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**REGIONAL**  
**(ARGENTINA, BRAZIL, COLOMBIA, AND MEXICO)**

**MENTORING MODEL FOR THE DEVELOPMENT OF YOUNG  
ENTREPRENEURS**

**(RG-M1016)**

**DONORS MEMORANDUM**

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## ABBREVIATIONS

|       |  |
|-------|--|
| ANDI  | Asociación Nacional de Industrias Colombianas (National Association of Colombian Industries) |
| BP    | British Petroleum  |
| CDL   | Câmara de Dirigentes Lojistas de Florianópolis   |
| CRS   | Corporate Social Responsibility  |
| EA    | Executing agency   |
| FMSD  | Fundación Mario Santo Domingo  |
| INJ   | Instituto Negócios da Juventude do Brasil  |
| JECOL | Fundación Jóvenes Empresarios por Colombia   |
| JEMAC | Jóvenes Futuros Empresarios por Mexico, A.C.   |
| MIF   | Multilateral Investment Fund   |
| NGO   | Nongovernmental Organization   |
| SENA  | Servicio Nacional de Aprendizaje (National Traineeship Service)                              |
| SME   | Small and medium-sized enterprise  |
| YBI   | Youth Business International   |

# MENTORING MODEL FOR THE DEVELOPMENT OF YOUNG ENTREPRENEURS

(RG-M1016)

## I. EXECUTIVE SUMMARY

|                              |  |                      |
|------------------------------|--|----------------------|
| <b>Executing agencies:</b>   | Fundación Impulsar (Argentina), Câmara de Dirigentes Lojistas of Florianópolis (Brazil), Fundación Mario Santo Domingo – FMSD (Colombia), Jóvenes Futuros Empresarios por Mexico, A.C. – JEMAC (Mexico)  |                      |
| <b>Beneficiaries:</b>        | The principal beneficiaries of the program are: (i) 1,560 young entrepreneurs benefiting from the assignment of a mentor, financing, and the training imparted under the program; (ii) 1,800 managers, business leaders, and professionals trained as mentors for young entrepreneurs; and (iii) 3,120 new jobs created as a result of the business initiatives of the young entrepreneurs.  |                      |
| <b>Financing and source:</b> | MIF: nonreimbursable (Small Enterprise Development Facility – Window IIIA)   | US\$2,356,410        |
|                              | MIF: reimbursable (Small Enterprise Investment Facility – Window IIIB)   | US\$1,943,590        |
|                              | Local counterpart:   | <u>US\$4,730,000</u> |
|                              | Total:   | US\$9,030,000        |
| <b>Objective:</b>            | <p>The overall objective is to increase job opportunities and generate income for young people with an entrepreneurial vocation who cannot obtain backing from other sources. The idea is to improve an existing model and extend its use to new areas by helping young entrepreneurs to devise and develop business projects by mobilizing funds and support from the business community.</p> <p>To fulfill these objectives, the program is built around three components: (i) promotion and development of business mentors based on the notion of corporate social responsibility (CSR); (ii) monitoring, training, and financial support for young entrepreneur projects; and (iii) development of a sustainable network through dissemination of outcomes.</p> |                      |
| <b>Execution timetable:</b>  | Execution period:  | 48 months            |
|                              | Disbursement period:   | 54 months            |

|   |   |
|---|---|
| <b>Environmental and social review:</b>                   | The Committee on Environment and Social Impact (CESI) reviewed and approved the program abstract on 7 May 2004 (meeting 18-04), with the following recommendations: (i) to incorporate gender considerations explicitly into Components I and II in a proactive effort to promote the participation of young women from different ethnic groups and to promote women as mentors; and (ii) to include as one of the eligibility criteria for young people whether or not the young entrepreneur has owned an enterprise with lawsuits pending with the environmental authorities. The first recommendation on the proactive inclusion of diverse ethnic and gender groups is addressed in paragraphs 3.4 and 3.7. The second recommendation on young entrepreneurs not facing charges from the authorities is built into paragraph 3.10. |
| <b>Special contractual conditions:</b>                    | Special contractual conditions: (a) conditions precedent to disbursement of the Bank's resources for each project: that the executing agency concerned has selected the Project Director and adopted the Operating Regulations, according to the terms previously agreed upon with the Bank; and (b) special conditions relating to execution: (i) within three months after each agreement is signed, each EA must demonstrate that the National Council has been formed, and (ii) each project may be extended to a new region, provided that the corresponding executing agency has demonstrated to the Bank that the region's Local Council has been set up.  |
| <b>Major initiatives by other international entities:</b> | This initiative will supplement other efforts to bolster opportunities for creating new firms and fostering entrepreneurship in the region, including Junior Achievement, Endeavor, and other activities.   |

## **II. BACKGROUND**

### **A. Entrepreneurism and its importance for economic development**

- 2.1 The Bank commissioned a study<sup>1</sup> on entrepreneurship in emerging economies, which confirmed that the creation of new firms is an effective mechanism for improving economic performance and generating significant opportunities for developing the professional skills of the labor force. One of the principal recommendations of the study mentioned the need to develop integrated strategies

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<sup>1</sup> Kantis, H., Ishida, M., and Komori, M. 2002. Entrepreneurship in Emerging Economies: The Creation and Development of New Firms in Latin America and East Asia. Inter-American Development Bank.

for training entrepreneurs, including corporate culture, business support networks, financing, and entrepreneurial skills. The study also emphasized that networking is essential for entrepreneurs as it enables them to identify business opportunities and gain access to financial resources, supplies, and knowledge and that they need to face the challenges and problems associated with running a company in the initial years. The networks of the more dynamic entrepreneurs usually include other small and medium-sized enterprises (SMEs) and executives from larger corporations.

- 2.2 According to a report on lessons learned by the Bank in promoting entrepreneurship,<sup>2</sup> a key factor in training entrepreneurs is the use of exemplary entrepreneur models that young entrepreneurs feel inspired to imitate. Nevertheless, in Latin America very little use is made of more experienced entrepreneurs as role models, compared with Asian countries. The report also underscores the importance of networking and, in particular, the formation of long-term relationships and commitment. A 2002 study of 37 countries carried out by the Global Entrepreneurship Monitor (GEM) found that 85% of the new entrepreneurs surveyed had started their enterprise with the help of informal networks of relatives and friends.<sup>3</sup>

#### **B. The “Youth Business International” model for training entrepreneurs**

- 2.3 In 1983, the Prince of Wales founded “The Prince's Trust” in the United Kingdom, which began by working with disadvantaged youth and helping them find decent jobs. The establishment of new enterprises emerged as a solution to that problem. Since its foundation, The Prince's Trust has helped over 65,000 young people aged between 18 and 30 to fulfill their objectives, by granting small loans for creating sustainable youth enterprises, thus building their self esteem and offering them economic independence and increasing job opportunities.
- 2.4 In 1999, after several countries had expressed interest in its work, The Prince's Trust established Youth Business International (YBI) to assist other organizations outside the United Kingdom that might be interested in adopting its mentoring model. The core principle of entrepreneurial mentoring is internationally relevant and is applied in a variety of economic contexts. To date, 20 countries have programs assisting young entrepreneurs, all based on the same methodology, but developed and modified by local partners to reflect local circumstances and needs. As a mechanism to ensure credibility, each organization interested in being

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<sup>2</sup> Angelelli, Pablo Javier and Llisterri, Juan José. 2003. El BID and la promoción de la Empresarialidad: Lecciones aprendidas and recomendaciones para nuevos programas [The IDB and the promotion of entrepreneurship: Lessons learned and recommendations for new programs]. Inter-American Development Bank.

<sup>3</sup> Reynolds, P.D., Bygrave, W.D., Autio, E. and Hay, M. 2002. *Global Entrepreneurship Monitor (GEM) 2002 Summary Report*. Babson College, Ewing Marion Kauffman Foundation, and London Business School.



associated with YBI has to undergo pilot scheme training and experience before becoming accredited.

