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MULTILATERAL INVESTMENT FUND

**REGIONAL**

**STRENGTHENING THE ENTREPRENEURIAL SPIRIT OF CARIBBEAN YOUTH  
(RG-M1284)**

**DONORS MEMORANDUM**

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**PROJECT SUMMARY**  
**STRENGTHENING THE ENTREPRENEURIAL SPIRIT OF CARIBBEAN YOUTH**  
**(RG-M1284)**

This is the fourth project of the Youth Entrepreneurship Program (YEP) ([ATN/ME-12444-RG](#)) approved by the Donors Committee on July 31, 2013 and executed by Youth Business International (YBI). The objective of the program is to enhance the business capacities of low-income youth by expanding access to quality services, thereby laying the groundwork for a strengthened youth entrepreneurship ecosystem in Latin America and the Caribbean. This project targets Barbados, Jamaica and Trinidad and Tobago and will be executed by the Barbados Youth Business Trust (BYBT).

Youth unemployment in the Caribbean is almost twice the average for the Latin American and Caribbean region as a whole (25% vs 13%). That is, one out of every four young people (approximately 260,000) in the Caribbean is unemployed. In fact, Jamaica and Barbados have two of the highest youth unemployment rates in the Caribbean. Young women are disproportionately affected by this trend, with unemployment rates approximately 10 percentage points higher (30%) than among their male counterparts (20%). The socio-economic repercussions of youth unemployment have been felt across the Caribbean. In 2013, the excess number of unemployed youth is estimated to have cost Caribbean governments approximately 0.12% of GDP in lost government revenue. As a result, youth unemployment has taken center stage on the agendas of Caribbean governments, especially those in Barbados, Jamaica and Trinidad and Tobago. Entrepreneurship, in particular, has been flagged as an alternative means toward economic self-sufficiency for youth in the region.

However, the youth entrepreneurship landscape in the Caribbean is in the initial stages. While there are support organizations available, youth are often unable to access such opportunities due to a lack of awareness and poor coordination across institutions. In addition, these services are largely provided on an ad-hoc basis, and they focus specifically on training without the provision of follow-up support services. Furthermore, existing entrepreneurship support programs are not tailored to meet the unique needs of low-income and disadvantaged youth.

The proposed intervention model takes a three-prong approach that provides support via: (i) Training; (ii) Financial Support, and; (iii) Business Support Services, better known as Aftercare. Training sessions cover business and life skills and will be delivered both in-person and via an e-learning platform. Financial support will be made available to 100 youth to be used for either start-up costs or business expansion. Aftercare services are an integrated package of support aimed at providing the entrepreneurs with support once the formal training component is completed and include: mentoring, marketing, networking, counselling and other business support.

Executed by the Barbados Youth Business Trust (BYBT), which has over 19 years' experience in the development of youth entrepreneurship programs in the region, this project employs a demand focused methodology centered on the challenges faced by the three countries in creating a more effective and cohesive entrepreneurial ecosystem. The project will provide business training to 2,100 low-income youth between the ages of 18 and 30 years old and provide mentoring support to 935 youth trained. As a result, 378 youth are expected to start new businesses and 882 are expected to expand an already existing business. This will generate more opportunities for these young people, their families, and their communities through job creation, strengthened capabilities and increased earning capacity. Furthermore, the project is expected to create 832 new jobs and to increase the sales of 625 youth entrepreneurs by at least 8% annually.

## **ANNEXES**

ANNEX I	Logical Framework
ANNEX II	Budget Summary
ANNEX III	Quality for Effectiveness in Development (QED)

## **APPENDIXES**

Draft Resolution

## **INFORMATION AVAILABLE IN THE TECHNICAL DOCUMENTS SECTION OF MIF PROJECT INFORMATION SYSTEM**

ANNEX IV	Detailed Budget
ANNEX V	Preliminary List of Milestones
ANNEX VI	Diagnostic of Needs of the Executing Agency (DNA)
ANNEX VII	Project Status Reports (PSR), Compliance with Milestones, Fiduciary Arrangements and Integrity Due Diligence
ANNEX VIII	Procurement and Contracting Plan
ANNEX IX	Project Activities Schedule
ANNEX X	Operating Regulations
ANNEX XI	Terms of Reference of the Project Coordinator
ANNEX XII	Monitoring and Evaluation Plan for Impact Evaluations

## **ACRONYMS AND ABBREVIATIONS**

<b>AOP</b>	Annual Operating Plan
<b>BSO</b>	Business Support Organization
<b>BYBT</b>	Barbados Youth Business Trust
<b>CBO</b>	Community Based Organizations
<b>DNA</b>	Diagnostic of Executing Agency Needs
<b>EA</b>	Executing Agency
<b>GDP</b>	Gross Domestic Product
<b>GEM</b>	Global Entrepreneurship Monitor
<b>IDB</b>	Inter-American Development Bank
<b>JYBT</b>	Jamaica Youth Business Trust
<b>MIF</b>	Multilateral Investment Fund
<b>MSME</b>	Micro, Small and Medium Sized Enterprises
<b>NES</b>	National Expert Survey
<b>NGO</b>	Non-governmental organization
<b>OMS</b>	Operational Management System
<b>OR</b>	Operating Regulations
<b>PEU</b>	Project Executing Unit
<b>QED</b>	Quality for Effectiveness in Development
<b>SESC</b>	Strengthening the Entrepreneurial Spirit of Caribbean Youth
<b>TOR</b>	Terms of Reference
<b>TVET</b>	Technical and Vocational Education and Training
<b>YBI</b>	Youth Business International
<b>YBTT</b>	Youth Business Trinidad & Tobago

**PROJECT INFORMATION**  
**STRENGTHENING THE ENTREPRENEURIAL SPIRIT OF CARIBBEAN YOUTH**  
**(RG-M1284)**

<b>Country and Geographic Location:</b>	Barbados, Jamaica, and Trinidad and Tobago		
<b>Executing Agency:</b>	Barbados Youth Business Trust (BYBT)		
<b>Access Area:</b>	Access to Markets and Capabilities		
<b>Agenda:</b>	Youth Employment and Entrepreneurship		
<b>Coordination with Other Donors/IDB Operations:</b>	The project will be implemented in coordination with the Youth Entrepreneurship Scheme under the Ministry of Culture, Sports and Youth (Barbados), the Ministry of Trade, Industry and Commerce (Barbados), Ministry of Youth and Culture (Jamaica), the Ministry of Sport and Youth Affairs (Trinidad and Tobago), and the Ministry of Planning and Development (Trinidad and Tobago), and the Inter-American Institute for Cooperation and Agriculture (IICA) (Jamaica), among other governmental and corporate entities		
<b>Direct Beneficiaries:</b>	The direct beneficiaries of the activities and resources of the project are: (i) 2,100 youth trained (60% female/ 40% male); (ii) 935 youth with access to aftercare support; (iii) 230 mentors trained; (iv) 100 youth with access to financing.		
<b>Indirect Beneficiaries:</b>	(i) 832 jobs created (1.2 per sustainable business); (ii) 5,040 immediate family members of youth (4 members per family, on average).		
<b>Financing:</b>	Technical Cooperation:	US\$ 1,000,000	
	Investment:	-	-
	Loan:	-	-
	<b>TOTAL MIF FUNDING:</b>	<b>US\$ 1,000,000</b>	<b>34%</b>
	Counterpart:	US\$1,908,825	66%
	Co-financing (if available):	-	-
	<b>TOTAL PROJECT BUDGET:</b>	<b>US\$2,908,825</b>	<b>100%</b>
<b>Execution and Disbursement Period:</b>	36 months for execution and 42 months for disbursement.		
<b>Special Contractual Conditions:</b>	Conditions prior to first disbursement will be: (i) approval of the Operating Regulations; (ii) hiring of the project coordinator; (iii) signing of sub-agreements with the JYBT and YBTT, and; (iv) signing of agreements with the respective partners.		
<b>Environmental and Social Impact Review:</b>	This operation was screened and classified as required by the IDB's safeguard policy (OP-703). Given the limited impacts and risks, the proposed category for the project is "C".		
<b>Unit with Disbursement Responsibility:</b>	MIF/CBA		

