Youth entrepreneurship
The YBI Network approach

How three YBI Network members are supporting young entrepreneurs around the world, with lessons for best practice

Bharatiya Yuva Shakti Trust (BYST), India
Canadian Youth Business Foundation (CYBF), Canada
Fundación Impulsar, Argentina
Cover images show (from left to right): Indian Entrepreneur Senthil Kumar, supported by Bharatiya Yuva Shakti Trust, with his mentor Mr Athmanasan; YBI’s Entrepreneur of the Year 2009 Winner Juan Ramón Nuñez of Argentina, a beneficiary of Fundación Impulsar; Canadian Youth Business Foundation Entrepreneur Shanda Jerrett
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Introduction

What is the most effective approach to give young people the opportunity to start their own business and build a better future for themselves and for others?

At a time of unprecedented economic uncertainty and social upheaval, creating decent work opportunities for young people around the world is a mounting challenge for businesses, governments and civil society alike.

The rise in the number of unemployed youth during 2008-2009 (to reach a total of 82.7 million) is the largest year-on-year increase in at least 10 years. On average young people are almost three times more likely to be unemployed than adults1. Self-employment is not suitable for everybody, yet there is growing consensus that entrepreneurship can provide a successful route to long-term participation in the job market, and as such can be an engine of economic growth and social cohesion.

Helping young people set up in business presents unique challenges in different communities and will require renewed commitment and cooperation from all sectors of society. Around the world organisations are developing a variety of approaches to support young people in understanding and taking advantage of the opportunities of entrepreneurship.

YBI is a not-for-profit organisation that leads a global network of independent country initiatives helping young people to start their own business and create employment.

All members of the YBI Network target young people in their country who have the ambition to make their business ideas a reality but are unable to access the help they need. Each organisation works according to a shared methodology and provides young people with an integrated support package (outlined on the following page).

However, this approach is not one-size-fits-all. Core to our philosophy and to the effectiveness of our operations is that our network members are independent organisations with the flexibility and autonomy to adapt and respond to local needs and values.

The purpose of this report is to demonstrate our approach in practice by explaining how three of our network organisations operate locally.

The three leading youth entrepreneurship organisations are: Bharatiya Yuva Shakti Trust (BYST), India; Canadian Youth Business Foundation (CYBF), Canada; and Fundación Impulsar, Argentina.

The following three case studies illustrate how the YBI approach is being tailored to different local country contexts, including the structure and governance of each organisation, as well as its approach to funding and development. They highlight the opportunities and challenges of meeting the needs of young entrepreneurs in different parts of the world, and distil lessons for disseminating best practice.

This report is the second publication in YBI’s ‘Making Entrepreneurship Work’ Series2.

1 ILO’s Global Employment Trends, 2010
Introduction

Members of the YBI Network support young people typically aged between 18-35 who have a good business idea but who cannot obtain help elsewhere. Each organisation provides young people with an integrated support package:

- **Access to start-up funds in the form of a loan without the need for guarantees or collateral**
- **A volunteer mentor for personal development as well as business advice**
- **Entrepreneur support services, from drafting a business plan to training, to expanding a growing enterprise**
Bharatiya Yuva Shakti Trust (BYST), India

Introduction

Bharatiya Yuva Shakti Trust (BYST) is a non-profit organisation focused primarily on employment and wealth creation through its programmes for young aspiring entrepreneurs with no alternative source of finance.

Inspired by His Royal Highness The Prince of Wales, BYST was the first organisation to replicate the Prince’s Trust model successfully outside the UK. Officially launched in 1992 in New Delhi, BYST is a founding member of the YBI Network.

The youth unemployment rate in India is around 11%³. To help meet the challenge, BYST recently made a strategic decision to shift its focus to target ‘the missing middle’, those entrepreneurs who have set up in business but who struggle to enter the mainstream formalised sector.

In part through pioneering collaborations with industry experts such as Forbes Marshall and the Confederation of Indian Industry as well as major local banks, BYST has to date supported some 2,134 ventures generating over 17,700 jobs⁴, and has achieved a 95% repayment rate on loans. BYST’s target is to generate 30,000 jobs by 2013. Through training, signposting and additional initiatives, BYST has reached out to 75,000 young people nationwide.