**C. Current issues in the region**

- 2.5 The lack of employment opportunities, particularly for young people between the ages of 18 and 30, remains a serious problem in the region. In most countries, youth unemployment is two to three times the national average. Based on YBI experience worldwide, at least 20% of these young people have what it takes to become entrepreneurs; nevertheless, fewer than 5% do so. Furthermore, young people face certain hurdles when they attempt to start up a business. Throughout the region, access to financing is well nigh impossible, because neither banks nor organizations providing finance can take on the risk of providing services to young people who have no collateral or business or credit records to offer. In many communities, the backing needed to run a company in its first two or three years is not available.
- 2.6 Other efforts are being made in the region to deal with this problem, including the Junior Achievement, Endeavor, and other initiatives supported by national and international bodies. The problem is so widespread and chronic, however, that it is even more essential to find support and, in particular, alternative strategies and responses to ensure that the skills imparted result in genuine job opportunities for the youth participating.

**D. The YBI model and entrepreneurship in the region**

- 2.7 In Latin America, the YBI model has been adopted by organizations in four countries: Argentina, Brazil, Colombia, and Mexico. Fundación Impulsar was established in Argentina in 1999 in order to assist young people who had not previously been able to find backing for starting up and actually running their own businesses and to give them an opportunity to become economically self-sufficient. By end-April 2004, the Foundation had received 2,200 applications, which resulted in the approval of 100 loans for enterprises such as a bicycle tour company, a kindergarten, a furniture factory, a made-to-measure shoe manufacturer, silver crafts, and a bicycle repair shop. The Fundación has attracted attention and support from large enterprises, generating a supply of highly qualified mentors. It runs programs in Salta, Mendoza, Tartagal, and Córdoba and plans to expand to ten different provinces over the next few years. Its Board of Directors comprises representatives of the founding enterprises, including Borax Argentina (Rio Tinto), BG, Unilever, Royal & Sun Alliance, Zurich and VASA (Pilkington).
- 2.8 Jóvenes Futuros Empresarios por México, A.C. (JEMAC) is a Civil Association established in 2001 with the support of several very well known entrepreneurs and enterprises, including Diageo, British Petroleum, and Shell. JEMAC has become one of the leading organizations offering support services for entrepreneurs in Mexico, providing young Mexicans with access to financing, training, and ongoing

support from a mentor as they start their own businesses. On its Board of Directors sit executives from British Petroleum, Diageo, and Shell Mexico, and it enjoys the support of the Mexican Ministry of the Economy.

- 2.9 In Colombia, in 2002, a group of young people joined together to help young women entrepreneurs with the support of Fundación Mario Santo Domingo (FMSD). In March 2003, with backing from Fundación Impulsar of Argentina and FMSD, this group launched its first young entrepreneurs program in Cartagena, which included the establishment of Fundación Jóvenes Empresarios de Colombia (Young entrepreneurs of Colombia foundation – JECOL). This initiative receives economic support and mentors from Fundación Corona, Fundación Restrepo Barco, Fundación Mamonal, the Rotary Club in Cartagena and the National Association of Colombian Manufacturers (ANDI) and has entered into a strategic partnership with Servicio Nacional de Aprendizaje (National traineeship service – SENA).
- 2.10 In Brazil, in 2002, the Câmara de Dirigentes Lojistas (CDL) of Florianópolis and several other entities launched a young entrepreneurs pilot project in Florianópolis, Santa Catarina. As part of that effort, the Câmara and the other entities established the Instituto Negócios da Juventude do Brasil (Youth enterprise institute of Brazil – INJ). The INJ aims to assist socially disadvantaged young entrepreneurs to build their own businesses, by offering them support and entrepreneurial resources that would otherwise not be obtainable. It has already managed to help a number of young entrepreneurs to set up their own small enterprises and escape unemployment.

#### **E. Corporate social responsibility and entrepreneurship**

- 2.11 The increasing interest shown by the business sector and, especially, multinational corporations in the subject of corporate social responsibility (CSR) affords a major opportunity for cooperation in programs of this kind. Several factors explain the particular interest shown by these large enterprises. Training young entrepreneurs is a well-tried method of building their own supply chains and strengthening local SMEs. Moreover, their staff discover, in the course of their work as mentors, a simple and professional way of contributing to, and participating in, local communities, as well as possibly contributing to a higher executive retention rate. By transferring their knowledge and experience to young people, they also enhance the pool of labor skills for recruitment purposes. Lastly, these enterprises are regarded as “good citizens” in the communities and countries they work in.

#### **F. Proposed program**

- 2.12 This program aims to assist low-income youth interested in becoming entrepreneurs, by providing continuous support in the form of mentors, technical assistance, and small loans for their enterprises in Argentina, Brazil, Colombia, and Mexico. The projects in each country would be separate, each one governed by a

separate agreement with the Bank. In Argentina, the executing agency for the project would be Fundación Impulsar, which would also be the lead organization for the program. The executing agency in Brazil would be the Câmara de Dirigentes Lojistas (CDL) in Florianópolis, with INJ support; in Colombia, Fundación Mario Santo Domingo (FMSD), supported by Fundación JECOL; and in Mexico, Jóvenes Futuros Empresarios por México, A.C. (JEMAC). In Argentina, Fundación Impulsar's experience in this field stands it in good stead as the lead EA, in charge of implementing activities of a regional nature and some others in which it has a comparative advantage.

- 2.13 An important feature of this program is the participation of a group of key corporations, including, for instance, Diageo, British Petroleum (BP), Unilever, Accenture, and Rio Tinto. These companies will be represented on the program's Advisory Council (see paragraph 4.2). During implementation of the program, the corporations will participate by deploying some of their own staff as mentors and by providing financing, as part of their corporate social responsibility efforts. The participation of these large firms will help raise the number of mentors and their commitment and will promote business sector participation. The idea is that, by incorporating these large enterprises into the regional program, some influence may be exerted on their CSR strategies, resulting in greater support for entrepreneurship in the region and enhanced sustainability for the proposed program.

### **III. PROGRAM OBJECTIVES AND COMPONENTS**

#### **A. Objectives**

- 3.1 The general objective of the program is to increase employment opportunities and generate income for young people interested in becoming entrepreneurs who cannot obtain support from other sources. The aim is to improve the existing model and to extend its application to new areas that help young entrepreneurs to establish and develop business projects by mobilizing resources and the support of the business community.
- 3.2 To achieve these objectives, the program has been built around three components: (i) promotion and development of business mentors; (ii) monitoring, training, and financial support for young entrepreneur initiatives; and (iii) development of a sustainable network by disseminating outcomes. Unless otherwise indicated, all the activities and strategies mentioned in this document will apply to all executing agencies and countries (Argentina, Brazil, Colombia, and Mexico).

## **B. Components**

### **1. Component I: Promotion and development of business mentors (MIF US\$132,354; local counterpart US\$2,034,897)**

- 3.3 This component will focus on hiring, training, and incorporating the mentors. To accomplish this aim, the following activities are envisaged: (i) meetings designed to elicit applications; (ii) training and motivation of mentors; and (iii) creation of a roster with each mentor's profile.

- 3.4 Meetings will be held with entrepreneurs interested in joining the program. A special effort will be made to promote participation by women who wish to become mentors. Lectures and public presentations will be given in enterprises, business or trade associations, educational institutes, and public institutions such as Rotary International. Simple leaflets will be produced and handed out at meetings and articles or notes will be published in the media. Key qualifications for a mentor are: (i) business experience; (ii) a commitment to devote at least three hours a month to youth; (iii) a clean record as an honest entrepreneur; and (iv) a willingness to encourage the young, be patient, and establish a good relationship with the target group. Participating mentors will sign an agreement with the EA in their country, in which they undertake to dedicate at least three hours a month to supporting the youth assigned in Component II (Annex XIX in the technical files is a draft of this agreement).

