

CONFIDENTIAL
INTERNAL USE
PUBLIC UPON APPROVAL

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK
MULTILATERAL INVESTMENT FUND

ARGENTINA

MENTORING SUPPORT PROGRAM FOR YOUNG ENTREPRENEURS

(AR-M1072)

DONORS MEMORANDUM

This document was prepared by the project team consisting of Maritza Vela (MIF/AMC), María Elena Nawar (MIF/MIL), Siobhan Pangerl (MIF/AMC), Eliana Dam (MIF/CAR) Ana Carolina Lustosa (MIF/CAR), Lucas Figal Garone (IFD/CTI), Enrique Ignacio Barragán Crespo (LEG), and Mariel Sabra (MIF/CAR), Project Team Leader.

This document contains confidential information relating to one or more of the ten exceptions of the Access to Information Policy and will be initially treated as confidential and made available only to Bank employees. The document will be disclosed and made available to the public upon approval.

CONTENTS

PROJECT SUMMARY EXECUTIVE SUMMARY

I.	BACKGROUND AND RATIONALE	1
	A. Background	1
	B. Diagnostic assessment of the problem to be addressed by the project.....	3
	C. Project beneficiaries	4
	D. Contribution to the MIF mandate and IDB strategy	4
II.	OBJECTIVES AND COMPONENTS	5
	A. Objectives.....	5
	B. Description of the model/solution/intervention.....	6
	C. Components	8
	D. Project governance and execution mechanism.....	10
	E. Sustainability	10
	F. Lessons learned in the design of the project from the MIF and other institutions	11
	G. MIF additionality	11
	H. Project outcomes.....	11
	I. Project impact.....	12
	J. Systemic impact	12
III.	MONITORING AND EVALUATION STRATEGY	12
IV.	COST AND FINANCING	13
V.	EXECUTING AGENCY	13
VI.	PROJECT RISKS.....	15
VII.	ENVIRONMENTAL AND SOCIAL EFFECTS	15
VIII.	FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS	15
IX.	ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY	15

PROJECT SUMMARY
MENTORING SUPPORT PROGRAM FOR YOUNG ENTREPRENEURS
(AR-M1072)

This project falls within the framework of the regional Youth Entrepreneurship Program. Its objective is to improve the entrepreneurial capabilities of an increased number of young people through improved access to and quality of support services, laying the foundations for a stronger youth entrepreneurship ecosystem in selected countries across the region.

The specific objective of this project is to improve the entrepreneurial capabilities of low-income youth in the city of Buenos Aires and its outlying areas through access to training and mentoring. Mentoring consists of a personalized support methodology in which an individual with expert knowledge (in this case, a professional with entrepreneurial know-how or experience running a business) helps a less-experienced individual (i.e. a young person taking the first steps as an entrepreneur) to build up his or her skills and competencies, laying the foundation for his or her personal and professional development. The project aims to directly benefit 1,205 youth: (i) a total of 825 young people will benefit from training workshops and networking events, 550 of whom—divided equally among men and women—will receive mentoring support; and (ii) 380 young people will be trained in preparing business plans. The expected impact of improving the entrepreneurial capabilities of these young people is an increase in their business startup and survival rates one year after the completion of mentoring.

This initiative will be executed by Fundación Impulsar in coordination with the Municipal Government of Buenos Aires, conferring ample potential for scalability. This potential will be realized upon demonstration of the effectiveness of mentoring, clearing the way for its inclusion among the entrepreneurial support tools provided by the Municipal Government of Buenos Aires, and among those of other public national and subnational agencies.

The MIF also plans to finance an experimental quantitative evaluation as well as a qualitative evaluation. The latter will be based on the improvement science methodology¹, which is akin to a continuous improvement process evaluation. The quantitative evaluation will therefore be experimental and carried out jointly with the Bank's Competitiveness and Innovation Division (IFD/CTI).

The project will be executed by Fundación Impulsar, an organization with more than 15 years of experience working on youth entrepreneurship issues. Its mentoring program is recognized by Youth Business International's global network as a best practice, having received various awards from well-known organizations.² Fundación Impulsar is a member of the United Nations Global Compact and an accredited member of Youth Business International. This project is expected to make a substantive contribution to the existing literature on mentoring in the region within the framework of the regional Youth Entrepreneurship Program (RG M1240).

¹ The improvement science methodology is described in paragraph 2.12.

² RSC Responsabilidad Social Comunicativa 2007, Mercedes-Benz Argentina 2007, Magnus 2008, Banco Galicia 2009, Federación Argentina de Jóvenes Emprendedores (FEDAJE) 2012, Youth Business Spain 2015.

ANNEXES

Annex I	Logical Framework
Annex II	Summary Budget

APPENDICES

Proposed resolution

INFORMATION AVAILABLE IN THE TECHNICAL FILES

Annex IV	Itemized Budget
Annex V	Preliminary List of Milestones
Annex VI	Diagnostic Needs Assessment of the Executing Agency
Annex VII	Project Status Report, Fulfillment of Milestones, Fiduciary Arrangements, and Institutional Integrity
Annex VIII	Procurement Plan
Annex IX	Schedule of Activities
Annex X	Operating Regulations
Annex XI	Project Coordinator Terms of Reference

ABBREVIATIONS

DNA	Diagnostic Needs Assessment of the Executing Agency
GEM	Global Entrepreneurship Monitor
IFD/CTI	IDB Competitiveness and Innovation Division
ILO	International Labour Organization
MGBA	Municipal Government of Buenos Aires
MIF	Multilateral Investment Fund
NGO	Nongovernmental organization
OMS	Operational management system
YBI	Youth Business International
YEP	Youth Entrepreneurship Program