## I. BACKGROUND AND JUSTIFICATION

### A. Diagnosis of the Problem to be Addressed by the Project

- 1.1 This is the fourth project<sup>1</sup> of the Youth Entrepreneurship Program (ATN/ME-13932-RG) (YEP), approved by the Donors Committee on July 31, 2013 and executed by Youth Business International (YBI). The program's objective is to enhance the business capacities of low-income youth by expanding access to quality services, thereby laying the groundwork for a stronger ecosystem for youth entrepreneurship in specific countries in the region, among them Barbados, Jamaica and Trinidad and Tobago.
- 1.2 The project will be executed by the Barbados Youth Business Trust (BYBT), in collaboration with the Jamaica Youth Business Trust (JYBT) and the Trinidad and Tobago Business Trust (TTBT). The project meets the YEP regional program's selection criteria because it: (i) provides integrated support (financial and nonfinancial, including entrepreneurship training, mentoring, and consulting); (ii) is national (in this case, regional) in scope; (iii) provides learning opportunities within the framework of the regional learning agenda, as appropriate; and (iv) includes counterpart financing. Each Youth Business Trust is an accredited member of the YBI member network and all meet YBI's quality assurance standards and accreditation procedures.
- 1.3 Barbados, Jamaica and Trinidad and Tobago were chosen as the beneficiary countries of the YEP-Caribbean project due to their strategic commonalities. First, youth employment via entrepreneurship is a national focus in each country<sup>2</sup>. Second, each country has a YBI-accredited member (Youth Business Trusts) that provides in-depth knowledge of youth entrepreneurship issues and their application to the local context. In addition, Barbados, Jamaica and Trinidad and Tobago are among the largest in the English speaking Caribbean, and therefore have faced similar challenges in the implementation of Youth Business Programs (YBPs).
- 1.4 **Youth in the Caribbean.** Stagnant economic growth in the Caribbean has contributed to the persistently high levels of unemployment and poverty in the region where more than 21% of the population lives below the poverty line.<sup>3</sup> While youth unemployment rates vary across the region, a few overarching trends are clear. Youth have an unemployment rate that is disproportionately higher than that of adults. About one out of every four young people (approximately 260,000) in the Caribbean is unemployed<sup>4</sup>. This is more than three-times the rate for adults (25% versus 8%).<sup>5</sup> The disparity between unemployment for young females and young males is another trend common across all countries. Unemployment among young females in the Caribbean rates is approximately 10 percentage points higher (30%) than that of their male counterparts (20%), placing them in an especially vulnerable position.
- 1.5 The socio-economic impacts of high youth unemployment rates have been felt across the Caribbean. In 2013, the excess number of unemployed youth is estimated to have cost

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<sup>1</sup> Peru ([PE-M1097](#)), Chile ([CH-M1063](#)), and Paraguay ([PR-M1035](#)) were the first three YEP projects approved by the Donor's Committee.

<sup>2</sup> Youth skills and employment are a key component in the National Youth Policies of each country. Other recent publications demonstrate the importance of youth unemployment in public policy in the Caribbean. See the Caribbean Development Bank's recently published "Youth are the Future: The Imperative of Youth Employment for Sustainable Development in the Caribbean."

<sup>3</sup> Speech delivered by the President of the Caribbean Development Bank, Dr. Wm. Warren Smith, to the Fifth Caribbean Microfinance Forum on June 5<sup>th</sup>, 2014 entitled, "Building Growth into the Caribbean Sustainability Agenda: The Role of Entrepreneurship."

<sup>4</sup> Youth are defined as 15-24 years old (reference year: 2013).

<sup>5</sup> Caribbean Development Bank. 2015. "Youth are the Future: The Imperative of Youth Employment for the Sustainable Development of the Caribbean."

Caribbean countries US\$883.4 million or 1.5% of GDP and to have cost Caribbean governments alone, 0.12 of GDP in lost government revenue.<sup>6</sup> While little Caribbean-specific empirical evidence exists on the topic, there are a few contributing factors that serve as key obstacles to governments throughout the region in growing employment opportunities for youth.

- 1.6 Lack of qualifications is one of the principal contributing factors to the youth unemployment problem in the Caribbean. That is, the set of skills youth acquire are not entirely relevant to the labor market needs, creating a mismatch in the supply and demand of skills. According to Caribbean business owners, an inadequately trained workforce is one of the most often cited obstacles to firm growth.<sup>7</sup> While information on the educational profile of the unemployed in the region is limited, there is a strong link between the level of education and unemployment. For example, among all unemployed persons in Trinidad and Tobago in 2011, those with at least a secondary education demonstrate unemployment rates below the average of 4.2%, while those with no formal education suffer rates in excess of 10%.<sup>8</sup>
- 1.7 Low school enrollment and school completion rates narrow the job opportunities available to youth, fueling a vicious cycle of youth discouragement. The quality of education in the region has shown to be low, in spite of efforts and significant public investments in education. The passing rates of the Caribbean Secondary Education Certificate (CSEC) in Math and English average around 45%. Also, in 2009 only 21.4% of students passed five or more CSEC examinations, which is the acceptable performance for university matriculation and entry-level employment.<sup>9</sup> Barbados is an exception, having one of the highest educational enrollment rates in the region (89% secondary enrollment rate and 60.8% tertiary enrollment rate). Much of these figures can be attributed to public financial assistance for tertiary education in Barbados, which covered 100% of tuition assistance up until 2013.<sup>10</sup> In comparison, tertiary enrollment in Jamaica and Trinidad and Tobago are 26% and 12%, respectively.<sup>11</sup> University enrollment in Trinidad and Tobago remains comparatively low despite strides in tertiary education via similar financial assistance programs such as the Government Assistance for Tuition Expenses (GATE)<sup>12</sup>, which provides free tertiary education to citizens. However, these programs have not steered towards demand sectors and the country is faced with an oversupply of university graduates unable to find relevant jobs.<sup>13</sup>
- 1.8 The gender disparities present in youth unemployment rates demonstrate that young women are not taking advantage of skills training in the same way as their male counterparts. For example, the 2010 Barbados' Country Assessment of Living Conditions found that 41% of youth

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<sup>6</sup> Caribbean Development Bank. 2015. "Youth are the Future: The Imperative of Youth Employment for Sustainable Development in the Caribbean." The cost of excess youth unemployment in the Caribbean is estimated by calculating the positive difference between the youth and adult unemployment rates in 2013. The costs are estimated for both (1) the region as a whole and (2) governments in relation to lost revenue. The cost estimates are based on a percentage of GDP and calculations were related to purchasing power parity (PPP) international dollars.

<sup>7</sup> Cathles, A. and Pangerl, S. Forthcoming 2015. "Different Obstacles for Different Productivity Levels? An Analysis of Caribbean Firms." In: M. Grazzi and C. Pietrobelli, Editors. *Innovation and Productivity in Latin American and Caribbean Firms*. Washington, D.C.: Palgrave-Macmillan.

<sup>8</sup> Caribbean Development Bank. 2015. "Youth are the Future: The Imperative of Youth Employment for Sustainable Development in the Caribbean."

<sup>9</sup> Caribbean Examinations Council (2012).

<sup>10</sup> As of 2014, the Barbadian government ended its financial assistance for tertiary-level education. This change is expected to dramatically reduce access to tertiary education among Barbadian youth in the coming years.

<sup>11</sup> World Bank. World Development Indicators. (Reference year: 2008)

<sup>12</sup> Students can obtain financial assistance for tertiary-level education through the Government Assistance for Tuition Expenses Programme (GATE), which covers 100% of tuition expenses for undergraduate students.