*One of the expected outcomes of this component is to have at least 1,800 mentors trained and registered.*

- 3.5 The training will be designed to convey the characteristics of the program and of the type of young people the mentors will work with in Component II, the kind of microenterprise initiatives, personal qualities and skills expected of a mentor, the importance of their work and of the responsibilities they take on when they accept the job. A consultant will be hired to design a database containing pertinent information on mentors in the region.

### **2. Component II: Monitoring, training, and financial support for young entrepreneur initiatives (MIF US\$2,292,812; local counterpart US\$817,668)**

- 3.6 This component aims to identify young people with a talent for business and to incorporate them into the program by providing the technical and financial support they need to start a business. The activities will include: (i) holding meetings to attract and train youth; (ii) analyzing business plans and granting loans for youth initiatives; and (iii) developing and implementing a monitoring and follow-up mechanism.
- 3.7 In an initial stage, local offices will be set up in the new geographical areas of the program with a view to identifying a critical mass of sponsors with business

interests in each city or region to provide start-up financing for operations in the region. Young entrepreneurs and potential mentors also need to be identified. Technical assistance will be hired for the local offices, which will also receive training to familiarize them with the methodology and strategy of the executing agencies in each country. Offices will be established in between two and four of the new regions in each country. Publicity will mainly take the form of lectures and presentations in business associations, youth institutes, and educational establishments, as well as participation in fairs and exhibits, using various kinds of printed materials, and articles and notes in the news media. Meetings will be structured in such a way as to guarantee gender equity and the inclusion of diverse ethnic groups in the target and participating population. Consultants will be hired to train youth in the techniques of developing and presenting a business plan.

- 3.8 The selection process will begin with the initial consultation or “expression of interest,” followed by an individual interview with staff of the program. If the youth is seen to have an original business idea that is, in principle, economically viable within the parameters of the program, he or she will be invited to take training courses in, among other things, preparing a business plan. Topics addressed in the training courses will include: how to start a microenterprise; how to draw up business plans; how to conduct a market study; how to handle cash flow; and business administration.
- 3.9 The young people undergoing training will draw up business plans for consideration by local councils. If the plan is approved, a loan will be granted and a mentor assigned to the project. There will be follow-up to ensure that the investment was correctly applied, the enterprise is doing well and any necessary recommendations are made, as well as to ensure repayment of the loan.
- 3.10 Interested youth will have to meet the following basic eligibility criteria: (i) be between 18 and 30 years of age;<sup>4</sup> (ii) be unemployed or underemployed; (iii) have an economically viable business idea; (iv) apply personal skills or knowledge to the project; (v) have no access to other sources of financing; (vi) be socioeconomically disadvantaged; and (vii) have no criminal case pending with the authorities, including environmental authorities. The maximum amount of a loan will depend on the country, but will not exceed US\$3,000. The average amount also varies, but in general it will be around US\$1,600. The contract with the youth concerned will serve as a receipt for the proceeds of the loan. The terms and conditions of financing for the young entrepreneurs are to be found in each project’s operating regulations (see Annex VI in the technical files).
- 3.11 An effort will be made to ensure punctual repayment level by the young entrepreneurs of at least 60% in the first year, 65% in the second, 70% in the third, and 70% in the

*One of the expected outcomes of this component is to reach 1,560 youths with established business initiatives.*

<sup>4</sup> Except in the case of Mexico, where the age range is 18-35.

fourth, levels that will be achieved through monitoring of the new businesses and the influence of the mentors whose job is to impart values such as responsibility and honoring commitments, as well as knowledge and experience. Preventive measures will be adopted to comply with the above indicators, including: supporting projects that are clearly feasible, viable, and profitable; making sure that the assignment of mentors and project approval are simultaneous; and tailoring training to specific needs. However, if at the end of each year of the project, the afore-mentioned repayment percentages have not been reached, a special portfolio evaluation process would begin, involving intervention by the Regional Coordinator of the program (see paragraph 4.2) and/or the hiring of a consultant.

- 3.12 A consultant will be hired to develop a roster of participating youth that will also facilitate monitoring and supervision of the young entrepreneurs. Program staff would be able to access this register via the Internet. Fundación Impulsar will be in charge of hiring the consultant and supervising development of this system, after hearing the views and ideas of each executing agency. The final product will be made available to all the executing agencies taking part in the program and it will include key performance indicators for measuring the impact on young people's initiatives (see Annex XVIII in the technical files).

**3. Component III: Development of a sustainable network through dissemination of results (MIF US\$716,595; local counterpart US\$1,073,844)**

- 3.13 The objective pursued in this component is to form a network out of the players involved in order to ensure ongoing dissemination of the model. Activities will include: (i) establishment and strengthening of offices in different regions within each country; (ii) dissemination and promotion; (iii) fostering of partnerships; (iv) development of the young entrepreneurs' network strategy; and (v) publication of an operations manual.

- 3.14 The regions currently covered by the Program in each country are (i) Argentina – Salta, Tartagal, Mendoza, and Córdoba; (ii) Brazil – Florianópolis; (iii) Colombia – Cartagena; (iv) Mexico – Mexico City. To expand to new regions in each country, each EA will establish and strengthen local offices in other parts of its country. The criteria for selecting the new regions to be included in each project will require identification of a critical mass of business sponsors to provide initial financing for operations in the region and the existence of potential mentors and young entrepreneurs. It is expected that the following regions will be added: (i) Argentina – Tucumán, Azul, and Corrientes; (ii) Brazil – Rio de Janeiro and Fortaleza; (iii) Colombia – Medellín and Cali; (iv) Mexico – Monterrey and Guadalajara.

*One of the expected outcomes of this component is that at least nine new zones will be using the model and helping young entrepreneurs.*

- 3.15 In order to disseminate program outcomes and promote the activities of participating organizations, the idea is to hold an annual regional conference attended by representatives of the government, the private sector, civil society, and the EAs of projects in the region. Each EA will be responsible for organizing one of these conferences during the four years of the program. Likewise, in order to strengthen EA networks within their respective countries, a national seminar will be held each year during the four years of the project, one in each country. In addition, printed and audiovisual material will be produced every year on at least five case studies and best practices, and web pages will be maintained as vehicles for dissemination.
- 3.16 The executing agencies will look for other specialized institutions with a view to forming partnerships to assist with program-related activities, such as specialized training for youth, advertising for mentors and young people, and to ensure proper coordination with entities interested in supporting the program in each country.
- 3.17 To help with operational aspects of the work of each executing agency in the program and future agencies, a consultant will be hired to write an operations manual based on the experience acquired by Fundación Impulsar. Fundación Impulsar will be responsible for hiring the consultant and supervising progress with the manual, but the final product will be shared among all the participating agencies, which will incorporate their own experiences.

#### **IV. EXECUTING AGENCIES AND EXECUTION MECHANISM**

##### **A. Executing agencies**

- 4.1 The Program's Executing Agencies (EAs) will be Fundación Impulsar (Argentina), Jóvenes Futuros Empresarios por Mexico, A.C. – JEMAC (Mexico), Fundación Mario Santo Domingo – FMSD (Colombia), and la Câmara de Dirigentes Lojistas (CDL) of Florianópolis (Brazil). All are non-profit organizations and will execute the projects in their respective countries under a separate agreement with the Bank (four agreements will be signed). In the case of Brazil, the CDL will be supported by the INJ in activities to do with mentors and young entrepreneurs. Similarly, in the case of Colombia, the FMSD will be supported by Fundación JECOL.<sup>5</sup>

##### **B. Execution mechanism**

- 4.2 A Regional Coordinator of the program will be hired to facilitate each country's progress and the exchange of experiences and lessons among the projects. This

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<sup>5</sup> When analysis of the program had just begun, it was initially thought that the EAs in Colombia and Brazil would be JECOL and INJ, respectively. After analyzing the institutions involved, the team decided that these organizations have shortcomings and the Program would need institutions with more experience managing funds.