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**Year established**
1992⁵

**Total number of young people supported**
1,940

**Reach of programme within the country**
Operations in Delhi, Haryana, Chennai, Tamilnadu, Pune, Hyderabad and Maharashtra

**Number of active mentors**
3,000

**Average number of jobs created by each entrepreneur at the end of the loan repayment period**
10

**Average loan size in US$**
11,100

**Loan repayment rate**
95%

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⁴ September 2009 figures

⁵ Based on 2009 YBI Annual Report
Bharatiya Yuva Shakti Trust (BYST), India

The offering: access to capital, mentoring & entrepreneur support services

Access to capital
BYST has evolved an innovative model to provide collateral free start-up finance to young entrepreneurs. In addition, BYST has recently established a $5 million Growth Fund to support its more mature entrepreneurs.

Bank partnerships
BYST ceased lending directly to young entrepreneurs in March 2008, and, following ten years of preparation and negotiation, developed public-private-partnership lending arrangements with two of India’s largest banks, Indian Bank and Bank of Baroda. In effect this means BYST outsources its entire loan financing process, although importantly the entrepreneur selection process remains largely in-house.

These partnerships were secured on the basis of BYST’s demonstrable success rate, principally its 95% loan repayment rate. They relieve BYST of significant administrative resource, allowing it to invest more in the development of its mentoring and support services. These so-called ‘Entrepreneurship Development Programmes’ were launched with the primary objective of converting job seekers into job creators.

The maximum loan size available from both banks is Rs 50 Lakhs ($108,000). The government provided a crucial credit guarantee scheme for BYST of up to 80% of the value of each loan with a maximum coverage of $100,000.

“Indian Bank is very happy to have done this partnership; it is the successes of entrepreneurs made possible through BYST’s extensive mentoring programme in partnership with the business community that has encouraged IB to give it special focus,” M S SundaraRajan, Chairman, Indian Bank

The overall average loan size is Rs 5 Lakhs ($11,000), and for both banks the repayments period is 5 – 7 years. Indian Bank charges interest between 1% below and 1% above BPLR6 depending on loan size, and Bank of Baroda from 3% below to 1.5% below.

While the banks are primarily responsible for loan administration and recovery, entrepreneur selection panels are responsible for final decisions on lending. The panels consist of 60:40 membership from the relevant bank and BYST. Any disagreements are resolved by simple majority vote. BYST is responsible for identifying the majority of potential entrepreneurs for screening by the Entrepreneur Selection Panels (the banks have a target to identify 1 in 5 candidates). The banks report monthly on loan disbursements and sanctions, and BYST sends quarterly business performance reports to the relevant bank for each entrepreneur.

Entrepreneur profile
Shailendra Singh: Manpower Contract Services
As a young boy, Shailendra, now 32, was forced to give up his formal education and work in farming to support the rest of his family. Shailendra’s lack of education prevented him from applying for many other jobs. Undeterred, he was inspired to think of starting his own business and decided he wanted to set up a flour milling company, building on his agricultural experience. Success came quickly through the support of BYST.

Shailendra’s mentor soon introduced him to a broader array of business opportunities in other sectors, and Shailendra shifted his focus to begin providing contracted manpower across different industries.

He has since continued to expand and diversify his business: Manpower Contract Services now has over 3,200 employees, all of whom receive life and health insurance and interest-free home loans. Shailendra hopes his team will be 4,000 strong by next year.

6 BPLR is the Benchmark Prime Lending Rate, the interest rate that commercial banks charge their most credit-worthy customers
Bharatiya Yuva Shakti Trust (BYST), India

‘Missing Middle’
As BYST grew, it identified that it could make the greatest impact if it focused its support to India’s ‘missing middle’ with an emphasis on job creation as well as business start-ups – the enterprise multiplier effect. The ‘missing middle’ denotes those potential entrepreneurs who risk being left out between traditional microfinance/start-up support and SME/venture capital support; they are in business, mostly informal, and struggling to stay sustainable and to expand. The ‘missing middle’ represents a large proportion of India’s youth population, according to BYST’s research. The research also showed that the sector lacked institutionalised support, in particular compared with subsistence enterprises (targeted by NGOs and microfinance institutions) and the SME sector (supported by government schemes, banks and SME associations).