<sup>13</sup> Ruprah, I., Melgarejo, K. and R. Sierra. "Is there a Caribbean Sclerosis? Stagnating Economic Growth in the Caribbean." Washington, DC: Inter-American Development Bank. Emigration is another major problem for the Caribbean. The Caribbean has lost an estimated 70% of the labor force with more than 12 years of schooling through emigration (IDB, 2014).



15 to 24 years old in Barbados were working, 22% were unemployed, and 34% were in education. Of those in education, 35% were in secondary school, 14% in technical and vocational education and training (TVET), and 51% were in tertiary education. Of those enrolled in tertiary education, 60% were females compared to 40% for males. And of those in TVET, 20% were males as opposed to only 9% for females. While, women far outweigh men in tertiary education, this figure is reversed when it comes to vocational education, which offers youth immediate marketability via training in the practical technical skills desired by employers.

- 1.9 The TVET system is primarily delivered via public institutions. As a result, it is largely unable to respond quickly to the needs of employers.<sup>14</sup> This has led to a series of generic employment training programs that do not provide youth the skills needed to find a job. Alternatively, oftentimes these skills are learned or acquired on the job, but without the necessary training to become an attractive candidate, youth are unable to gain work experience that could serve as an alternative to such technical or vocational training programs. The lack of opportunities to learn new skills either on-the-job or through training programs or to gain such skills creates vicious circle that is difficult to escape. The inequity and exclusion experienced by young people is particularly acute in areas with high poverty rates in all three countries with fewer resources and where youth lack the social capital (social network) that is advantageous when seeking employment.
- 1.10 **Entrepreneurship Ecosystem:** Entrepreneurship has been cited as a means to accelerate and sustain inclusive growth<sup>15</sup>. Caribbean entrepreneurs face serious constraints such as poor business climates<sup>16</sup>, scarce access to finance and inefficient business support and training services. Entrepreneurship provides youth in the Caribbean a viable alternative to traditional employment. On the one hand, Barbados and Jamaica are considered efficiency driven economies (due to increased industrialization and economies of scale), where large firms dominate, but in turn create opportunities for small and medium enterprises in the supply chain. Trinidad and Tobago, on the other hand, is considered an innovation driven economy characterized by an expanding knowledge intensive and service sectors, with a burgeoning potential for innovative entrepreneurial activity.<sup>17</sup> Despite small advances, the entrepreneurial landscape is still incipient and varies by country.
- 1.11 **Barbados:** In Barbados, the entrepreneurial landscape is supported by several public and private sector agencies and ancillary entities which supply training, technical assistance, finance and advocacy. The Youth Entrepreneurship Scheme is a government funded program that supports individuals as they start their businesses. It provides training and guidance to help individuals build the skills to start and grow their business. The Enterprise Growth Fund and Fund Access provide limited funds for small businesses who can demonstrate the likely success of their ventures. The Barbados Entrepreneurship Foundation works to create a more enabling environment for entrepreneurs and business in general in Barbados. It collaborates with other business support organizations to build and develop the entrepreneurial mindset that is needed in the country to support the development of more businesses.

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<sup>14</sup> Caribbean Development Bank. 2015. "Youth are the Future: The Imperative of Youth Employment for Sustainable Development in the Caribbean."

<sup>15</sup> See the speech delivered by the President of the Caribbean Development Bank, Dr. Wm. Warren Smith, to the Fifth Caribbean Microfinance Forum on June 5th, 2014 entitled, "Building Growth into the Caribbean Sustainability Agenda: The Role of Entrepreneurship."

<sup>16</sup> According to the 2015 World Bank Doing Business surveys, Jamaica, Trinidad and Tobago and Barbados ranked, 58, 79, and 106, respectively, in terms of "Ease of Doing Business" (out of 189 countries surveyed).

<sup>17</sup> Global Entrepreneurship Monitor. 2014. "Trinidad and Tobago 2014 Report."

- 1.12 **Jamaica:** Numerous support programs have been initiated, mainly through family support, churches, non-governmental organizations, private sector and the Jamaican Government. Start-Up Jamaica seeks to provide mentorship and other business support for aspiring and new technology entrepreneurs. Under the initiative, the Government is partnering with the Middle Eastern accelerator company, Oasis500<sup>18</sup> (based in Jordan), which trains and funds start-up tech companies. The company has committed to invest in tech entrepreneurs who are interested in going through the required process for selection. Digital Jam 3.0: The Caribbean Edition, an initiative of the World Bank, Microsoft, the Government of Canada and several other partners, leverages the creativity and talents of Caribbean youth and looks to establish the next global hub of IT, innovation and entrepreneurship in the region. The project features a number of programs, workshops and competitions aimed at providing the tools to help young people adjust to the fast and ever-evolving technology needed in today's workplace. Finally, launched by the Ministry of Industry, Investment and Commerce, the Mobile Business Clinic Initiative is an island-wide project with the goal of decentralizing business development services for micro, small and medium-sized enterprises (MSMEs).
- 1.13 **Trinidad and Tobago:** There are several ministries with direct mandates geared towards entrepreneurship. The Ministry of Labour and Small and Micro Enterprise Development is tasked with implementing the Micro and Small Enterprises Policy for Trinidad and Tobago 2013-2016, which aims to integrate the existing business support services in Trinidad and Tobago to create a cohesive ecosystem for supporting entrepreneurship. The Ministry of Planning and Development developed and led the "Enabling Competitive Business Strategy 2011-2014," which focused on entrepreneurs and entrepreneurship to boost economic competitiveness. Furthermore, the Ministry of Education has collaborated with the private sector and academia to develop a number of business incubators designed to accelerate the growth and success of entrepreneurs through the provision of business support resources and services.<sup>19</sup> In addition competitions such as i2i (idea2innovation) and the Lumination Challenge provide opportunities for young people to submit innovative projects via an ideas challenge for an opportunity to gain grant funding and technical support to move those ideas to the proof of concept stage.
- 1.14 Despite a range of general entrepreneurship services opening up in the Caribbean, there is a scarcity of entrepreneurial support programs specifically tailored to young entrepreneurs and their specific needs. This is problematic given that the entrepreneurial spirit is already catching on among youth in the Caribbean, likely due to the dearth of traditional employment opportunities. In Jamaica, the proportion of young Jamaicans (18-24 years old) among early-stage entrepreneurs has grown from 12% in 2005 to over 17% in 2010 and 2011.<sup>20</sup> Governments across the region recognize the untapped potential of youth in the entrepreneurial landscape. Youth between 18 and 34 years old were identified in the 2013 Global Entrepreneurship Monitor as "a viable source of new entrepreneurs bringing fresh ideas that can increase the quality of firms being created." To achieve this, however, youth need access to quality business training programs and services tailored to their needs. For example, the National Expert Survey (NES) conducted in Trinidad and Tobago reports that 75% of respondents believe that self-employed youth develop their business activities largely through their own experience.<sup>21</sup> This

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<sup>18</sup> Oasis500 is providing US\$30,000 to each entrepreneur selected (50% in and the remainder in in-kind support via mentorship, training, and other business support).

<sup>19</sup> These business incubators include: the National Integrated Business Incubator System (IBIS), University of Trinidad and Tobago's uStart, Lok Jack GSB BizBooster, CARIRI Centre for Enterprise Development (CED), and the American Chamber T&T Business Incubator Programme.

<sup>20</sup> Global Entrepreneurship Monitor. 2014. "Fostering Entrepreneurship – A Policy Imperative for Jamaica."

<sup>21</sup> Global Entrepreneurship Monitor. 2014. "Trinidad and Tobago 2014 Report."

illustrates the need for targeted entrepreneurial training that builds the competencies among youth to innovate and utilize appropriate technology to build strong businesses.