ARGENTINA
MENTORING SUPPORT PROGRAM FOR YOUNG ENTREPRENEURS
(AR-M1072)

EXECUTIVE SUMMARY

Country and geographic location:	The project will be executed in Argentina (city of Buenos Aires and its outlying areas).		
Executing agency:	Fundación Impulsar.		
Access area:	Access to Markets and Skills (AMC).		
Agenda/ Strategic area:	Youth, Job, and Entrepreneurship.		
Coordination with other donors/Bank operations:	This project will be executed in coordination with the IDB's Competitiveness and Innovation Division (IFD/CTI).		
Direct beneficiaries:	The project expects to directly benefit 1,205 young people: (a) 825 through training workshops and network creation/strengthening events, 550 of whom will receive mentoring support; and (b) 380 will be trained in developing business plans. Fundación Impulsar and the Municipal Government of Buenos Aires will also be strengthened.		
Indirect beneficiaries:	The supported businesses are expected to create 493 jobs and improve the situation of the families of the young people who receive mentoring. Based on an average of four persons per family, 2,200 individuals are expected to be indirect beneficiaries of the project.		
Financing:	Technical cooperation funding:	US\$ 520,000	27%
	TOTAL MIF FUNDING:	US\$ 520,000	
	Counterpart:	US\$ 1,418,691	73%
	TOTAL PROJECT BUDGET:	US\$ 1,938,691	100%
Execution timetable:	Execution period:	36 months	
	Disbursement period:	42 months	

Special contractual clauses:	Conditions precedent to the first disbursement: (i) agreement signed between Fundación Impulsar and the Municipal Government of Buenos Aires, committing them to the project's execution and to providing the necessary resources to that end; and (ii) selection of the project director.
Environmental and social impact review:	This operation has been evaluated and classified in accordance with the requirements of the IDB's Environment and Safeguards Compliance Policy (Operational Policy OP-703). Since the impacts and risks are limited, the category proposed for the project is "C."
Unit with disbursement responsibility:	MIF/CAR (Country Office in Argentina).

I. BACKGROUND AND RATIONALE

A. Background

- 1.1 This will be the seventh project under the Youth Entrepreneurship Program (YEP) ([RG-M1240](#)), approved by the Donors Committee on 31 July 2013, and executed by Youth Business International (YBI). The objective of the YEP is to improve entrepreneurial capabilities of low-income young people through improved access to quality services, laying the foundations for a stronger youth entrepreneurship ecosystem in selected countries across the region, including Argentina. This project will be executed by Fundación Impulsar (Impulsar).
- 1.2 The projects approved previously under the YEP include comprehensive financial and nonfinancial methodologies with a variety of approaches: (1) Peru seeks to achieve scale through other public and private institutions; (2) Chile provides online training and has developed a business incubator; (3) Paraguay offers youth loans and promotes microfranchises; (4) the Caribbean—Barbados, Jamaica, and Trinidad and Tobago—uses different approaches based on the type of beneficiary (rural and urban) and entrepreneurial support services; (5) Brazil’s approach includes a training and services platform, networks, and support events in partnership with universities; and (6) Bolivia’s approach focuses on entrepreneurial generation (specifically, in the hospitality sector).
- 1.3 **Employment situation of young people in Argentina.** According to the IDB’s “Sociómetro,” the unemployment rate in Argentina for young people 15-29 years of age is nearly triple the overall rate (19.9% versus 7.5%). Among young people, the unemployment rate for women is higher than for men (24.3% versus 17.2%). Equally worrisome is the fact that one in five young people 15-29 years of age neither works nor studies. Again, young women are more likely to fall into this category (26% women versus 13% men). Moreover, the 15% of young people who do not study neither work nor are seeking work. In other words, 21% of women and 8% of men do not have opportunities to study or work—nor do they have the social capital required to get a job.³ According to the International Labour Organization (ILO), the rates of youth informality exceed 55%,⁴ and are even higher for Argentina’s lowest-income quintiles.
- 1.4 Among the young people participating in Argentina’s labor market, 88.5% do so through employment (formal or informal). The informality rate among all young wage earners reaches nearly 60%, which is higher than the average for the region. Non-wage-earning young people are considered either entrepreneurs or self-employed.⁵ As is the case for adults, entrepreneurship can be a viable alternative for young people who are unable or do not wish to get a traditional job, or for those who are more likely to pursue work in the informal market. Entrepreneurship can also be a powerful tool to help reduce the overall unemployment rate, and generate better growth opportunities for exiting poverty and/or vulnerability.

³ IDB Labor Markets Unit (SCL/LMK), based on household surveys (2013).

⁴ For youth 15-24 years of age. *Youth Informality: Formalizing the informal youth*. ILO, 2015.

⁵ Idem.