Coordinator will be located in Fundación Impulsar in Argentina in recognition of the part played by the Foundation as the lead agency for the program. There will also be an Advisory Council of the Program (CAP) to assist in coordination with national operations, counterpart funds, and mentoring, orientation and public relations, and actions to bolster the sustainability of the program. This Council will comprise representatives of international corporations taking part in the Program, including Diageo, Unilever, British Petroleum, Accenture, and Rio Tinto, as well as the EAs of each country. A representative of YBI will also be invited to join the Council.

- 4.3 To manage each project, the EA will hire a Project Director, an administrative assistant, and the necessary staff, depending on the particular circumstances of the project (see Annex VIII for further details). In each case, the Project Director will be responsible for: (i) managing project activities in accordance with the action plan; (ii) supervising the consultants hired; (iii) overseeing preparation and management of the budget, using established procedures; (iv) processing applications for disbursements of the Bank's contribution; (v) presenting administrative and technical reports to the Bank; and (vi) coordinating any actions that need to be taken with international partners and other entities working in this field. The Project Director will be supervised by the Executive Director of the EA in each country.
- 4.4 Each project will also have a National Council to perform the following functions: (i) manage project implementation in the country; (ii) obtain from the Executive Director and the Project Director any information it deems necessary regarding the status and progress of the project; and (iii) approve the annual work plans and other reports presented to it by the Executive Director and the Project Director.
- 4.5 Each program region will also have a local council made up of at least five professionals from different fields, who will work as volunteers, responsible for reviewing and approving the initiatives submitted by the youths. All the councils included in the program are also supposed to illustrate the part that enterprises can play in socially responsible activities.
- 4.6 Further details about the activities and procedures of each project are found in the Operating Regulations (see Annex VI in the technical files).
- 4.7 The execution period of the program with nonreimbursable resources will be 48 months, with disbursements spread over 54 months. For the FIPE (Small Enterprise Investment Facility) resources, the repayment period will be 12 years, but the EAs will begin repaying at the end of year 10 (see paragraph 5.1). For each of the projects, the Bank will establish a revolving fund not to exceed 10% of the total amount of the project. The selection and hiring of consulting services and procurement of goods will follow Bank procedures and policies.



- 4.8 **Preparedness.** The design, budget, and envisaged activities have been prepared, using input from participants in the program. Letters of commitment have already been received from several businesses and other entities that will be providing funds for the program. Moreover, each project already has a logical framework, itemized budget, and specific operating regulations for the country concerned (see Annexes IV, V, and VI, respectively, in the technical files).

## V. COSTS AND FINANCING

- 5.1 The total cost of the project has been estimated as US\$9,030,000, which comprises: (i) US\$2,356,410 in nonreimbursable resources under the Small Enterprise Development Facility (Window IIIA) and US\$1,943,590 in reimbursable funds under the Small Enterprise Investment Facility – FIPE (Window IIIB); and (ii) US\$4,730,000 in counterpart funds for which the EAs will be responsible, according to the figures shown below in the program abstract. Ten years after the signing of each agreement with the EAs, any balance remaining of the FIPE portion will be paid back to the MIF, without interest. The FIPE funds will be repaid to the Bank in three installments: the first at the end of year 10 and then on the following two anniversaries of that payment, bearing in mind the young entrepreneurs' repayment schedule vis-à-vis the EAs. However, given the high risk of lending to the youths and taking into account losses from currency devaluations and bank charges, the amounts that the MIF will receive after the ten-year lifetime of each project are expected to be minimal.

### Budget (in US\$)

| COMPONENTS   | MIF                              | Local counterpart | Total            | %           |
|--|----------------------------------|-------------------|------------------|-------------|
| <b>Fundación Impulsar (Argentina):</b>   |                                  |                   |                  |             |
| Promotion and development of business mentors                                  | 52,250                           | 691,200           | 743,450          | 23.2%       |
| Monitoring, training, and financial support for young entrepreneur initiatives | 131,906 (IIIA)<br>825,600 (IIIB) | 324,855           | 1,282,361        | 39.9%       |
| Development of a sustainable network by disseminating outcomes                 | 166,000                          | 345,285           | 511,285          | 15.9%       |
| Project management   | 116,790                          | 206,320           | 323,110          | 10.1%       |
| Evaluation   | 40,000                           | --                | 40,000           | 1.2%        |
| Audit  | 20,000                           | 20,000            | 40,000           | 1.2%        |
| Contingencies  | 105,004                          | 2,340             | 107,344          | 3.3%        |
| Regional coordination  | 42,450                           | 120,000           | 162,450          | 5.1%        |
| <b>Subtotal</b>  | <b>1,500,000</b>                 | <b>1,710,000</b>  | <b>3,210,000</b> | <b>100%</b> |
|  | 47%                              | 53%               |                  |             |
| <b>Câmara de Dirigentes Lojistas (Brazil):</b>                                 |                                  |                   |                  |             |
| Promotion and development of business mentors                                  | 39,494                           | 498,380           | 537,874          | 27.6%       |
| Monitoring, training, and financial support for young entrepreneur initiatives | 50,650 (IIIA)<br>324,870 (IIIB)  | 172,351           | 547,871          | 28.1%       |
| Development of a sustainable network by disseminating outcomes                 | 181,095                          | 276,030           | 457,125          | 23.4%       |

| COMPONENTS   | MIF                              | Local counterpart | Total            | %             |
|--|----------------------------------|-------------------|------------------|---------------|
| Project management   | 158,450                          | 93,800            | 252,250          | 12.9%         |
| Evaluation   | 40,000                           | --                | 40,000           | 0.7%          |
| Audit  | 14,000                           | --                | 14,000           | 2.1%          |
| Contingencies  | 91,441                           | 9,439             | 100,880          | 5.2%          |
| <b>Subtotal</b>  | <b>900,000</b>                   | <b>1,050,000</b>  | <b>1,950,000</b> | <b>100%</b>   |
|  | 46%                              | 54%               |                  |               |
| <b>Fundación Mario Santo Domingo – FMSD (Colombia):</b>                        |                                  |                   |                  |               |
| Promotion and development of business mentors                                  | 17,710                           | 316,202           | 333,912          | 20.0%         |
| Monitoring, training, and financial support for young entrepreneur initiatives | 10,266 (IIIA)<br>387,520 (IIIB)  | 163,861           | 561,648          | 33.6%         |
| Development of a sustainable network by disseminating outcomes                 | 284,000                          | 146,629           | 430,629          | 25.8%         |
| Project management   | 108,316                          | 107,894           | 216,210          | 12.9%         |
| Evaluation   | 40,000                           | --                | 40,000           | 2.4%          |
| Audit  | 5,000                            | 20,000            | 25,000           | 1.5%          |
| Contingencies  | 47,187                           | 15,414            | 62,601           | 3.7%          |
| <b>Subtotal</b>  | <b>900,000</b>                   | <b>770,000</b>    | <b>1,670,000</b> | <b>100%</b>   |
|  | 54%                              | 46%               | 100%             |               |
| <b>Jóvenes Futuros Empresarios por Mexico, A.C. – JEMAC (Mexico):</b>          |                                  |                   |                  |               |
| Promotion and development of business mentors                                  | 22,900                           | 529,115           | 552,015          | 25.1%         |
| Monitoring, training, and financial support for young entrepreneur initiatives | 156,400 (IIIA)<br>405,600 (IIIB) | 156,600           | 718,600          | 32.7%         |
| Development of a sustainable network by disseminating outcomes                 | 85,500                           | 305,900           | 391,400          | 17.8%         |
| Project management   | 190,300                          | 186,800           | 377,100          | 17.1%         |
| Evaluation   | 40,000                           | --                | 40,000           | 1.8%          |
| Audit  | 10,000                           | 12,000            | 22,000           | 1.0%          |
| Contingencies  | 89,300                           | 9,585             | 98,885           | 4.5%          |
| <b>Subtotal</b>  | <b>1,000,000</b>                 | <b>1,200,000</b>  | <b>2,200,000</b> | <b>100.0%</b> |
|  | 45%                              | 55%               |                  |               |
| <b>TOTAL</b>   | <b>4,300,000</b>                 | <b>5,000,000</b>  | <b>9,300,000</b> |               |

- 5.2 The consulting fees of US\$3,000 for preparing an organizational operations manual commissioned by Fundación Impulsar in July 2004 in order to move ahead with this important activity for all the participating organizations will be recognized as part of the local counterpart contribution of the project in Argentina.
- 5.3 **Sustainability.** The four years allowed for development of the program will be used to consolidate its two core operational mainstays: mentors and the young entrepreneur's business initiatives. Furthermore, program activities will be sustained by reinvestment of the repayments of the funds provided for the initiatives of the young entrepreneurs participating in each project under way. A repayment of the funds provided for the initiatives of rate of at least 70% is expected by the end of the program. Each EA will use those repayment funds to make future loans to young entrepreneurs, up to year 10, when the EAs will begin repaying funds still available (see paragraph 5.1).