### **Causes that Hinder Youth Entrepreneurship in the Caribbean**

- 1.15 The existing youth entrepreneurship programs in the Caribbean are inadequate in meeting the specific needs of disadvantaged youth. The lack of available youth-focused entrepreneurship services hinders the ability of young people to start businesses and generate sustainable income. This issue is further compounded by the very limited access to traditional sources of finance for young people. The main problems this project seeks to address are:
- 1.16 **Poor Coordination among Stakeholders.** Meeting the needs of young entrepreneurs requires strong coordination across the public, private, and civil-society sectors. Forging partnerships between stakeholders is key in the provision of comprehensive business support programs (including technical and life skills training, mentoring and financing, etc.). However, few systematic channels for public-private coordination exist.<sup>22</sup> And there is limited understanding of opportunities for collaboration even within the few existing channels. This lack of knowledge limits the ability of local institutions to leverage potential synergies and efficiencies. The result is confusion among young people around where to go to access necessary support. Young people are not aware of what these institutions offer and how their services can be accessed; this is especially common in Jamaica and Trinidad and Tobago.
- 1.17 **Inadequate Business Support Initiatives with Low Reach:** Entrepreneurship support programs for young people interested in starting businesses are insufficient. Programs tend to end once the business training is completed and do not offer follow-up support to young entrepreneurs as they start their businesses. That is, these programs do not directly assist disadvantaged young entrepreneurs in developing their enterprises or business ideas or provide the support network needed to transfer business ideas to sustainable businesses. Furthermore, most of the existing entrepreneurship programs are only available in capital cities, which are inaccessible by youth in suburban and rural communities.
- 1.18 **Weak Institutional Capacity to Implement Quality Programs.** Supply-side limitations are exacerbated due to the weak capacity of institutions and organizations to implement youth entrepreneurship programs. Additionally, most of these programs do not follow a comprehensive approach that young people need.<sup>23</sup> To provide effective, sustainable support to young entrepreneurs, institutions and organizations must be able to accurately identify existing deficiencies in competencies and provide specific support. This often requires collaboration among participants and service providers, as an optimal practice and a way to supplement skills and provide better support to beneficiaries. This view is also substantiated in the Jamaica and Barbados context as found in the 2014 GEM reports.
- 1.19 **Lack of Access to Finance.** Moreover, because many of these disadvantaged young people lack contact networks, they also lack the support and guidance of mentors, and consequently have difficulty obtaining credit through non-institutional channels. At the same time, since financial

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<sup>22</sup> The Global Entrepreneurship Week (GEW) is one example of an existing coordination channel. This annual event is designed to build local awareness of entrepreneurship. It is celebrated in all three countries with BYBT and YBTT being the country hosts, occurs over the span of one week and includes the participation of entrepreneurship experts, policy-makers, education practitioners and politicians.

<sup>23</sup> Arthur Lok Jack ecosystem analysis in Trinidad and Tobago March 2015

institutions view them as high-risk customers, they do not usually extend them credit, and when they do, it is usually not on competitive terms.

- 1.20 The Youth Business Programs of the BYBT, TTYBT, and JYBT have experience in providing a package of services to young entrepreneurs using a scalable and youth-specific model. This model was refined and adapted in a previous MIF-financed project “Mentoring Model to Develop Young Entrepreneurs” ([BA-M1002](#) and [TT-M1004](#), respectively) from 2007 to 2011. Implemented by the Youth Business Trusts in Barbados and Trinidad and Tobago (Jamaica was not a beneficiary of this project), the program surpassed its goals, which include: (i) 350 young entrepreneurs received mentoring, financing, and business training; (ii) 400 managers, business leaders, and professionals trained to be mentors for young entrepreneurs; and (iii) 590 jobs created as a result of new youth-led businesses. The final evaluation of the project found that the project effected positive change among young entrepreneurs through the creation of economic opportunities and the generation of income.
- 1.21 Despite strides made in the previous project, the Youth Business Trusts of Barbados, Jamaica and Trinidad and Tobago<sup>24</sup> are very small organizations and therefore only have the capacity to deliver services in-person and to a limited number of young people. Furthermore, each Trust utilizes their own methodology to carry out entrepreneurship training and aftercare, making difficult replicability and evaluation at the regional level. As a result, few formal coordination mechanisms exist across the three countries. In order to expand, the Trusts need to: (i) increase the number of services offered to young entrepreneurs by creating partnerships that can offer support in areas such as financing and training; (ii) create a harmonized training program; (iii) strengthen its technical team by training personnel to deliver training courses and provide mentoring and aftercare services, such as consulting, and marketing services, and; (iv) adopt and implement an e-learning platform to extend reach. The BYBT also needs to adopt a monitoring system to help track entrepreneurs throughout Barbados, Jamaica and Trinidad and Tobago and strategically document outcomes of both in-person and on-line training formats.

## **B. Project Beneficiaries**

- 1.22 The project will benefit 2,100 young people between the ages of 18 to 30 years old (60% female and 40% male<sup>25</sup>). A needs assessment will be conducted for each program participant to assess the type of support required. Specifically, the project expects to: (i) train 2,100 young people; (ii) provide aftercare support to 935 young people, and; (iii) provide financing to 100 young people.
- 1.23 Selection criteria for the young entrepreneurs are as follows: (i) must be between 18 and 30 years old; (ii) has a business idea or an enterprise that has been in operation for one year or less; (iii) has completed (or is finishing) high school; (iv) has the ability to read and write, and; (v) is unemployed or at-risk of becoming unemployed. The selection criteria may vary slightly from country to country.
- 1.24 The geographic reach of the project varies by country. In Barbados, the project will reach youth from across the island; in Trinidad and Tobago, the project will focus solely on the island of Trinidad; and in Jamaica, young people from Kingston, St. Andrew, Eastern parishes and parts of central Jamaica.

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<sup>24</sup> Youth Business Trusts also exist in St. Lucia, Dominica, and St. Vincent and the Grenadines, but are not included as part of the project; however they are expected to benefit through improved coordination mechanisms and a strengthened entrepreneurial ecosystem.

<sup>25</sup> In the case of Jamaica, the gender breakdown is inverted, reaching 60% males and 40% females.

- 1.25 The indirect beneficiaries of this project will include 5,040 members of the immediate families (4 per family) of the young people who started or strengthened their businesses, and 832 individuals who will be directly employed in the jobs created by the businesses established (1.2 per business).
- 1.26 **Participation of Young Women:** The project places a special emphasis on reaching young female entrepreneurs that is in line with the current gender breakdown of the Trusts' programs. In Barbados and Trinidad, at least 60% of project beneficiaries will be young women. In these countries, young women tend to participate more actively and for a longer duration in training and mentorship programs. In Jamaica, these figures are reversed with higher participation rates of young males than women (60% vs. 40%), which can be attributed in part to a focus in the country on technology-centered entrepreneurship programs that typically attract young males. In order to boost female participation, JYBT will tap into existing networks of women's groups, such as the Women's Entrepreneurial Network and the Jamaican Rural Women's Program.
- C. Contribution to the MIF Mandate, the Access Framework, and the IDB's strategy**
- 1.27 The project will contribute to the MIF poverty reduction mandate by supporting poor and low-income youth in the development of their enterprises and increasing access to jobs as well as creating a favorable environment in the areas where these enterprises are created. To do this, it will strengthen the capacities of participating municipalities, generate partnerships with public and private-sector entities interested in development in their areas of action, and utilize an e-learning platform to expand its scope and national coverage.
- 1.28 **Link to the Agenda.** The project is aligned with the MIF's strategy for innovation in the Agenda's area of entrepreneurship, as it will: (i) develop a harmonized model for youth entrepreneurship applicable throughout the Caribbean region; (ii) adapt an e-learning platform that enables a greater number of young entrepreneurs to access entrepreneurship services; and (iii) consolidate partnerships in order to foster a more comprehensive and cohesive support network for young entrepreneurs.
- 1.29 The project is part of the regional Youth Entrepreneurship Program ATN/ME-13932-RG executed by Youth Business International (YBI). YBI's experiences and lessons learned from the 43 member countries in its network will be passed along, as appropriate, to the implementing organization in each country. In addition, partnership building and knowledge exchange will be promoted through the Regional Centre for Youth Entrepreneurship (located in Bogotá, Colombia, and an essential part of the regional program).
- 1.30 This project will help narrow the Agenda's knowledge gap related to the questions: Which training modality or combination thereof is more effective in enabling disadvantaged youth start and/or grow their own business? Is a one modality more effective than others for certain groups of young people (i.e. on-line training for less disadvantaged youth)? What is the effect of mentoring on business sustainability? What are the best practices for harmonizing curriculum across different country contexts? What are key factors to achieving sustainable partnerships across countries?
- 1.31 The regional YEP knowledge agenda is in preparation, and a knowledge management specialist has been contracted to better organize activities in this area. The project in the Caribbean will contribute to this agenda with the development of knowledge products that will enable us to determine which of the model's three approaches (in-person, hybrid, or online) was most effective.