- 1.5 In its 2015 report, the *Global Entrepreneurship Monitor*⁶ (GEM) provided interesting insights into Argentina: young people 18-34 years of age account for 37.9% of all early-stage entrepreneurs. The type of business venture is driven more by opportunity than by need. However, the main reason cited by entrepreneurs in that study for abandoning—or the failure of—their business was that it was unable to turn a profit. It should be noted that young entrepreneurs have a different profile than their older counterparts: young Argentines tend to be more optimistic about opportunities for starting a business, but are less sure of their ability to do so. Furthermore, 54% of young people 18-34 years of age believe they have a good opportunity to start a business in the next six months, compared to 47% for adults 35-64 years of age. Nonetheless, only 62% of young people believe they possess the know-how and/or skills needed to start a business, compared to 65% of adults (YBI, 2013).
- 1.6 **Programs and policies to help vulnerable youth start businesses.** According to GEM 2015, the support and relevance of government policies to promote entrepreneurship in Argentina ranked fifty-sixth out of the 62 countries evaluated. While various programs are in place, they do not target young people in general or low-income youth in particular. The most notable programs in this regard include those carried out by the Ministry of Social Development⁷ to support subsistence businesses; by the Ministry of Science and Technology⁸ to support innovative and technology-driven businesses, and programs promoted by the Ministry of Industry⁹ to support young entrepreneurs. At the local government level, the Municipal Government of Buenos Aires (MGBA) executes the Entrepreneurial Development Program, which is targeted to adults (not young people specifically). The support tools for these programs include—generally, and not always in combination—financing, training, procurement, and technical assistance. They do not offer mentoring as a tool to complement the various types of support for entrepreneurs, even though experience has shown mentoring to be a very powerful tool for entrepreneurial development for low-income and dynamic entrepreneurs alike.¹⁰
- 1.7 With respect to the differences in services for adults and young people, based on the evaluation of the Entrepreneurial Development Program, for instance, the level of satisfaction with services reported by young people is generally higher than for adults; the level of satisfaction also varies among young people by level of education (i.e. less education, more satisfaction).¹¹ In terms of the different needs of young people and adults, having specific targeting criteria in place is recommended, as is providing appropriate services for young people that take into account their socioeconomic and education conditions.

⁶ <http://www.gemconsortium.org/report>.

⁷ <http://www.desarrollosocial.gob.ar/politicassociales/#politicas-trabajo>.

⁸ <http://www.agencia.mincyt.gob.ar/>.

⁹ <http://www.industria.gob.ar/jovenes-2/>.

¹⁰ Cho, Yoonyoung and Maddalena Honorati, *Entrepreneurship Programs in Developing Countries: A Meta Regression Analysis*. World Bank (2013).

¹¹ Kantis, Hugo, *El Programa de Desarrollo Emprendedor: Una evaluación de sus logros y desafíos*, [The Entrepreneurship Development Program: An Evaluation of its Achievements and Challenges] Documentos de Desarrollo Económico 1, Buenos Aires, March 2012.

- 1.8 **Experience with mentoring support.** Mentoring consists of a personalized support methodology in which an individual with expert knowledge (in this case, a professional with entrepreneurial know-how or experience running a business) helps a less-experienced individual (in this case, a young person taking the first steps as an entrepreneur) to build up his or her skills and competencies, laying the foundation for his or her personal and professional development. According to experts, one of the primary reasons small businesses fail is because entrepreneurs invest all of their time developing the business and fail to dedicate enough time to their own personal development, which, ultimately, adversely impacts their business. The role of the mentor in Impulsar's model is to correct that imbalance.
- B. Diagnostic assessment of the problem to be addressed by the project**
- 1.9 This project seeks to address the scarce and inadequate supply of comprehensive services for low-income young entrepreneurs (a comprehensive service is one that includes training in socioemotional skills, entrepreneurship, technical areas, business venture monitoring, mentoring, and support to secure finance). The underlying causes of the aforementioned problems in addressing the needs of young entrepreneurs include the following:
- 1.10 **The mentoring culture is in its infancy.** There is practically no mentoring culture among young people and even less of one among prospective mentors. These practices are more common in the private sector and are gradually being adopted by other areas (e.g. education), but are still relatively unknown by those who should be involved in them. The practice of mentoring, then, seems to be more widely known in business circles—which could become a seedbed for mentors—than among the young people who could benefit from it. Once empirical evidence regarding the impact of mentoring is obtained, efforts to energize the mentoring culture can begin.
- 1.11 **Scant evidence of mentoring's effectiveness.** Institutions have little knowledge about specific tools to support young entrepreneurs, especially regarding the effectiveness of mentoring and its potential scalability. According to the most recent analytical literature on entrepreneurship programs in the developing countries¹² (based on a meta-analysis), mentoring has a positive impact on entrepreneurs. A combination of different types of interventions should be considered for the various contexts and circumstances of the young beneficiaries, with a view to designing interventions to address the needs of specific groups of young people. In Argentina, however, no rigorous evaluations have been conducted to establish the impact of mentoring on youth business ventures, nor have there been evaluations to determine the feasibility or potential for supporting entrepreneurs in programs of scale with group or individual mentoring (online or face-to-face). To date, this type of support has been provided by civil society organizations and the private sector, with different degrees of development and methodological systematization. In fact, Impulsar—a YBI member—has the most experience in organizing mentorships to support vulnerable youth. In addition, Accenture and Enablis have organized different mentoring support experiences in

¹² Cho, Yoonyoung and Maddalena Honorati, *Entrepreneurship Programs in Developing Countries: A Meta Regression Analysis*. World Bank (2013).

the private sector, obtaining interesting results, although not necessarily targeted to young people.

- 1.12 **Services are not targeted to low-income youth.** Services provided to young people do not tend to focus on the most vulnerable. Special actions are needed to reach that segment in terms of targeting and the assistance itself. To date, there are no institutional partnerships—public-private-civil society—or appropriate communication strategies to effectively reach these young people.
- 1.13 **Service delivery is fragmented.** The lack of knowledge at the institutional level is reflected in the type of fragmented services targeted to young people. Scaled support for low-income youth entrepreneurs fails to provide comprehensive services (training/technical assistance, financing, and mentoring) in line with the target beneficiaries' needs. The services' lack of comprehensiveness decreases their efficacy when offered in a fragmented fashion.