- 5.4 The program is expected to strengthen the participating organizations so that they can continue helping young entrepreneurs in the four countries. In addition, the preparation of manuals and establishment of tried and tested procedures during the program will bolster continuity as well as providing material for entities in other countries, thereby expanding the scope of the program. Furthermore, with the participation and support of the enterprises, the idea is to publicize the program's achievements and the benefits of contributing resources to the EAs in each country, especially to new enterprises not participating in the original program.

## **VI. BENEFITS AND RISKS**

### **A. Benefits**

- 6.1 The principal benefits of the program have to do with the development and training of young low-income entrepreneurs, the fostering of SMEs, and the creation of new jobs in the countries taking part in the program. The program will afford new opportunities for the personal and professional development of a group of young people lacking any other source of support to enable their entrepreneurial ideas to materialize. Moreover, the establishment of new enterprises will lead to new employment opportunities not only for the entrepreneur himself but also for other unemployed or underemployed persons in the participating countries. In general, each new young entrepreneur initiative will create another employment opportunity, which will contribute to economic development and to the development of entrepreneurship as well. This will, in turn, open up new horizons for other young people with an entrepreneurial vocation in future and strengthen each country's SME sector.
- 6.2 The principal beneficiaries of the program are: (i) 1,560 young entrepreneurs benefiting from the assignment of a mentor, financing, and the training imparted under the program; (ii) 1,800 managers, business leaders, and professionals trained to be mentors for young entrepreneurs; and (iii) 3,120 new jobs created as a result of the business initiatives of the young entrepreneurs.

### **B. Risks**

- 6.3 The program could be exposed to a number of risks as a result of various cultural, technical, and economic factors listed in the following table:

| Risks associated with the Program                                     | Ways to mitigate them   |
|---|---|
| Insufficient number of mentors  | A shortfall of 20 percent in the number of mentors needed in a quarter could trigger a review of the way in which mentors are called for, selected, and monitored, possibly leading to an increase in advertising the program, training, and motivation.  |
| Failure to make payment   | <p>In the event of a failure to reach the expected repayment percentage in any given quarter, the following actions will be taken:</p> <ul style="list-style-type: none"> <li>a) Intensify collection procedures.</li> <li>b) Review and, if necessary, modify the parameters governing the existing incentives and penalties system.</li> </ul> <p>A special portfolio assessment could also be carried out, resulting in recommendations for mitigating the risk.</p> |
| Business failures due to market conditions or personal circumstances. | <p>Revise the original project, especially:</p> <ul style="list-style-type: none"> <li>a) Prices and costs</li> <li>b) The feasibility of reengineering</li> <li>c) Specific training courses</li> <li>d) Strengthening mentor and EA support.</li> </ul>   |

## VII. MONITORING AND EVALUATION

### A. Supervision and monitoring

- 7.1 The Bank's Country Office in each of the four countries will be responsible for supervising and monitoring the project in that country, with technical support from the project team. The EA in each country will be responsible for submitting semiannual reports containing details of activities conducted in the last six months and the schedule of activities for the following six-month period. Upon completion of the four years of execution of those parts of projects financed with nonreimbursable (Window IIIA) resources, the EAs will have to present annually audited financial reports, with a breakdown of any remaining FIPE funds (see paragraph 5.1). The Bank's Country Office in each country, with the help of the project team, will conduct annual reviews of the performance reports submitted by the EA in order to gauge the extent to which the project objectives have been fulfilled.
- 7.2 If need be, a portfolio risk assessment may be carried out, in order to mitigate the risks (see paragraph 3.10). That would mean bringing in the program's regional coordinator (see paragraph 4.2) and, if necessary, a consultant would be hired using the "Contingencies" funds of the project concerned.
- 7.3 Bearing in mind the degree of risk involved in lending to young people and that the projected recovery of these funds by the MIF will show a shortfall, for internal

accounting purposes this program in its entirety will be considered part of the MIF's nonreimbursable technical-cooperation portfolio.

## **B. Evaluations**

- 7.4 The Bank will use each project's funds to hire external consultants to design the evaluation system, construct the baseline, and conduct two evaluations: a mid-term evaluation, approximately 24 months after the project concerned was declared eligible for disbursement, or when 50% of the funds have been disbursed, whichever occurs first; and a final evaluation three months after the end of the execution period. The terms of reference for these evaluations will be drawn up by the Bank, with input from the different EAs. The mid-term evaluation will analyze progress and overall performance of the project, with particular attention to: (i) the effectiveness and impact of the efforts to attract and train youth and mentors; (ii) progress toward meeting established targets, in terms of the approval of youth projects and the launching of new enterprises; and (iii) the viability and efficiency of the loan financing system. Based on the findings of this analysis, recommendations will be made regarding adjustments that may be needed for use of the remaining funds.
- 7.5 For the final evaluation, the external consultants will assess: (i) the success of the methodology used by the project to establish new enterprises run by young people; (ii) the survival rate of the enterprises established; (iii) the generation of new jobs; (iv) the percentage of mentors serving more than once; (v) the extent to which project activities have expanded geographically; and (vi) the sustainability of the undertaking.
- 7.6 The EAs will compile quantitative and qualitative indicators for monitoring and follow-up, and for the mid-term and final project evaluations. These will include: (i) type of enterprises established and a profile of the youth beneficiaries, in accordance with the established eligibility criteria; (ii) the specific services rendered to the young entrepreneurs, their mentors, and the new enterprises; (iii) the evaluation carried out by the participants; and (iv) the social and economic impact of the project, including the results of the follow-up on the new enterprises. The consultants will use the logical framework of Annex I, or as modified by common accord between the Bank and the EAs. The EAs will provide access to all the information and documentation needed for the evaluations.

## **VIII. ENVIRONMENTAL AND SOCIAL CONSIDERATIONS**

- 8.1 Given the nature of the proposed program, no negative environmental impacts are anticipated. Each enterprise financed under the program will have to comply with a general list of exclusions related to activities that are harmful to the environment and potentially dangerous practices for society or the workforce. The program

should create employment opportunities, particularly for the least advantaged members of society and it will include gender and ethnic-related measures to ensure equal access for all participants. The program will apply the list of activities not eligible for financing (see Annex XVI in the technical files).

- 8.2 The Committee on Environment and Social Impact (CESI) reviewed and approved the program abstract on 7 May 2004 (meeting 18-04), with the following recommendations: (i) to incorporate gender considerations explicitly into Components I and II in a proactive effort to promote the participation of young women from different ethnic groups and to promote women as mentors; and (ii) to include as one of the eligibility criteria for young people whether or not the young entrepreneur has owned an enterprise with lawsuits pending with the environmental authorities. The first recommendation on the proactive inclusion of diverse ethnic and gender groups is addressed in paragraphs 3.4 and 3.7. The second recommendation about young entrepreneurs not facing charges from the authorities is built into paragraph 3.10.