- 1.32 **Collaboration with the IDB Group and other partners.** This project will provide opportunities for the MIF and the IDB Group through its ties to various strategic partners who will provide training, mentoring, advisory support, and seed funding, among other forms of support: (i) Formal and informal partnerships have been formed with various government agencies in each beneficiary country. In Barbados, the project will work closely with the Youth Entrepreneurship Scheme under the Ministry of Culture, Sports and Youth, as well as the Ministry of Trade, Industry and Commerce in which BYBT is a member of the Steering Committee tasked with revising legislation on micro, small, and medium-sized enterprise development, which includes entrepreneurship policy (and including mention of youth entrepreneurship). Similarly, the project will work with the corresponding ministries in Jamaica and Trinidad and Tobago, including the Ministry of Youth and Culture (Jamaica), the Ministry of Sport and Youth Affairs (Trinidad and Tobago), and the Ministry of Planning and Development (Trinidad and Tobago). In particular, youth councilors (part of the Ministries of Youth) will be used to identify and reach disadvantaged youth in low-income communities in each country; (ii) Universities and educational institutions will provide training to young people as well as research and development for entrepreneurs' products; (iii) In Jamaica, the Inter-American Institute for Cooperation and Agriculture (IICA) will provide technical support in rural areas with youth interested in developing enterprises based in agriculture; (iv) Business Service Organizations will collaborate to develop and provide aftercare support to youth, specifically specialized training (marketing, design, supply chain development, etc.).
- 1.33 In Jamaica, specifically, this project will coordinate with the New Employment Opportunities for Youth project (NEO-Jamaica/JA-M1036), approved in November 2015 by the MIF Donor's Committee. NEO-Jamaica seeks to increase job opportunities for poor, vulnerable and low-income Jamaican young people ages 17 to 29 by broadening the quality and relevance of training programs and employment systems for vulnerable young Jamaicans. The coordination efforts will focus on the overlapping areas of intervention between the two projects, namely Kingston, St. Andrew and the Eastern parishes.

## II. PROJECT DESCRIPTION

### A. Objectives

- 2.1 The expected impact of this project is an increase in the number of successful and sustainable businesses of low-income youth in the Caribbean. The expected result is to create and strengthen youth businesses through the creation of a harmonized entrepreneurship training and aftercare support model for the Caribbean region. The project will help the burgeoning entrepreneurial ecosystem grow by strengthening the capacity and coordination mechanisms of the Trusts. While Barbados, Jamaica and Trinidad and Tobago are the primary targets of this project, the Caribbean regional entrepreneurial ecosystem as a whole will benefit through improved coordination and collaboration across youth entrepreneurship institutions in the region, as well as, the development of standardized youth entrepreneurship tools and materials applicable region wide.

### B. Description of the Model/Solution/Intervention

- 2.2 The project will build the institutional capacity of each of the participating Trusts to harmonize curricula, improve internal processes and strengthen organization learning to help guarantee the uniformity and quality of youth entrepreneurship training across countries. This process will be achieved in partnership with Cuso International,<sup>26</sup> an international development organization that deploys highly skilled volunteers to equip youth with the business and entrepreneurial skills needed for them to earn a sustainable livelihood. Cuso International maintains a vast network of skilled and experienced professionals in the areas of youth entrepreneurship and empowerment, with several high impact projects executed in the Andean region, the Caribbean and Africa.

### Youth Entrepreneurship Support Model



- 2.3 The **Youth Entrepreneurship Support Model** takes a three prong approach (see diagram above) that support entrepreneurs via: (i) **Training**; (ii) **Financial Support**, and; (iii) **Mentoring & Aftercare**. The **Training** sessions, covering both business and life skills, will be delivered in two modalities: face-to-face and online. An e-learning platform using [WizIQ](#) is currently being piloted by BYBT, enabling facilitators to engage with students through real-time audio-video communication. This intervention will allow the e-learning platform to reach a greater number of youth in each of the three beneficiary countries. **Financial support**, in the form of loans, will be available for selected youth, by the Trusts and can be used for either start-up costs or business expansion (for existing businesses). The project will build on the existing mentorship delivery by developing a complementary and integrated package of **Aftercare** specialized business services, following completion of the Trainings.
- 2.4 **Selection and Needs Assessment:** The project will augment existing outreach to young entrepreneurs through assorted mechanisms including social media and community based outreach through national calls aimed at the targeted beneficiaries. The Trusts will also identify beneficiaries in collaboration with local business support organizations, community based organizations, youth councilors (part of National Youth Ministries) and NGOs. The criteria for selecting the beneficiaries will be based on specific selection criteria developed for each country

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<sup>26</sup> Cuso International has many years' experience in the Caribbean region working with local partners in Guyana, Jamaica and the Eastern Caribbean in the design and implementation innovative and sustainable youth programs. In the region, the work of Cuso International volunteers varies from engaging with national governments on youth employment and inclusion policies to carrying out entrepreneurship training to youth. Volunteers placed in the Caribbean are experts in their respective fields, with backgrounds ranging from policy development professionals, research specialists (i.e. value chains, employment, entrepreneurship, etc.), business development advisors, marketing and communication specialists, finance professionals, program development advisors in technical and vocational training skills, gender and social inclusion, monitoring and evaluation professionals and organizational development advisors. For this project, Cuso International, in close coordination with the BYBT, will select an Organizational Management Specialist (volunteer based in Barbados) to harmonize curricula, improve internal processes and strengthen organization learning. Additionally, a part-time volunteer will be placed in Jamaica to help increase the institutional capacity of the JYBT, which is the youngest Trust and requires additional support, especially as it relates to monitoring and evaluation systems.

(see Paragraph 1.24). Once selected, the Trusts will carry out a needs assessment on each participant to determine the type and level of assistance needed. The needs assessment takes into consideration whether the youth have a business plan, and/or existing business and directs them to the corresponding training accordingly.

2.5 **Training:** Based on the outcome of the initial needs assessment each youth will be recommended for training based around five key modules: entrepreneurial life skills, financial planning and business planning, analyzing the business idea, developing the business plan, and presenting the business plan. Training will be delivered in two modalities: face-to-face and online. It is estimated that 60% of training will take place online and 40% in-person. An e-learning platform using [WizIQ](#) is currently being piloted by BYBT, enabling facilitators to engage with students through real-time audio-video communication. This intervention will allow the e-learning platform to reach a greater number of youth in each of the three beneficiary countries.