C. Project beneficiaries

- 1.14 The direct beneficiaries of this project will be 1,205 low-income youth—50% of them women—from the city of Buenos Aires and its outlying areas, who either have an idea for starting a business or have a business that is less than one year old.
- 1.15 The selection criteria for beneficiaries is as follows:
- **Age.** Must be 18-35 years of age;
 - **Education.** Must have completed secondary education, be currently enrolled in the final year of secondary school, or have completed up to 30% of a university degree program. Of the total project beneficiaries, up to 20% may be young people who have completed a significant amount of their university course work (passed more than 30% of their courses), or who have completed their university degrees.
 - **Employment income.** Must be unemployed or receive monthly income equivalent to 1.5 times the minimum wage, or be the household breadwinner with income equivalent to two times the minimum wage.
- 1.16 With respect to the direct beneficiaries, since the project will include an experimental evaluation, of the 825 young people, 550 will receive mentoring support. The remaining 275 young people—the control group—will benefit from training and periodic networking activities. In either case, a business plan will be prepared and approved to access mentoring support. The young people who will take leveling courses to learn how to formulate business plans will also be considered direct beneficiaries (total of 380 young people).
- 1.17 As a secondary benefit, the business ventures assisted by the project are expected to create 493 jobs and improve the situation of the families of the young people who receive mentoring. Based on an average of four persons per family, 2,200 individuals are expected to be indirect beneficiaries of the project.

D. Contribution to the MIF mandate and IDB strategy

- 1.18 The project is aligned with the MIF strategy as it relates to the knowledge economy component, by contributing to: (a) innovation; and (b) lessons for achieving scale.

- 1.19 With respect to innovation, this project will support an innovative component of services for young entrepreneurs and will evaluate it as a supplement for training programs. As mentioned in the preceding paragraphs, mentoring is an increasingly common service in other sectors, but is not yet recognized, sufficiently disseminated as a tool to strengthen the skills of young entrepreneurs, or implemented on a large scale. Accordingly, this project will contribute an innovative tool to be applied on a large scale.
- 1.20 Regarding the evaluation and generation of knowledge products, this project will facilitate both qualitative (continuous improvement) and quantitative (experimental) evaluations to assess the impact of mentoring. These studies can be used to scale services at the government level or identify best practices to facilitate the model's replication in the region. Both of these evaluations are innovative in terms of the modality and context in which they are carried out. The foresight of working with the MGBA as a key partner significantly increases the project's potential, making it possible to use the findings of the evaluations in the design of public policy.
- 1.21 This project is part of the regional *Youth Entrepreneurship Program* (YEP) (RG-M1240), executed by Youth Business International (YBI). The experiences and lessons learned by YBI from its network of 43 partner countries will be appropriately shared with the executing agency of each country. Moreover, the formation of partnerships and sharing of knowledge will be promoted through the Regional Center for Youth Entrepreneurship, located in Bogotá, Colombia—a key part of the regional program.
- 1.22 This project will help narrow knowledge gaps in the following main categories: (i) need to support youth entrepreneurship: What main individual factors (e.g. traits, attitudes, and capabilities) play a key role in youth business development? What are the main systemic factors (e.g. cultural or institutional)?; (ii) effective and innovative ways to support young entrepreneurs: Is mentoring effective in sustaining and improving the returns of a business? What are the most effective and innovative mentoring approaches? What should be included in a “comprehensive support package” for young entrepreneurs?; (iii) impact of promoting business development: Can mentoring support models be transferred and scaled for the public sector? What key factors are involved in forming sustainable partnerships?; (iv) effective monitoring, evaluation, and learning approaches: To which existing monitoring and evaluation approaches can we turn to effectively scale mentoring support models?
- 1.23 **Collaboration with the IDB Group.** This project will be executed in close coordination with the Bank's Competitiveness and Innovation Division (IFD/CTI), which will be responsible jointly with the MIF for carrying out the experimental evaluation. IFD/CTI is collaborating intensely with the MGBA to evaluate entrepreneurial support programs, collaborating with specific knowledge and contributions to the evaluation methodologies being implemented.

II. OBJECTIVES AND COMPONENTS

A. Objectives

- 2.1 The project aims to improve the entrepreneurial capabilities of low-income youth in the city of Buenos Aires and its outlying areas through access to training and

mentoring. It also seeks to generate evidence, via rigorous qualitative and quantitative evaluations, regarding the effectiveness of mentoring that will help public decision-makers to understand the impact of mentoring on the development of young entrepreneurs, with a view to its large-scale implementation.

- 2.2 Accordingly, the MIF plans to provide funding for a technical cooperation operation as well as a qualitative evaluation and an experimental quantitative evaluation.
- 2.3 The expected impact of improving the young people's entrepreneurial capabilities is an increase in their business startup and survival rates one year after the completion of mentoring.
- 2.4 With regard to generating specific knowledge products, the studies and good practices identified are expected to inform the design of public policies and programs to help vulnerable young entrepreneurs with specific services.