## **IX. SPECIAL CONTRACTUAL CONDITIONS**

- 9.1 Special contractual conditions: (a) as conditions precedent to disbursement of the Bank's resources for each project: the executing agency concerned must have selected the Project Director and adopted the operating regulations, according to the terms previously agreed upon with the Bank; and (b) special conditions relating to execution: (i) within three months after the agreement for each project is signed, each EA must demonstrate that the National Council has been formed, and (ii) each project may expand to a new region, provided that the corresponding executing agency has demonstrated to the Bank that the region's Local Council has been set up.

### MENTORING MODEL FOR THE DEVELOPMENT OF YOUNG ENTREPRENEURS (RG-M1016)

| SUMMARY LOGICAL FRAMEWORK OF THE PROGRAM  |  |   |  |
|---|--|---|--|
| NARRATIVE SUMMARY   | INDICATORS   | MEANS OF VERIFICATION   | ASSUMPTIONS  |
| <b>FIN</b>  |  |   |  |
| Increase economic opportunities for youth with an entrepreneurial vocation who cannot obtain support from other sources in the areas addressed by the program.  | New economic opportunities for youth in participating countries.   | Final evaluations and reports of the projects.  | The macroeconomic situation in participating countries remains stable.                                       |
| <b>PURPOSE</b>  |  |   |  |
| An improved model, expanded to cover new provinces, which helps young entrepreneurs to establish and develop business initiatives, by mobilizing resources and garnering the support of the business community. | 1,560 business initiatives run by young people established by the end of year 4.<br><br>The model and institutional arrangements operating in four countries with at least nine new zones. | Roster of young entrepreneurs in the monitoring system.<br><br>Mid-term and final evaluation reports. | A critical mass of young people exists with ideas and the skills needed to become an entrepreneur.           |
| <b>COMPONENTS</b>   |  |   |  |
| I. Promotion and development of business mentors, based on the notion of corporate social responsibility (CSR).   | At least 1, 800 mentors trained and registered by the end of the program.  | Roster of mentors.<br><br>Mid-term and final project evaluations.                                     | Individuals and business professionals are keen to participate in the projects.                              |
| II. Monitoring, training, and financial support for young entrepreneur initiatives.   | By the end of the projects, at least 1,560 business undertakings run by youth participating in the program have received support.  | Roster of young entrepreneurs in the monitoring system.   | The methodology adopted for announcing the project and attracting young people is effective.                 |
| III. Development of a network of sustainable institutions and dissemination of outcomes.  | A consolidated network of participating organizations in the four countries of the program.  | Project completion reports (PCRs).  | Countries are interested in being part of the network, in order to exchange experiences and lessons learned. |

**MENTORING MODEL FOR THE DEVELOPMENT OF YOUNG ENTREPRENEURS  
(RG-M1016)**

**Summary itemized budget for each project in the program**

**FUNDACIÓN IMPULSAR – ARGENTINA**

|   | Item        | FUNDACIÓN IMPULSAR   | TOTALS           |                |                | TOTAL            |
|---|-------------|--|------------------|----------------|----------------|------------------|
|   |             |  | MIF              | Cash           | Kind           |                  |
|   |             |  |                  |                |                |                  |
|   | <b>I.</b>   | <b>PROMOTION AND DEVELOPMENT OF MENTORS</b>                    | <b>52,250</b>    | <b>21,600</b>  | <b>669,600</b> | <b>743,450</b>   |
|   | I.1         | Announcements, convocations                                    | 15,000           | 8,700          | 0              | 23,700           |
|   | I.2.        | Training and motivating the mentors                            | 29,610           | 12,900         | 669,600        | 712,110          |
| R | I.3         | Mentor roster and database                                     | 7,640            | 0              | 0              | 7,640            |
|   | <b>II.</b>  | <b>TRAINING AND FINANCIAL SUPPORT FOR MICROENTERPRISE</b>      | <b>957,506</b>   | <b>324,855</b> | <b>0</b>       | <b>1,282,361</b> |
|   | II.1        | Announcements, convocations, and training                      | 100,900          | 52,200         | 0              | 153,100          |
|   | II.2.       | Analysis of youth initiatives                                  | 825,600          | 272,661        | 0              | 1,098,261        |
| R | II.3        | Monitoring and follow-up system                                | 31,000           | 0              | 0              | 31,000           |
|   | <b>III.</b> | <b>DEVELOPMENT OF THE NETWORK AND DISSEMINATION OF RESULTS</b> | <b>166,000</b>   | <b>329,285</b> | <b>16,000</b>  | <b>511,285</b>   |
|   | III.1.      | Dissemination and promotion activities                         | 112,000          | 0              | 0              | 112,000          |
| A | III.2       | Fostering of partnerships                                      | 0                | 0              | 0              | 0                |
| R | III.3       | Development of a young entrepreneurs network                   | 44,000           | 0              | 0              | 44,000           |
| A | III.4       | Publication of an Operations Manual                            | 0                | 9,640          | 0              | 9,640            |
| A | III.5       | Regional administration SALTA                                  | 1,250            | 107,445        | 0              | 108,695          |
| A | III.6       | Regional administration MENDOZA                                | 1,250            | 59,020         | 0              | 60,270           |
| A | III.7       | Regional administration CORDOBA                                | 2,500            | 59,020         | 0              | 61,520           |
| A | III.8       | Regional administration AZUL                                   | 2,500            | 44,265         | 0              | 46,765           |
| A | III.9       | Regional administration CORRIENTES                             | 2,500            | 29,495         | 0              | 31,995           |
| A | III.10      | Regional administrations - Travel                              | 0                | 20,400         | 0              | 20,400           |
| A | III.11      | Legal advice   | 0                | 0              | 16,000         | 16,000           |
| R | III.12      | Latin American regional coordination                           | 42,450           | 120,000        | 0              | 162,450          |
|   | <b>IV.</b>  | <b>PROJECT MANAGEMENT</b>                                      | <b>116,790</b>   | <b>111,920</b> | <b>94,400</b>  | <b>323,110</b>   |
| A | IV.1        | National administration Fundación Impulsar                     | 99,450           | 111,920        | 94,400         | 305,770          |
| A | IV.2        | National administration - Travel                               | 17,340           | 0              | 0              | 17,340           |
| A | <b>V.</b>   | <b>EVALUATIONS</b>   | <b>40,000</b>    | <b>0</b>       | <b>0</b>       | <b>40,000</b>    |
| A | <b>VI.</b>  | <b>AUDITS</b>  | <b>20,000</b>    | <b>0</b>       | <b>20,000</b>  | <b>40,000</b>    |
| A | <b>VII.</b> | <b>CONTINGENCIAS</b>   | <b>105,004</b>   | <b>2,340</b>   | <b>0</b>       | <b>107,344</b>   |
|   |             |  |                  |                |                |                  |
|   |             | TOTALS FUNDACIÓN IMPULSAR                                      | 1,360,860        | 790,000        | 800,000        | 2,950,860        |
|   |             | TOTALS REGIONAL COORDINATION                                   | 139,140          | 120,000        | 0              | 259,140          |
|   |             | <b>GRAND TOTAL</b>   | <b>1,500,000</b> | <b>910,000</b> | <b>800,000</b> | <b>3,210,000</b> |