2.6 **Financing:** Loans will be provided for youth who have met the following criteria: (i) have a viable business idea; (ii) completed a business plan, and; (iii) received approval by loan panel. Youth who receive loans are required to participate in the mentoring and aftercare delivery. Loans are provided by the Trusts without collateral at comparative interest rates: 12% in Barbados, 9% in Trinidad and 10% in Jamaica, per annum on a reducing balance basis. Loans are repayable via monthly installments up to a maximum of 48 months in Trinidad and 60 months in Barbados and Jamaica. Each country has their maximum limits accessible to entrepreneurs. In Trinidad and Jamaica it is approximately USD\$5,000 and in Barbados it is approximately USD\$12,500. Moratoriums of up to three months are provided.

2.7 **Mentoring and Aftercare Support:**

**Mentoring:** Business mentoring is the most in-demand aftercare service provided. Mentors are business experts who will support, motivate, and guide young entrepreneurs to explore business opportunities and identify potential areas for growth. Mentors can range from business owners to experienced entrepreneurs, or leaders from the community, private sector, civic groups or professional organizations who have indicated a willingness to support young entrepreneurs by sharing their knowledge and experience. Mentors are interviewed and selected based on their attitude, character, professional competence, experience, communication skills, and interpersonal skills; and then trained. The strengths and weaknesses of mentors are evaluated and are matched to the needs of interested young entrepreneurs. Mentors are assigned to young entrepreneurs for a minimum of 6 months to a maximum of 5 years and are required to meet with these entrepreneurs at least 2 hours a month. The meetings can be face to face, online or via telephone. Mentors are required to submit monthly reports to the Trusts to monitor the progress of the relationship and quarterly clinics/reviews are undertaken to get feedback from the mentee.

**Aftercare:** Youth will have access to a complementary suite of aftercare *specialized business advisory services* to be designed and implemented across the three Trusts under this project. Aftercare services will be in areas such as market research, design and packaging, branding, boosting sales, networking, counselling and other relevant specialized business support. The Trusts will also offer referrals to other public and private agencies servicing youth who are seeking assistance beyond the scope of services they offer.

C. **Components**

**Component I: Institutional Collaboration, Harmonization and Learning (MIF: US\$249,600; Counterpart: US\$616,525)**



- 2.8 The objective of this component is to develop a sustainable network of different institutions interested in partnering to further the development of young entrepreneurs. This first involves identifying and developing those strategic partnerships that are integral in the promotion of a cohesive and supportive entrepreneurial ecosystem. In parallel, the project will define the necessary tools and structures needed to strengthen the capabilities and capacity of the Youth Business Trusts to develop an effective regional program for young entrepreneurs. This process requires the development of new materials. First, the training curriculum will be harmonized across the three countries and staff will be trained accordingly. Second, entrepreneurial resource guides will also be developed that highlight the players in the Caribbean entrepreneurial landscape, the support that they offer and their target market. Last, market studies will also be conducted for each country to identify priority sectors with the greatest potential for young entrepreneurs to start sustainable businesses. The analyses will allow youth to make informed decisions about the sector they want to enter.
- 2.9 This results of the above-mentioned activities include: (i) 27 strategic partnerships developed; (ii) 3 Entrepreneurial Service Guides developed; (iii) 9 staff members trained on new curriculum and methodologies; (iv) 9 staff and personnel trained; (v) 1 harmonized curriculum developed; (vi) 3 market studies completed, and; (vii) 1 e-platform adapted<sup>27</sup>.

**Component II: Business Services for Young Entrepreneurs (MIF: US\$152,913; Counterpart: US\$651,200)**

- 2.10 The objective of this component is to deliver training and provide financing to the beneficiaries utilizing the harmonized curricula. Training will be conducted in two modalities: in-person and online (40% in-person and 60% online). The in-person trainings will be conducted both in house (at Youth Business Trust facilities) and in communities in facilities provided by the communities themselves. Community-based trainings are mainly aimed at new entrepreneurs in various rural communities, while in-house trainings are targeted at existing entrepreneurs. The trainings will be tailored to the needs of individual youth through an initial assessment of their capacity, capabilities and competencies. The e-learning platform will be implemented to reach a wider target audience at a reduced cost per trainee. The e-platform is targeted at youth who are unable to attend in-person trainings due to distance, scheduling and/or childcare issues. The e-platform will increase the reach of the program and increase the number of young entrepreneurs served.
- 2.11 Upon the completion of training, a select number of youth will be provided loans by the Trusts for either business start-up or expansion. The Trusts have demonstrated their capacity to manage credit facilities, as well as, managing loans portfolio on a very small scale. To further strengthen this capacity, a five day training session for portfolio managers will take place with the YBI member Fundación Paraguaya<sup>28</sup>, a YBI network member that has vast experience in credit management and portfolio management.
- 2.12 The main results this component seeks to achieve are: (i) 5,000 youth made aware of Youth Business Trusts; (ii) 2,100 youth trained; (iii) 100 youth having received financial support, and; (iv) 32 trainers trained. Only youth with 75% attendance and who have completed the business

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<sup>27</sup> To avoid delays in the construction of a virtual platform, BYBT will use a preexisting learning platform ([WiziO](#)). This platform offers increased student engagement through real-time audio-video communication, text chats, and advanced interactive whiteboards.

<sup>28</sup> Fundación Paraguaya is the executing agency of the YEP project in Paraguay ([PR-M1035](#)) approved by the Donor's Committee on September 4, 2015.

plan presentation will be certified. Upon completion of the training, youth will have access to the general mentoring service offered as a part of the aftercare suite of services.

**Component III: Mentoring and Aftercare for Young Entrepreneurs (MIF: US\$199,980; Counterpart: US\$582,700)**

- 2.13 The objective of this component is to develop the entrepreneurial capacities of young people through aftercare support. Aftercare services are provided to help young people develop their business ideas or strengthen their businesses through a comprehensive program that includes business mentoring, and personalized consulting on business, legal, or design-related topics. See Paragraph 2.8 for further information on the suite of services provided.
- 2.14 Mentoring will be made available to youth upon completion of the training program. Additionally, youth that receive a loan are required to participate in the mentoring program. Once matched with a mentor, the mentor will assess the mentee's business and their business skills to identify areas for improvement. The mentor and the mentee will then work together to strengthen these areas. Should a mentor or mentee deem that additional assistance in specialized areas is needed the mentee can request access to such services through the aftercare program (specialized services can range from marketing, legal, accounting, design, etc.). If the service requested is not offered in-house by the Trusts, they will then refer the young person to an affiliated institution.
- 2.15 As a result of this component, the project will: (i) provide mentoring services to 935 young people and (ii) train 230 mentors.

**Component IV: Knowledge and Strategic Communication (MIF: US\$63,600; Counterpart: US\$17,700).**

- 2.16 The objective of this component is to document, systematize and disseminate project outcomes and lessons learned around an innovative and sustainable youth entrepreneurship model that is replicable and scalable.
- 2.17 The following audiences have been selected to communicate project findings and exchange best practices generated by the project:
- i. Non-governmental organizations (NGOs) in the Caribbean, organizations in the YBI network and the MIF's Youth Entrepreneurship Program, in order to improve the intervention methodology and implement innovative models for generating youth entrepreneurship programs with greater impact and reach;
  - ii. Governmental authorities, such as the Ministries associated with entrepreneurship, Youth Development, MSME, Finance, Social Development and Labor; organizations that are interested in supporting and/or executing youth entrepreneurship programs on a coordinated basis;
  - iii. Private sector companies (including financial institutions) interested in supporting projects to promote youth entrepreneurship, as well as having a network of local providers able to meet the companies' needs for goods and services; and
  - iv. Educational institutions (vocational institutes, schools, training centers), in order to raise awareness among young people, from an early age, on entrepreneurship as an opportunity for professional development. The principal channels for reaching these audiences will be workshops, face-to-face meetings, specialized events, and printed materials. This approach will be put into effect by contracting communication and dissemination specialists.