B. Description of the model/solution/intervention

- 2.5 **The Impulsar mentoring model.** Mentoring is part of the comprehensive assistance package Impulsar offers to entrepreneurs, which also includes training and financing. Mentoring is the key element in that package. Based on YBI's mentoring models, mentoring has been supported by scholars and experts for many years now, and has enabled the Foundation to fine-tune its support to entrepreneurs.
- 2.6 Mentoring involves establishing a one-on-one relationship of trust and understanding in which to analyze and discuss the problems and concerns raised by the entrepreneur on running his or her business. Accordingly, open-ended questions, active listening, and assertiveness are employed with the aim of building his or her confidence and strengthening the decision-making process.
- 2.7 Mentoring, consequently, addresses not only the technical skills of entrepreneurs but first and foremost, the development of the socioemotional skills they need as entrepreneurs and people. Once the mentors and entrepreneurs have been selected they will be matched in a process that seeks to establish pairs on the basis of synergies and good communication. The mentor will support the entrepreneur over the course of an entire year, meeting for at least three hours per month.
- 2.8 The mentoring process begins when Impulsar approves the entrepreneur's business plan. To submit a business plan, the entrepreneur must first fulfill Impulsar's training requirement with Academia Emprende (MGBA) or an affiliated institution. Following that training, the business plans of each entrepreneur will be evaluated by a committee of experts formed by Impulsar that will determine—based on the business plan submitted—whether the entrepreneur will be eligible for mentoring support. Impulsar will coordinate the mentors and also monitor each mentor-young mentee pair throughout the mentoring process.
- 2.9 **Academia Emprende.** An initiative of the MGBA, Academia Emprende is an entrepreneurial skill strengthening program that is open to the public. The program's module-based curriculum addresses professional growth, as well as business conceptualization, startup, and expansion (total of 20 hours of course instruction). The various versions of Academia Emprende have continually enhanced the supply of training resources, which also includes monitoring and

evaluation tools designed in collaboration with IFD/CTI. Academia Emprende also offers online training modules, which will be evaluated and ultimately tailored to the target segment of young beneficiaries for this project. To date, more than 10,000 individuals have participated in four versions of the Academia Emprende program.

2.10 **Quantitative/qualitative evaluation.** The model to be implemented in this project will facilitate a rigorous quantitative/qualitative impact evaluation. This evaluation will make it possible to assess the impact of mentoring on the young entrepreneurs' development. The impact of mentoring on low-income youth entrepreneurs will be demonstrated on the basis of the following outcomes:

1. Launch and survival of businesses;
2. Performance of the business; and
3. Business management practices (traits, attitudes, and capabilities).

Relevant areas of inquiry include:

4. Average impact of mentoring;
5. Impact of individual mentoring (face-to-face versus online) and;
6. Change in the impact of mentoring in accordance with the entrepreneurs' personal traits.

2.11 Two treatment groups—face-to-face and online mentoring—and a control group will be formed for the experimental evaluation. Young people trained by Academia Emprende, Impulsar, and other organizations that work with young entrepreneurs will be invited to participate. Upon having submitted a business plan and receiving the corresponding approval, these young people may have access to mentoring support. The selection of young people for the control groups will be made at random.

2.12 The qualitative evaluation will be based on the improvement science methodology, an emerging concept that inhabits the sphere between research and quality improvement by applying research methods to help understand what influences quality improvement. The improvement model¹³ is a simple, yet powerful tool that is not meant to replace an organization's change model, but rather to accelerate obtaining the expected outcomes. It has been used successfully by hundreds of organizations in many countries to improve their health and education processes and outcomes. This model poses three fundamental questions on which the analysis is based: What are we trying to accomplish?; How will we know that a change is an improvement?; and What changes can we make that will result in improvement? The model uses a recurrent process of planning, implementation, analysis, and adjustment in operational processes in order to learn in real time—in the case of this project—about how to improve the performance and outcomes of support to entrepreneurs using mentoring services. This requires a high degree of stakeholder engagement. Accordingly, periodic meetings will be held with Impulsar management and the responsible authorities of the MGBA, as well as the mentors, young entrepreneurs, coordinators, and others to reflect on the execution of the

¹³ Langley G.L., K.M. Nolan, T.W. Nolan, C.L. Norman, and L.P. Provost. *The Improvement Guide: A Practical Approach to Enhancing Organizational Performance*.

project's activities and its performance. A consultant specializing in the improvement science methodology will guide the project's execution.

- 2.13 Instruments and processes will be fine-tuned during the first year of project execution, in order to move forward with the experiment beginning in the second year. Accordingly, both evaluations are expected to be complementary, and the team of evaluators selected will work jointly with Impulsar, the MGBA, the MIF, and IFD/CTI.

C. Components

Component I: Institutional strengthening (MIF: US\$5,800; Counterpart: US\$80,850)

- 2.14 The objective of this component is to establish the basic conditions that will enable the scaling of mentoring services. Consequently, Impulsar will be strengthened as the program's executing agency, improving its areas of competency with the aim of carrying out a larger scale operation, together with the public and private participants. Impulsar's management, communication, monitoring, and partnership-building capacities will be strengthened. The MGBA will also be strengthened to improve recruitment efforts and course content in order to reach the project's targeted segment of young beneficiaries.
- 2.15 To fulfill the objectives of this component, the following activities are envisaged: (a) adjustment of the monitoring and evaluation platform. Impulsar's platform (Salesforce) will be adjusted to ensure that the necessary information is captured to monitor the project and perform the qualitative evaluation. This adjustment will also include analysis of different levels of access by user and the feasibility of the platform's large-scale use by public agents; (b) guide for the evaluation of entrepreneur competencies and the design of leveling course training modules. Because young people turn to a number of organizations to strengthen their entrepreneurial capabilities, and since there are differences with respect to the level of courses and training outcomes, a guide will be developed to evaluate the entrepreneurial competencies of the young people enrolled in the program to determine, based on their competencies and skills, whether a leveling course is necessary. In addition, based on mapping of existing training opportunities for young entrepreneurs, a module-based curriculum will be designed to help raise the competencies of young entrepreneurs to a standard level and strengthen the cognitive skills they need to formulate a business plan; (c) design and implementation of a recruitment strategy. A strategy will be designed to reach the program's young target beneficiaries, thus facilitating the recruitment of eligible young people. This strategy will also identify other relevant actors, including civil society organizations, training institutions, mentors, and companies that may be interested in supporting the project's activities. Lastly, the strategy will also include activities to facilitate the ongoing recruitment of control groups and to disseminate the program's results to the key stakeholders; (d) institutional partnerships. A minimum of four events will be held to disseminate the initiative and build partnerships with institutions that provide services to young people who are eligible to be program beneficiaries. These include civil society organizations, public and private educational institutions, and private sector entities. Agreements will be signed with partner institutions; and (e) training of business plan trainers. During the first year of project execution, trainers at Academia Emprende will receive

training with a view to including in its curriculum a module for developing business plans, in addition to the canvas model of analysis¹⁴ it currently uses.

