; (ii) the PSOJ and DO Ltd will benefit from intensive capacity building in microfranchise design and development, which is a new innovation in social business best practice; (iii) Businesses and NGOs in and around the target communities will gain well-trained prospective sub-contractors to support their primary or secondary supply chain; (iv) PSOJ will gain staff development, resources for programs, and additional expertise to continue as one of Jamaica's premier youth entrepreneurial NGOs.
- 7.3 **Potential risks.** The primary risk that could affect implementation and outcomes of the project is the inability to find suitable microfranchising opportunities that offer sustainability/profitability to the youth microentrepreneurs. To mitigate this risk, the



PSOJ will promote microfranchising among its members, who own profitable businesses and are industry leaders. As an example, two members have already suggested high growth areas for potential microfranchises. One of such opportunity is the sale of cellular prepaid call credits via phone-to- phone transactions by the exclusive distributor of call credits. The other is the sale of hotdogs using branded hotdog carts by the leading poultry producer in Jamaica.

- 7.4 Another risk is that financing microfranchises business start-up could be challenging for microentrepreneurs. To mitigate this risk, the YUTE project includes a financing component and will leverage the resources of financial institutions, partners and other stakeholders to assist the microentrepreneurs with the acquisition of the microfranchise. In this respect and although in a very preliminary stage, the Development Bank of Jamaica has already committed to make funding available to the microfranchisees.

### **VIII. ENVIRONMENTAL AND SOCIAL IMPACTS**

- 8.1 This program is expected to have a very positive social impact by helping to expand livelihoods and expand opportunities in beneficiary communities. Guidelines for PSOJ, technical trainers, and Youth Advocates will focus on the avoidance of adverse social or environmental consequences in beneficiary communities. The executing unit will be responsible for verifying the absence of negative environmental or social impacts in this project. According to the Environmental and Social Review, this project was classified as "C".
- 8.2 Under new gender policy, OP-270 Operational Policy on Gender Equality in Development, the Bank will seek opportunities to promote gender equality and empowerment through its operations. Within its preventative dimension the Bank will undertake strategies to prevent, avoid, and mitigate adverse impacts and risks of exclusion due to gender in its operations. The Bank will seek to promote gender equality in consultation and participation, respect for women's rights, and the application of OP-270 in the risk analysis phase of the project.

### **IX. APPROVAL**

- 9.1 The Project is recommended and approved for financing under the MIF Program of Delegation of Authority (MIF/GN-62-7).

Approved By: \_\_\_\_\_

Ancile Brewster  
Country Representative

Date: \_\_\_\_\_

7 July 2011