**JÓVENES EMPRESARIOS POR MÉXICO, A.C. - JEMAC - MÉXICO**

| CATEGORIES  | TOTALS         |                |                |                |
|---|----------------|----------------|----------------|----------------|
|   | MIF            | LOCAL          |                | TOTAL          |
|   |                | Cash           | Kind           |                |
| <b>I. PROMOTION AND DEVELOPMENT OF MENTORS</b>                                      | <b>22,900</b>  | <b>24,800</b>  | <b>504,315</b> | <b>552,015</b> |
| <b>I.1. ANNOUNCEMENTS, CONVOCATIONS</b>   | <b>3,000</b>   | <b>9,000</b>   | <b>0</b>       | <b>12,000</b>  |
| Presentations and talks for mentors   | 0              | 9,000          | 0              | 9,000          |
| Promotion material  | 3,000          | 0              | 0              | 3,000          |
| <b>I.2. TRAINING AND MOTIVATING MENTORS</b>   | <b>19,900</b>  | <b>15,800</b>  | <b>504,315</b> | <b>540,015</b> |
| Training meeting  | 14,400         | 10,800         | 0              | 25,200         |
| Production of a Guide for Mentors   | 5,500          | 0              | 0              | 5,500          |
| Certificates of recognition   | 0              | 5,000          | 0              | 5,000          |
| Mentor consulting services  | 0              | 0              | 504,315        | 504,315        |
| <b>II. TRAINING AND FINANCIAL SUPPORT FOR MICROENTERPRISE</b>                       | <b>562,000</b> | <b>156,600</b> | <b>0</b>       | <b>718,600</b> |
| <b>II.1 ANNOUNCEMENTS, CONVOCATIONS, AND TRAINING</b>                               | <b>139,500</b> | <b>21,600</b>  | <b>0</b>       | <b>161,100</b> |
| Presentations and talks for youth   | 0              | 21,600         | 0              | 21,600         |
| Design of training curricula for entrepreneurs                                      | 1,500          | 0              | 0              | 1,500          |
| Training courses (outsourced)   | 108,000        | 0              | 0              | 108,000        |
| Promotion materials   | 30,000         | 0              | 0              | 30,000         |
| <b>II.2 ANALYSIS OF YOUTH INITIATIVES</b>   | <b>405,000</b> | <b>135,000</b> | <b>0</b>       | <b>540,000</b> |
| Approved business plans   | 405,000        | 135,000        | 0              | 540,000        |
| <b>II.3 DEVELOPING AND IMPLEMENTING MONITORING AND FOLLOW-UP SYSTEM</b>             | <b>17,500</b>  | <b>0</b>       | <b>0</b>       | <b>17,500</b>  |
| Monitoring and follow-up system   | 17,500         | 0              | 0              | 17,500         |
| <b>III. DEVELOPMENT OF NETWORK AND DISSEMINATION OF RESULTS</b>                     | <b>85,500</b>  | <b>277,900</b> | <b>28,000</b>  | <b>391,400</b> |
| National Seminar on “Progress”  | 55,000         | 0              | 0              | 55,000         |
| Study and publication of cases  | 4,000          | 0              | 0              | 4,000          |
| Participation in the Advisory Council of the Project and other international events | 4,000          | 4,000          | 0              | 8,000          |
| Regional administration Valle de México   | 3,500          | 120,400        | 0              | 123,900        |
| Regional administration North-east  | 3,500          | 82,500         | 0              | 86,000         |
| Regional administration West  | 3,500          | 55,000         | 0              | 58,500         |
| Legal advice  | 0              | 4,000          | 28,000         | 32,000         |

| CATEGORIES   | TOTALS           |                |                |                  |
|--|------------------|----------------|----------------|------------------|
|  | MIF              | LOCAL          |                | TOTAL            |
|  |                  | Cash           | Kind           |                  |
| <b>IV. PROJECT MANAGEMENT</b>                                  | <b>190,300</b>   | <b>143,600</b> | <b>43,200</b>  | <b>377,100</b>   |
| National Administration JEMAC                                  | 168,700          | 119,600        | 43,200         | 331,500          |
| Travel for supervision, training, exchanges, and dissemination | 21,600           | 24,000         | 0              | 45,600           |
| <b>AUDITS</b>  | <b>10,000</b>    | <b>0</b>       | <b>12,000</b>  | <b>22,000</b>    |
| <b>EVALUATIONS</b>   | <b>40,000</b>    | <b>0</b>       | <b>0</b>       | <b>40,000</b>    |
| <b>CONTINGENCIES</b>   | <b>89,300</b>    | <b>9,585</b>   | <b>0</b>       | <b>98,885</b>    |
| <b>GRAND TOTAL</b>   | <b>1,000,000</b> | <b>612,485</b> | <b>587,515</b> | <b>2,200,000</b> |

**FUNDACIÓN MARIO SANTO DOMINGO**  
**FUNDACIÓN JÓVENES EMPRESARIOS DE COLOMBIA**  
**(COLOMBIA)**

| CATEGORIES  | TOTAL          |                |                |                  |
|---|----------------|----------------|----------------|------------------|
|   | MIF            | JECOL          |                | Subtotal         |
|   |                | Cash           | Kind           |                  |
| <b>Component I – Promotion and Development of Business Mentors</b>                                    | <b>17,710</b>  |                | <b>316,202</b> | <b>333,912</b>   |
| - Announcements, convocations   | 4,800          |                | 0              | 4,800            |
| - Training and motivation activities  | 12,200         |                |                | 12,200           |
| - Monitoring and follow-up system   |                |                | 316,202        | 316,202          |
| <b>Component II – Guidance, training and financial support for youth.</b>                             | <b>397,786</b> | <b>163,861</b> |                | <b>561,648</b>   |
| - Announcements, convocations, dissemination in the media   | 10,268         | 225            |                | 10,493           |
| - Youth initiatives   | 387,518        | 163,636        |                | 551,155          |
| <b>Component III – Development of a sustainable institutional network / dissemination of outcomes</b> | <b>284,000</b> | <b>146,629</b> |                | <b>430,629</b>   |
| - Promotion and dissemination activities  | 13,285         |                |                | 13,285           |
| - National Seminar (45 persons per seminar)   | 36,354         |                |                | 36,354           |
| - Regional conference   | 12,000         | 12,000         |                | 24,000           |
| - Participation in fairs and exhibits   | 23,600         |                |                | 23,600           |
| - Local offices   | 169,831        | 134,629        |                | 304,460          |
| - Travel (exchanges and participation in C.D.N. meetings)   | 8,930          |                |                | 8,930            |
| - Personnel training  | 20,000         |                |                | 20,000           |
| <b>IV. Project management</b>   | <b>108,316</b> | <b>67,749</b>  | <b>40,144</b>  | <b>216,210</b>   |
| - Office of the Executive Director / Project Management   | 87,616         | 67,749         | 7,566          | 162,931          |
| - Travel for supervision, exchanges, dissemination  | 20,700         |                |                | 20,700           |
| - Project manager FMSD  |                |                | 32,579         | 32,579           |
| <b>V. Evaluations</b>   | <b>40,000</b>  |                |                | <b>40,000</b>    |
| <b>VI. Audits</b>   | <b>5,000</b>   |                | <b>20,000</b>  | <b>25,000</b>    |
| <b>VII. Contingencies</b>   | <b>47,187</b>  | <b>15,414</b>  |                | <b>62,601</b>    |
| <b>GRAND TOTAL</b>  | <b>900,000</b> | <b>393,653</b> | <b>376,347</b> | <b>1,670,000</b> |