Component II: Mentoring services for young people (MIF: US\$299,526; Counterpart: US\$1,188,701)

- 2.16 The objective of this component is to coordinate a system of mentors and young people with a view to ensuring that each young person selected benefits from the service of a mentor under the Impulsar methodology.
- 2.17 The main activities associated with this component are: (a) mentor recruitment and training. This objective of this activity is to relate the specifics of what mentoring entails, and to train a group of mentors who can provide this service to young people. Face-to-face and online events are envisaged to identify mentors. The mentoring coordinators will be responsible for this activity and for selecting the mentors; (b) recruitment of young people. The mentoring coordinators will also hold online and face-to-face briefings for the young people who have been invited to participate under the communications strategy described in Component I. Online registration is planned, thus facilitating the preselection of young people in accordance with program criteria; (c) leveling courses for young people. Leveling courses of approximately 12 hours in duration are planned for the first year (and until the additional Academia Emprende modules are rolled out). Beginning the second year, these workshops will be included in Academia Emprende's curriculum to train young people in developing business plans; (d) selection of young people and matching them with mentors. The young people will be selected through interviews in which they present their business plans for analysis. Impulsar will match the young people selected with mentors, based on the young person's profile and business venture; and (e) ongoing mentor training and cross-fertilization. Periodic meetings will be organized between the mentors to share experiences, such as training in topics related to mentoring, strengthening of socioemotional skills, and coaching.
- 2.18 The outcomes of this component include: (i) 825 business plans approved; (ii) 300 mentors recruited and; (iii) 550 young people enrolled in the mentoring program, 440 of whom complete it.

Component III: Knowledge management and strategic communication (MIF: US\$110,000; Counterpart: US\$3,700)

- 2.19 The objective of this component is to provide strategic knowledge inputs for the entrepreneurial ecosystem of Argentina and the region through the Youth Entrepreneurship Program (YEP) regarding the effectiveness of mentoring in the development youth business ventures and the best ways to implement the practice with a view to its scalability. The qualitative and quantitative evaluations are expected to yield inputs for strategic policies to support entrepreneurs, including innovative tools like social impact bonds to finance such policies.
- 2.20 This component's activities are as follows: (a) quantitative/qualitative evaluations: these evaluations will be conducted by experts in accordance with an evaluation plan duly approved by the Bank; (b) peer analysis and review of evaluation reports:

¹⁴ The business model canvas offers a simple, graphic representation of a business model, covering the four main areas of a business: customers, offer, infrastructure, and financial viability.

these will be presented for analysis and discussion at the academic level and to government agencies; (c) dissemination of outcomes: events will be organized to bring together mentors and young people, companies, civil society organizations, and other interested audiences; and (d) publication of communication materials, including the project factsheet, publications, and others.

D. Project governance and execution mechanism

- 2.21 The project execution unit will report to Impulsar in its capacity as the executing agency. The project execution unit will consist of the project director and an administrative officer. Given the project's relevance to Impulsar, it will designate a member of its staff as the part-time coordinator, with a view to ensuring coordination between its own activities and those of the project. The coordinator will be responsible for monitoring the operation. Impulsar's executive director will be responsible for project decision-making, in consultation with the organization's board of directors. Details on the structure of the execution unit and progress report requirements are in Annex VII in the operation's technical files.
- 2.22 A steering committee will also be formed, comprised of Impulsar's chief executive officer, its executive director, a representative of the MGBA, and a representative of the IDB/MIF who will be responsible for the project evaluations. The purpose of this committee will be to assess, on a semi-annual basis, the progress made at the operational level and the action plan for the next six-month period, recommending to the MIF any adjustments deemed necessary to successfully complete the evaluation exercise planned for this program and the objectives set out therein.
- 2.23 The steering committee has discretion to form an advisory committee—the opinions of which would not be binding—to guide Impulsar's decision-making and that of the steering committee on matters related to the project's execution, the planned evaluations, and their use. The advisory committee would include representatives of the academic, private, and NGO sectors with specialized knowledge on youth employment and entrepreneurship.

E. Sustainability

- 2.24 The sustainability of this project can be analyzed in technical terms (mentoring as a service) as well as institutional terms for Impulsar. When mentoring is shown to be effective in supporting entrepreneurs, this tool will gain relevance for public policies and programs as a service to supplement other types of support offered to young entrepreneurs. The MGBA's participation in the design and execution of this project holds much promise for the sustainability of this service and its scalability. Thus for Impulsar, which is largely sustained by support from the private sector, the execution of the project, the evaluation of mentoring, and the institutional strengthening activities will provide it with interesting prospects for sustainability as a provider of a service whose effectiveness will be demonstrated through highly technical evaluations.
- 2.25 With MIF support, strategic workshops will be held with key stakeholders to strategically plan for the project's continuity.