- 2.18 To meet the knowledge requirements of these audiences, the following knowledge products will be developed: (i) 6 case studies (2 per country) that document the project experience, with emphasis on the various intervention methods used, outcomes, and main lessons learned (case study topics could include, but are not limited to, selecting and training mentors, maintaining mentee engagement, coordinating specialized business services (i.e. aftercare)); (ii) knowledge exchanges among the Youth Business Trusts in Barbados, Jamaica, and Trinidad and Tobago; (iii) events held with governmental authorities, private companies, and civil society organizations to present the project's outcomes and lessons learned; and (iv) OMS system installed and implemented in Jamaica<sup>29</sup>.
- 2.19 The knowledge products generated by the project will contribute to the objectives of the umbrella program, the "Youth Entrepreneurship Program" (RG-M1240), as they will aid in performing a macro-level comparative analysis of experiences, outcomes, and lessons learned from the projects implemented under the program in various countries. They will also be a key input for the development of knowledge products at the program level. See Paragraph 1.31 for proposed evaluation questions.
- 2.20 The message that is expected to be conveyed through the above knowledge products and their dissemination is that low-income youth are capable of contributing to economic development in the Caribbean. New youth-focused programs are expected to be developed, both within corporate social responsibility programs and in the development of new policies at the local and national levels of government. Also, the model developed by the Youth Business Trusts is expected to have a demonstration effect for other organizations in the Caribbean.

#### **D. Project Governance and Execution Mechanism**

- 2.21 The project executing unit (PEU) will be a unit of the executing agency in Barbados. The PEU will consist of a full-time Regional Program Coordinator, a Financial and Administration Specialist, and a Process and Curricula Harmonization Specialist. An Executive Council will be formed to supervise the Executive Staff of the BYBT to provide oversight and ensure the compliance with the governance structure and fiduciary and operational regulations of the BYBT. This will include contractual commitments to the MIF and other multilateral donors.
- 2.22 In addition, a Steering Committee comprised of the managers of the Youth Business Programs in Barbados, Jamaica, and Trinidad and Tobago, will be formed to provide guidance to the PEU. Its members, no fewer than three, will provide advisory support, contacts, visibility, and support during the project and will assist in promoting it. Their advice will focus on matters related to general policy, strategy, financing, and institutional learning. The regional council is expected to hold two meetings per year.

#### **E. Sustainability**

- 2.23 This project aims to develop a new working model that is sustainable over the long term. The costs of developing it are primarily investment costs, but the maintenance costs over the long term will be lower than those currently facing the organization. Development of the training and support network and its content over these three years will allow the organization to procure a structure that may be used thereafter. This process will primarily entail costs in human resources and marketing to continue supporting beneficiaries beyond the end of the project, as opposed to infrastructure costs. A number of actions will be carried out to make the service

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<sup>29</sup> As a result of previous projects, OMS has already been installed and implemented in Barbados and Trinidad and Tobago.

sustainable, primarily through partnerships with local companies and through corporate social responsibility programs.

- 2.24 The project's sustainability after three years of execution will be strengthened through the development of strategic partners in the public, private, and civil society actors.

#### **F. Lessons Learned from the MIF or Other Institutions on the Project's Design**

- 2.25 **Institutional Support:** While, BYBT has experience implementing previous regional projects, they remain a small NGO. In the "Mentoring Model to Develop Young Entrepreneurs" project (BA-M1002), the Regional Coordinator position was filled by the BYBT's Executive Director, which created constraints around commitments to the responsibilities of both the project and the BYBT. Therefore, for this project a full-time Regional Coordinator will be hired whose time will be fully dedicated to ensuring the Trusts are receiving the support required and that the project is on target in meeting goals.

- 2.26 **Use of ICTs.** In view of the MIF's experience in the regional project, "Technology for Youth Employment Fund," ([MIF/AT-1107](#)) with Microsoft, where a platform is used for project execution, consultations have already taken place to find an effective, easy-to-use platform for both the PEU and the young entrepreneurs. The WizIQ platform has been selected and is being currently piloted and discussed with a group of young people to correct flaws and adapt it to ensure that the project does not experience execution delays. In addition, the Youth Business Trusts have been pre-piloting an e-learning model since July 2014 with support from members of the YBI network in Canada and Brazil. The aim is to generate useful learning on online and hybrid sessions on various topics for executing the proposed project.

#### **G. MIF Additionality**

- 2.27 **Nonfinancial Additionality.** The project will benefit from the MIF's experience in executing youth entrepreneurship projects and using ICTs as a tool to increase project reach to youth who live in areas which would otherwise be inaccessible by the project. Also, since the project is part of the regional Youth Entrepreneurship Program (RG-M1240) executed by YBI, it will benefit from the services, knowledge, partnerships, and best practices generated through this program. The MIF is a key partner in the institutional growth of the Youth Business Programs, as it provides it the opportunity to establish further ties with public and private entities.

- 2.28 **Financial Additionality.** The Youth Business Trusts have previously received MIF support, which helped to build institutional capacity and to provide support to young entrepreneurs. For this project, financial support is crucial to development and harmonization of youth training and business support. Few organizations like the MIF seek to build installed capacity in organizations; most seek instead to finance more specific activities.

#### **H. Project Outcome**

- 2.29 The project outcome will be the generation of a model for training and providing business support services for youth entrepreneurs through an e-learning platform with tools designed specifically for the needs of this target audience.
- 2.30 It is expected that 1,260 businesses led by young people will be created or strengthened using a training model that is delivered both in-person and on-line. Therefore, 378 young people are expected to start new businesses, 882 are expected to strengthen existing businesses, 1,890 young people are expected to increase their business capabilities, and 1,470 are expected to enhance their life skills. These tools will help empower the young people and provide them

access to technical and personal tools that will aid in their development as people and as professionals.

- 2.31 The project will also help further the knowledge agenda of the regional Youth Entrepreneurship Program through the development and implementation of a curriculum and knowledge products specifically tailored to the Caribbean context and through the adaptation of an e-learning platform to increase the projects' reach to youth who live in areas not covered by in-person training.

**I. Project Impact**

- 2.32 The impact of this project will be an increase in the number of successful and sustainable enterprises led by low-income youth in the Caribbean. The impacts expected include: (i) 693 sustainable business still in operation 12 months after project completion; (ii) 832 jobs created in low-income areas (1.2 per sustainable business); (iii) 624 businesses increase their sales by 8% annually.
- 2.33 The project's outcomes will be documented in order to generate evidence and raise awareness of the importance of serving this beneficiary profile and the economic benefits that can be achieved with these kinds of interventions.

**J. Systemic Impact**

- 2.34 The project will contribute to systemic change by laying the foundation for a cohesive ecosystem that promotes the development of youth entrepreneurship. Given the participation of strategic partners from both the public and private sectors, the project is expected to achieve a long-term impact through joint actions stemming from the partnerships and the coordination generated by the project. Thus, the aim will be to generate sustainable and scalable models based on the methodology transferred by the Youth Business Trusts.

**III. MONITORING AND EVALUATION STRATEGY**

- 3.1 **Baseline.** The BYBT will establish the baseline using the number of beneficiaries served during the previous two years. A baseline set of variables will be collected, including personal data, educational level, current status and income, access to finance, business idea, line of business, status of business idea, capital to invest, considerations relating to family environment, motivation for entrepreneurship, etc.
- 3.2 **Monitoring.** The evaluation and monitoring system will be designed at the beginning of the project on the basis of the Salesforce (OMS) system and with support from YBI. During the project, processes and outcomes will be monitored at the project level as a whole and with respect to the young people in particular. In addition, contextual conditions will be monitored. The system will use tools such as records of activities or minutes, interviews with stakeholders and beneficiaries, direct observation, surveys, and attendance lists. Monitors and evaluators will conduct field visits to interview organizations and young entrepreneurs. Surveys and focus groups will be used at each stage of the project and over the course of the three years.
- 3.3 **Evaluations.** Two evaluations will be conducted: a midterm evaluation and a final evaluation. The midterm evaluation will be conducted when 50% of the contribution has been disbursed or midway through the execution period, whichever occurs first. The IDB will use resources from the contribution to commission both evaluations. An independent consulting firm or consultant will determine the appropriate methodology to be used, with the MIF's approval. The evaluations will be coordinated with the regional Youth Entrepreneurship Program, as the

regional program will collect information on the effectiveness of the program’s regional approach.