**CÂMARA DE DIRIGENTES LOJISTAS (BRASIL)**

| CATEGORIES   | FUMIN           | INJ             |                | GRAND TOTAL      |
|--|-----------------|-----------------|----------------|------------------|
|  | Financial total | Financial total | Economic total |                  |
| Promotion, development and provision of business mentors based on the notion of corporate social responsibility. | 39,494          | 28,060          | 470,320        | 537,874          |
| Informing, sensitizing, and recruiting youth   | 9,500           | 15,280          | 66,680         | 91,460           |
| Training and motivating mentors  | 27,594          | 11,080          | 5,940          | 44,614           |
| Providing voluntary mentors to support young entrepreneurs.  | 0               | 0               | 396,000        | 396,000          |
| Providing Youth Development Bonds and raising funds for operations   | 2,400           | 1,700           | 1,700          | 5,800            |
| Management, training and financial support for young entrepreneur initiatives.                                   | 375,520         | 171,411         | 940            | 547,871          |
| Sensitization and convocation activities for young entrepreneurs   | 22,000          | 23,351          | 940            | 46,291           |
| Training activities  | 24,950          | 6,900           | 0              | 31,850           |
| Analysis of youth initiatives  | 3,700           | 1,930           | 0              | 5,630            |
| Granting loans to young entrepreneurs  | 324,870         | 139,230         | 0              | 464,100          |
| Development of a sustainable network by disseminating outcomes   | 181,095         | 233,730         | 42,300         | 457,125          |
| Dissemination and promotion activities   | 41,950          | 187,230         | 0              | 229,180          |
| Fostering partnerships   | 4,500           | 13,500          | 0              | 18,000           |
| Developing a strategy for building a young entrepreneurs network   | 0               | 0               | 0              | 0                |
| Adapting and publishing an Operations Manual   | 2,000           | 0               | 0              | 2,000            |
| Installing and running coordination offices in Santa Catarina, Rio de Janeiro, the Federal District and Ceará    | 132,645         | 33,000          | 42,300         | 207,945          |
| Management of the project in Florianópolis - SC.   | 158,450         | 84,200          | 9,600          | 252,250          |
| Financial audit  | 14,000          | 0               | 0              | 14,000           |
| Evaluation of the project  | 40,000          | 0               | 0              | 40,000           |
| Contingencies  | 91,441          | 9,439           | 0              | 100,880          |
| <b>Total</b>   | <b>900,000</b>  | <b>526,840</b>  | <b>523,160</b> | <b>1,950,000</b> |

**RELATED PROJECTS IN ARGENTINA, BRAZIL, COLOMBIA AND MÉXICO**  
**MENTORING MODEL FOR THE DEVELOPMENT OF YOUNG ENTREPRENEURS**  
**RG-M1016**

**A. MIF projects similar or related to the project.**

| <b>Number of the project and date of approval</b> | <b>Title of the project, executing agency, and amount</b>  | <b>Date of signature and disbursement period in months</b> | <b>Amount disbursed</b> | <b>Comments</b>   |
|---|--|--|-------------------------|---|
| ATN/MH-8618-CO<br>21 January 2004                 | Promotion of youth entrepreneurship in Colombia<br>Fundación Corona (FC)<br>US\$1,050,000 MIF Contribution | 24 June 2004<br>54 months                                  | 0%<br>48 months         | The agreement was signed on 24 June 2004 and the executing agency is in the process of fulfilling the conditions precedent. The assumptions continue to be highly likely. |

**B. Similar or related Bank projects.**

| <b>Number of the project and date of approval</b> | <b>Title of the project, executing agency, and amount</b>   | <b>Date of signature and disbursement period in months</b> | <b>Amount disbursed</b> | <b>Comments</b>  |
|---|---|--|-------------------------|--|
| 1031/OC-AR<br>1 August 1997                       | Program to support the productivity and employability ( <i>empleabilidad</i> ) of young people<br>Ministry of Education and Culture<br>US\$370 million IDB loan | 4 August 1997<br>36 months                                 | 98%                     | This project has been classified as satisfactory. This classification is based on the timely delivery of the student scholarships during May of 2004 as well as the acquisition of student textbooks. In addition, the Institutional Retention Projects (IRP) continue executing satisfactorily and new IRPs will begin in 2004. |

| Number of the project and date of approval | Title of the project, executing agency, and amount   | Date of signature and disbursement period in months | Amount disbursed | Comments   |
|--|--|---|------------------|--|
| 1052/OC-BR<br>5 November 1997              | Technical and Vocational Education Reform Program<br>Ministry of Education<br>US\$250 million IDB loan                         | 24 November 1997<br>72 months                       | 36%              | <p>The project has been classified as unsatisfactory in terms of outcomes. Component I targets were partially met. Implementation of the information system, program monitoring, and human resource training activities are considerably behind schedule, along with other activities.</p> <p>The pace of execution of Component II is also regarded as unsatisfactory, owing to (i) lack of ownership of the project by the co-executors (the states and federal schools), (ii) difficulties encountered with bidding procedures, and (iii) continual changes in central management of the program.</p> |
| ATN/CK-8495-CO<br>7 November 2003          | Development of Young Entrepreneurial Skills<br>Junior Achievement Foundation, Colombia<br>US\$200,000 Korean Fund contribution | 6 February 2004<br>30 months                        | 10%              | <p>The project was approved by the Bank on 7 November 2003. Because of delays in the Legal Department, the agreement was signed on 6 February 2004. The EA fulfilled the conditions precedent and the project was declared eligible for disbursements on 27 May 2004. Activities scheduled for the first year in the Action Plan are beginning. The itemized Plan for the second semester should be received by 31 July 2004, along with the half-yearly report.</p>   |
| 1280/OC-CO<br>22 November 2000             | Social Support Network Program<br>Administrative Department of the Presidency of the Republic<br>US\$270 million IDB loan      | 19 June 2001<br>36 months                           | 57%              | <p>Two of the program's three components are being implemented satisfactorily. Although the "Youth Labor Training Program" component is classified as satisfactory, it is not achieving its pre-established goals at the same rate as the other two components. Empleo en Acción is working on completion of projects from previous periods. There remains an unobligated balance of almost 50%, which it is using to build a pilot for a new form of employment generation (Subsidizing Employment through demand) and for Familias en Acción. Ten out of 12 assumptions are likely to hold.</p>        |

**C. MIF projects addressing the same sector or beneficiaries**

| <b>Number of the project and date of approval</b> | <b>Title of the project, executing agency, and amount</b>  | <b>Date of signature and disbursement period in months</b> | <b>Amount disbursed</b> | <b>Comments</b>  |
|---|--|--|-------------------------|--|
| ATN/MH-7513-RG<br>18 July 2001                    | Youth Employment: Technologies in the Workplace Program<br>International Youth Foundation (IYF)<br>US\$10,000,000 MIF contribution   | 1 August 2001<br>52 months                                 | 33%                     | The amounts of counterpart funds currently secured by IYF (within the first year of execution), seems to indicate that project implementation can be achieved within the current project time frame. The quality and number of project proposals received by IYF is also promising, and, furthermore, there seems to be no doubt about the importance of IT knowledge and its demand in LAC. Overall, the assumptions made, are still valid. |
| ATN/ME-7514-AR<br>18 July 2001                    | Support for Micro Enterprises in Non-Traditional Sectors<br>LEATID – Latin American Training and Research Center for Jewish Institutional Leadership<br>US\$830,000 MIF contribution | 17 December 2001<br>42 months                              | 28%                     | Project execution is classified as satisfactory. The executing agency took six months to comply with the conditions precedent to the first disbursement. From then on, it has been meeting the other program deadlines. The initial delay is not expected to impair achievement of the project's objectives  |
| ATN/ME-7925-AR<br>26 June 2002                    | Local development and small business competitiveness<br>FUNDES Argentina, Fundación Potenciar, Fundación Patagonia<br>US\$1,860,000 MIF contribution                                 | 18 September 2002<br>42 months                             | 13%                     | Project execution is classified as satisfactory. So far, according to the section on "Current Status and Outlook," it appears that performance indicators are being met. Nor have there been any major modifications in the assumptions that might have a negative effect on achievement of the project's objectives.  |
| ATN/MH-6211-BR<br>30 October 1998                 | Cooperative training program: skills training for youths in urban areas<br>Associação de Apoio ao Programa Comunidade Solidária (AAPCS)<br>US\$5,150,000 MIF contribution            | 17 November 1998<br>36 months                              | 100%<br>Completed       | The evaluation found that the project has a positive impact, with 28.5% of program participants employed following the training as compared to the employment rate of 26.6% for the control group.   |

| Number of the project and date of approval | Title of the project, executing agency, and amount  | Date of signature and disbursement period in months | Amount disbursed | Comments   |
|--|---|---|------------------|--|
| ATN/ME-7466-BR<br>27 June 2001             | Information technology program (Rio Informático)<br>Viva Rio, Comité para Democratização de Informática (CDI), and Rio Online<br>US\$860,000 MIF contribution | 2 August 2001<br>42 months                          | 71%              | Project execution is classified as satisfactory. Disbursements and activities are proceeding as scheduled. |