F. Lessons learned in the design of the project from the MIF and other institutions

- 2.26 **Working at scale.** Based on experience with the New Employment Opportunities for Youth program (NEO), having proven scalable experiences and fluid public-private sector coordination is essential for achieving scale. This fact should be borne in mind from the outset of the operation and addressed through systematic planning.
- 2.27 **Selection of young people.** A solid process for the identification and selection of young people with entrepreneurial attitudes is crucial for achieving the best outcomes from the program and ensuring the efficient use of funds. Methodologies (psychometric tests and other kinds of evaluations) exist to facilitate effective selection processes.
- 2.28 **Socioemotional skills.** Socioemotional skills are a determining factor in starting and strengthening business ventures. Consequently, the training that the young people will receive includes the development and strengthening of leadership, communication, and other skills.
- 2.29 **Mentoring.** The direct and personalized support that advisers and mentors provide to the young people during the process of starting and strengthening their business ventures improves the likelihood that these businesses will be successful. Therefore, the required commitment and role of mentors should be explicitly stated as part of the mentor recruitment and selection process.

G. MIF additionality

- 2.30 **Nonfinancial additionality.** The project will benefit from the MIF's experience executing projects to support young entrepreneurs under the Youth Entrepreneurship Program (YEP) and other entrepreneurial support initiatives that have been funded. Because the project is framed within the regional YEP (RG-M1240) program, it will benefit from the services, knowledge, partnerships, and best practices generated under that program. The MIF is a key Impulsar partner, inasmuch as it will offer it the possibility of establishing even more linkages with public and private organizations.
- 2.31 **Financial additionality.** MIF financing is crucial for the project's execution, since in order to conduct the proposed rigorous evaluations, the activities to be carried out must achieve a certain scale (to guarantee statistical power) through clearly established procedures and demonstrated monitoring capacity. Without MIF financing support, these activities and the planned evaluations could not be carried out.

H. Project outcomes

- 2.32 The expected outcome of the project is that 1,205 low-income young people 18-35 years of age will have improved entrepreneurial and business management competencies and skills. Of these young people, 550 will have mentoring support, which is expected to improve the performance of their business ventures, with 70% of such ventures attaining sustainability. At the institutional level, Impulsar and the MGBA are expected to be strengthened with proven tools and methodologies, thereby facilitating the inclusion of mentoring in scaled entrepreneurial support programs.

I. Project impact

- 2.33 The expected impact of improving the young people's entrepreneurial capabilities is an increase in the rate of their business startups (80% of which will have mentoring support) and in the survival rate of these businesses one year after mentoring has ended (70% survival rate). Thus, a positive impact on the income of the families of the young people who receive mentoring is expected, as well as the creation of 493 additional jobs.

J. Systemic impact

- 2.34 The project will contribute substantive knowledge about the effectiveness of mentoring as a tool to support youth entrepreneurship, which can then be applied to the design and implementation of public policies targeting that segment. Because a number of different stakeholders have been involved in the project from the outset, the issue of scale can be addressed systematically by forming a partnership between governments, civil society organizations, and the private sector (mentors, banks, and other companies). Once the effectiveness of mentoring has been established, it is expected to be included in the Academia Emprende program, or similar programs executed by other national and/or subnational governments.

III. MONITORING AND EVALUATION STRATEGY

- 3.1 **Baseline.** The baseline data will be stored in Impulsar's Salesforce system, which is part of the YEP's monitoring system. The adjustments indicated in Component I will be made to that system. This will ensure that it includes the metrics that will be used to collect the data needed to monitor and evaluate the programs. The monitoring system will cover all the relevant dimensions for performing the qualitative evaluation, including beneficiaries, mentors, and institutions. The collection of beneficiary data will be coordinated through the online registration forms—used to prescreen the young people—and the baselines for the experimental evaluations. Impulsar, through the project coordinator, will be responsible for managing the Salesforce platform.
- 3.2 Baseline data will be disaggregated by gender, level of vulnerability, and information on the young people's business ventures, which will be aligned with the variables to be analyzed during the evaluations. The evaluation system will facilitate the analysis of processes and the addition of qualitative data to facilitate the improvement science evaluation, as explained in paragraph 2.12.
- 3.3 **Evaluation.** Periodic evaluations are planned using the improvement science methodology. This will entail frequent reviews of processes and outcomes by the steering committee, assisted by the consultant specializing in the use of this methodology.
- 3.4 A presentation on the steering committee's analysis will be made to the Bank every six months, and a final report will be submitted at the end of the project execution period. The improvement science specialist will be responsible for that report and will present the outcomes achieved by the project, best practices, and the lessons learned from the implementation of this evaluation methodology. A procedure

guide will also be prepared based on the implementation of the aforementioned methodology.

- 3.5 The experimental evaluation described in Annex XII will be conducted to determine the effectiveness of mentoring—face-to-face or online—in terms of creating youth business ventures and sustaining them one year after the mentoring had ended. That evaluation will examine the relationship between the characteristics of entrepreneurs (attitudes, behavioral traits, and knowledge) and the creation and sustainability of their businesses. The evaluation will be financed with resources from the MIF contribution and contracted by the Bank. Given the nature of the tasks involved, consultants and interviewers should be contracted directly to perform the evaluation, which will be carried out in collaboration with IFD/CTI.

IV. COST AND FINANCING

- 4.1 The project has a total cost of US\$1,838,691, of which US\$520,000 (27%) will be contributed by the MIF and US\$1,418,691 (73%) by the counterpart. The counterpart funds will be provided in monetary and in-kind contributions by both Impulsar and the MGBA. The execution period will be 36 months and the disbursement period 42 months.