For its strategic planning 2008-2013, BYST expanded the profile of its target client base to ‘growth-oriented micro-enterprises’ with the objective of maximising its socio-economic impact in the context of other types of support available to young Indians. This also meant BYST could better differentiate itself within the market, making it easier to raise its profile and attract resources. Some 5% of BYST’s grassroots entrepreneurs (starting out with a loan of Rs50,000 or less - $1,100) have been able to grow their business into one with a turnover between Rs 1-2.5 million ($22,000-$53,900), and with the potential to reach a turnover up to Rs 100 million ($2 million). BYST’s research indicates that another 5% of the entrepreneurs it supports at earlier stages of their business life-cycles also have the potential to reach these levels of success, but are hindered by a lack of access to additional finance.

In order to cater more fully and over the long-term to the ‘missing middle’, BYST needed to make available larger loans to support entrepreneurs able to expand their business. In response, in partnership with VenturEast and Aavishkaar Venture Management Services, and with seed money from The Small Industries Development Bank of India, high net worth individuals and the International Finance Corporation (IFC), BYST set up a Growth Fund to provide investments ranging from Rs 4 Lakhs ($8,600) to Rs 1 Crore ($216,000) to businesses that can demonstrate clear potential for growth and that have been unable to raise necessary funding from mainstream sources of capital. Size and frequency of investments are tailor-made depending on the requirements of the business, and a Fund Manager team is available for additional support to the entrepreneur.

“[BYST’s Growth Fund] is India’s first micro-equity initiative to finance socially disadvantaged entrepreneurs... The key to managing the fund successfully lies in balancing the concerns of multiple investors and partners while ensuring important social impacts at the grassroots level,”
Sarath Naru, Managing Partner, VenturEast.

Mentoring
BYST has put a strong emphasis on its mentoring programme. As BYST has increased the scope of its activity, it has developed a more formalised and comprehensive mentoring programme across the breadth of the country.

Mentor model
BYST mentors play a strong and active role in the organisation’s operations, providing a key link between the entrepreneur and the local BYST office. BYST has developed a flexible mentoring model to meet the challenges that arise as a result of both the size of the country and the mix of rural and urban entrepreneurs:

• One-on-One Mentoring – Young entrepreneurs are matched with a personal mentor, who typically visits the entrepreneur’s facilities regularly (at least once a month); most practised in urban areas.
• Mobile Mentor Clinics – Mentors drawn from diverse backgrounds travel together to visit and guide entrepreneurs, ensuring access to a range of skills; typically used for rural settings.
• Emergency Mentor Clinics – Mentors form groups based on expertise in order to help respond to emergency situations facing a young entrepreneur’s business, broadening the range of advice available; predominantly practised in rural areas.

BYST has ambitious plans to expand significantly its mentor pool. Currently it has around 970 members, recruited through a number of routes, including arrangements with organisations such as Rotary Clubs, corporate partners and business schools. BYST holds a database of industry and resource personnel, NGOs and professional associations, and frequently targets them through direct mailings to mobilise additional mentors.

Mentors are appointed within a week of an entrepreneur’s approval for a loan, and are required to meet their entrepreneur at least once per month. In practice this is being exceeded with many meeting fortnightly or weekly and in some cases speaking every day. BYST mentors are also required to monitor and report regularly on the progress of their entrepreneurs. This supervision often proves crucial, particularly during the first two years of the business’ life.

“The first step was to understand the social and cultural background of the entrepreneur and the set of family circumstances, which may have dictated his responses and shaped him as a person. The most important thing after that was to empower the person and give him the confidence to be able to face the battle ahead. Mentoring is all about successful empowerment,”
Bharat Nain, BYST mentor.
Bharatiya Yuva Shakti Trust (BYST), India

Mentor management
To maintain the quality of its mentor network and to strengthen its impact, BYST dedicates significant resources to preparing mentors for their role, and supporting their ongoing development. First, it offers a formal training and accreditation scheme, which requires completion of a minimum of ten hours practical training, plus a six hour interactive online learning programme covering all aspects of the role of the mentor. This tool combines a number of different learning methods, from case studies to assessments, and was developed in partnership with LIQVID, a software development company.