- 3.4 **Closing workshop.** Toward the end of the project, BYBT will organize a closing workshop to evaluate the outcomes achieved together with other stakeholders, identify additional tasks for ensuring the sustainability of the actions initiated by the project, and identify and disseminate lessons learned and best practices.

#### IV. COST AND FINANCING

- 4.1 The project has a total cost of US\$2,908,825 of which US\$1,000,000 (34%) will be contributed by the MIF and US\$1,908,825 (66%) will be contributed by the counterpart. The execution period will be 36 months with a disbursement period of 42 months.

	MIF	Counterpart	Total
<b>Project Components</b>			
Component 1. Institutional Collaboration, Harmonization and Learning	\$249,600	\$616,525	\$866,125
Component 2. Business Services for Young Entrepreneurs	\$152,916	\$651,200	\$804,116
Component 3. Mentoring and Aftercare for Young Entrepreneurs	\$199,980	\$582,700	\$782,680
Component 4. Knowledge and Strategic Communication	\$63,600	\$17,700	\$81,300
<b>Executing Unit</b>	\$195,100	\$40,700	\$235,800
<b>Sub-total</b>	<b>\$861,196</b>	<b>\$1,908,825</b>	<b>\$2,770,021</b>
External Audit and Institutional Strengthening	\$40,000	-	\$40,000
Mid-Term and Final Evaluation	\$60,000	-	\$60,000
Contingencies	\$38,804	-	\$38,804
<b>Grand Total</b>	<b>\$1,000,000</b>	<b>\$1,908,825</b>	<b>\$2,908,825</b>
<i>% of Financing</i>	<i>34%</i>	<i>66%</i>	<i>100%</i>

#### V. EXECUTING AGENCY

- 5.1 The primary executing agency is the Barbados Youth Business Trust (BYBT) and will be operationally, financially, and administratively responsible for the project. BYBT was chosen as the executing agency as it has the longest trajectory in the region and the greatest level of installed capacity. The Jamaica Youth Business Trust (JYBT) and Youth Business Trinidad and Tobago (YBTT) will sign sub-agreements with BYBT and will be operationally, and financially responsible to BYBT for the agreed upon project outcomes in Jamaica and Trinidad and Tobago, respectively. Each of the Trusts, BYBT, JYBT and YBTT, will execute the project in their respective countries. This separation will allow for flexibility by allowing each project to emphasize the different components and activities to be included in the overall program, thus permitting them to take into consideration their respective differences. The proposed execution mechanism will also permit greater flexibility in terms of implementation, but will also benefit from certain economies of scale and the exchange of lessons learned and best practices across the participating countries.

- 5.2 **Barbados Youth Business Trust (BYBT)** is a not-for-profit, registered charity and youth development organization focused on entrepreneurship. BYBT was started in 1996 by a group of social entrepreneurs to improve the social and economic conditions of young, underserved persons between the ages of 18-35 years old. The vision of the organization is to be globally recognized for best practices in youth entrepreneurship programs and its mission is to provide under-served young people with dynamic programs focused on business mentoring, start-up

loans, and entrepreneurial skills development. BYBT provides an integrated package of business mentoring, start-up loans and grants and other developmental support services to young people in Barbados. BYBT is not only a founding member of the YBI Network, but is also a Center of Excellence within the YBI network. It was also the executing agency of the MIF regional project, "Mentoring Model to Develop Young Entrepreneurs" (BA-M1002) approved by the Donor's Committee on November 15, 2006. BYBT has assisted Youth Business Trusts in Trinidad and Tobago, Guyana, Belize, St. Lucia, St. Vincent and Dominica to start their operations by training managers, business mentors and young entrepreneurs. Additionally, BYBT is an approved Centre of Assessment under the Technical and Vocational Education Training (TVET) Board and can therefore assess and issue certification of the Caribbean Vocational Qualification (CVQ), which is a CARICOM approved recognition of a set of competencies in the core work practices of different occupational areas.

- 5.3 The BYBT will establish a project executing unit and the structure needed to effectively and efficiently execute project activities and manage project resources. BYBT will also be responsible for submitting status reports on project implementation. The structure of the PEU and the requirements for the status reports are detailed in Annex 7.
- 5.4 **Procurement and Contracting:** For the procurement of goods and contracting of consulting services, the Executing Agency will apply the IDB Policies (GN-2349-9 y GN-2350-9). Given that the Diagnostic of Executing Agency Needs ([DNA](#)) generated a medium level of need/risk classification, the project team has determined as stipulated in Appendix 4 of the IDB Policies, 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 (OP-639). In addition, the review of procurement and contracting processes for the project will be conducted ex-post and on a semi-annual basis. With project resources, the IDB/MIF will contract consultancy services to support and train the Executing Agency in procurement areas that require further strengthening as identified through the DNA. Before project contracting and procurement begins, the Executing Agency must submit the project Procurement Plan for the IDB/MIFs approval which should be updated semi-annually and when there are changes in the methods or goods or services to be procured.
- 5.5 **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 of Executing Agency Needs ([DNA](#)) generated a medium level of need/risk in financial management, the review of supporting documentation for disbursements will be conducted ex-post and on a semi-annual basis. With project resources, the IDB/MIF will contract consultancy services to support and train the Executing Agency in financial management areas that require further strengthening as identified through the DNA.
- 5.6 The IDB/MIF will contract independent auditors 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 EA 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.
- 5.7 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 can be modified by the MIF based on the results of the ex post review reports conducted by external auditors during the project execution.

## VI. PROJECT RISKS

- 6.1 **Financial Risks.** The project could fail to achieve the required level of counterpart financing. This risk is diminished by the level of commitment and trust enjoyed by The Youth Business Trusts with its strategic partners (private companies and public institutions, i.e. British Gas in Trinidad and Tobago). These partners have expressed interest and put forward plans, as part of their social responsibility programs, for supporting youth entrepreneurship projects. Also, entrepreneurship has been placed high on the agenda of Caribbean governments and, especially, Barbados, Jamaica and Trinidad and Tobago. This provides an opportunity for the project to secure the financing it needs through alliances with public and private sector entities.
- 6.2 **Non-Financial Risks.** Limited access of young people in rural communities. To mitigate this risk, The Youth Business Programs will be working with youth councilors and empowerment officers (from the Ministries of Youth in each country) assigned to the identified communities as well as community based organizations to strengthen our reach and dissemination to local youths and entrepreneurs. Another risk to be considered is the ability of the Trusts to manage their loan portfolios, specifically the loan repayment process. To mitigate this risk, a capacity building workshop will be led by Fundación Paraguaya, who has ample experience managing credit portfolios for vulnerable youth in Paraguay.

## VII. ENVIRONMENTAL AND SOCIAL IMPACTS

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

## VIII. FULFILMENT OF MILESTONES AND SPECIAL FIDUCIARY ARRANGEMENTS

- 8.1 **Results-Based Disbursements and Fiduciary Arrangements.** The executing agency will commit to the standard MIF arrangements regarding results-based disbursements, procurement, and financial management specified in Annex 7.

## 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 institutions' strategic and marketing plans.
- 9.2 **Intellectual Property.** In light of the IDB's interest in replicating the initiative both in Chile and in other countries in the region, the IDB and BYBT will evaluate various legal alternatives with respect to ownership of the intellectual property rights and the licensing thereof, as applicable.