	MIF (US\$)	Counterpart (US\$)	Total (US\$)
Project components			
Component I: Institutional strengthening	5,800	80,850	86,650
Component II: Mentoring services for young people	299,526	1,188,701	1,488,227
Component III: Knowledge management and strategic communication	110,000	3,700	113,700
Execution and supervision			
Administrative	79,700	145,440	225,140
Other costs			
Audits and ex post reviews	15,000	0	15,000
Contingencies	9,974	0	9,974
Grand total (US\$)	520,000	1,418,691	1,938,691
	27%	73%	100%

V. EXECUTING AGENCY

- 5.1 Impulsar will be the executing agency of this project and will sign the contract with the Bank. Fundación Impulsar has more than 15 years of experience working on youth entrepreneurship issues. Its mentoring program is recognized as an example of best practices by YBI's global network, having received various awards from well-known organizations.¹⁵ Impulsar is a member of the United Nations Global Compact and an accredited member of Youth Business International.

¹⁵ RSC Responsabilidad Social Comunicativa 2007, Mercedes Benz Argentina 2007, Magnus 2008, Banco Galicia 2009, FEDAJE Federación de Jóvenes Emprendedores 2012, and Youth Business Spain 2015.

- 5.2 Impulsar provides a set of services, including training, mentoring, financing. To date, more than 1,500 young people have been Impulsar beneficiaries, achieving a business startup and sustainability rate of more than 70%, (measured at the end of the second year of the project's execution). With regard to mentoring specifically, Impulsar works with volunteer mentors and currently has a network of 600 active mentors, many of whom are recruited from the business community.
- 5.3 From 2004 to 2008, Impulsar served as the executing agency for the Argentine chapter in the regional program *Mentoring Model for the Development of Young Entrepreneurs* (RG-M1016, under operation ATN/ME-8873-RG and loan 71/MS-AR). This project was successfully executed, thus demonstrating Impulsar's technical and management capacity.
- 5.4 Impulsar will establish an execution unit and the necessary structure to effectively and efficiently execute project activities and manage project resources. Impulsar will also be responsible for submitting progress reports on project implementation.
- 5.5 **Procurement.** For the procurement of goods and contracting of consulting services, the executing agency will apply the IDB policies (documents GN-2349-9 and GN-2350-9). Given that the Diagnostic Needs Assessment of the Executing Agency ([DNA](#)) generated a low level of need/risk classification, the project team has determined, as stipulated in Appendix 4 of the IDB policies, that the executing agency—which belongs to the private sector—will use the private sector procurement methods specified in Annex 1 of the Operational Guidelines for Technical Cooperation Projects (Operational Policy OP-639). The procurement and contracting processes for the project will be subject to ex post review on an annual basis. Before project contracting and procurement begins, the executing agency will submit the project procurement plan for MIF approval. This plan will be updated annually and when there are changes in the methods and/or in the goods or services to be procured.
- 5.6 **Financial management and supervision.** The executing agency will establish and will be responsible for maintaining adequate accounts of its finances, internal controls, and project files according to the financial management policy of the IDB/MIF. Given that the Diagnostic Needs Assessment of the Executing Agency ([DNA](#)) generated a low level of need/risk in financial management, supporting documentation for disbursements will be subject to ex post review on an annual basis.
- 5.7 Through the IDB Country Office in Argentina, the IDB will hire an independent auditor to carry out the ex post reviews of procurement processes and of supporting documentation for disbursements. Ex post reviews will include an analysis of the financial statements that the executing agency should prepare annually as part of its financial management. The costs associated with this contract will be financed with the MIF contribution resources according to IDB procedures.
- 5.8 During project execution, the frequency of ex post reviews for procurement processes and supporting documentation for disbursements as well as the need for additional financial reports may be modified by the MIF based on the findings of the ex post reviews conducted by external auditors.

VI. PROJECT RISKS

- 6.1 The risks identified in this operation may be classified according to the risks posed to the operation and to the evaluation process. Accordingly, the following main risks have been identified:
- 6.2 **Operational risks.** Low or inadequate recruitment of young people. In the event too few young people are recruited to perform a consistent experimental evaluation, its scope and terms will be redefined (e.g. only one hypothesis may be tested: online or face-to-face mentoring). Nevertheless, in the first year of the project, information will be provided on how to carry out an adequate recruitment process, making it possible to test means and tools for attracting interested young people. The MGBA's active participation in recruitment will help expand the reach of the process. Carrying out the continuous improvement evaluation will also help adjust the processes to ensure adequate recruitment of young people during the second year of the project.
- 6.3 **Socioeconomic instability** that could impact the entrepreneurial environment. The mentoring activities will be one of the project's key contributions to providing guidance to the young entrepreneurs in the event of a macroeconomic downturn, enabling the entrepreneurs to adjust their business model to the situation. Even in the event of a change in economic conditions, the evaluation should be able to assess the impact of mentoring.

VII. ENVIRONMENTAL AND SOCIAL EFFECTS

- 7.1 No adverse environmental or social impacts of any kind are anticipated. The project will have an impact on vulnerable youth and their environment. Therefore, the only social impact that can be anticipated is a positive one for them and their families.

VIII. FULFILLMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 8.1 **Disbursement by results and fiduciary arrangements.** The executing agency will adhere to the standard MIF disbursement by results, procurement, and financial management arrangements specified in Annex VIII.

IX. ACCESS TO INFORMATION AND INTELLECTUAL PROPERTY

- 9.1 **Access to information.** Information on the project is not confidential under the IDB Access to Information Policy, with the exception of publication of the young people's business plans and the institutions' strategic plans.
- 9.2 **Intellectual property.** The IDB will hold the intellectual property rights to any works produced by Impulsar in the framework of this operation. Nevertheless, it will guarantee it, through the agreement between the parties, an exclusive, irrevocable, royalty-free license of unlimited duration for the use of such works for noncommercial purposes.