BYST further developed its mentor offering through the introduction of Mentor Chapters. These are formal groups of mentors, locally-based and constituted under the guidance of BYST, similar in nature to Rotary and Lions Clubs. Each is responsible for all aspects of the mentoring programme, including mentor induction, awareness generation, technical evaluation and of course counselling. They also play a role in entrepreneur selection. Accordingly each Chapter comprises a Chair, Vice Chair, technical evaluators, a mentor advisory panel and an entrepreneur selection panel.

Both the practical and online elements of this programme are accredited by City and Guilds in the UK, a leading awarding and vocational learning body. This scheme helps BYST formalise and standardise its mentor offering across the country. It also adds professional recognition to the role, thereby incentivising potential mentors to get involved, and motivating the mentor pool in general.

“I came to know about BYST through their poster campaign. The poster said: ‘If you dream of starting a business – we will help you’. Those words struck a deep chord within me. Over the years, BYST has supported me in setting up my business and also provided me with an excellent mentor who was a true friend and guide. I would not have progressed this far without the advice, exposure and inspiration of BYST. I still discuss my expansion plans with BSYT and am looking forward to mentoring entrepreneurs myself.”

Tilak Samuel, entrepreneur, Desktop Printing and Internet Centre

By creating a separate capacity to deliver mentoring, a significant amount of internal BYST resource can be directed towards other priorities, such as developing stakeholder relationships, training and scaling up. Similarly, by taking ownership of all aspects of their contribution through the Chapter structure, BYST mentors have shown to increase their commitment and involvement. For example some Mentor Chapters have taken the initiative to create training programmes for entrepreneurs, substantively adding to BYST’s core offering. There are currently 25 active Mentor Chapters across India, each typically comprising between 20 and 50 mentors. Within each chapter mentors are assigned specific roles, for example, participation in entrepreneur selection panels, acting as technical evaluators, serving on mentor advisory panels or generating awareness of mentoring to potential mentors and of BYST to potential entrepreneurs.

Entrepreneur profile
Sarala Bastian: Arokia Foods
In just a few years Sarala Bastian went from housewife to budding entrepreneur, producing and marketing mushrooms across Chennai with her company, Arokia Foods. Sarala has also started running mushroom growing initiatives in slum areas and jails. Now 35, Sarala invests 25% of her profits back into her business and aims to start selling her dried mushrooms abroad. Too poor to go to school, Sarala first learnt about mushroom production on a course at Tamil Nadu Agricultural University through a NGO self-help group. She then used the group’s savings to build her first hut for growing mushrooms. To date, Sarala has helped seven entrepreneurs start their own business, and a further nineteen have started mushroom production units. News of Sarala’s success has spread across the region, and now she is approached by ten entrepreneurs a month for help, with even established large-scale industrialists coming to her for advice. “Sarala has been a very inspiring person to her community and what really astonishes is her goodwill to help other deserving and underprivileged women become entrepreneurs”, BYST programme manager Bharatiya Yuva Shakti Trust (BYST), India
Entrepreneur support services
BYST offers support to young people at all stages of the business start-up process, from identifying potentially successful entrepreneurs and helping them submit a business plan through to assisting them expand their enterprise. BYST invests in identifying and reaching out to potential young entrepreneurs, and has a range of ‘entrepreneur sourcing’ models in place with organisations that work with young people such as vocational schools, entrepreneurial training institutions and NGOs. They provide counselling and orientation programmes in the opportunities and challenges of self employment and signposting to apply for support. Assistance is also provided in formulating business proposals and preparing for entrepreneur selection panels.

Once the entrepreneurs have set up in business, a range of additional support services are available to entrepreneurs:

1. Training: practical training in key aspects of small business management delivered across each of the regional offices; at times training is instigated by a mentor or group of mentors.

2. Online BYST Portal: an online one-stop-shop of information for the entire stakeholder community, primarily designed to facilitate connections, discussion and knowledge-sharing.

3. Newsletter: a quarterly newsletter in numerous regional languages that creates a shared platform for entrepreneurs to exchange views, ideas and other business tips.

4. Referral Services: referral of high performing entrepreneurs with a good track record in loan repayments to banks and other financial institutions for further financial assistance.

5. Trade Fairs & Exhibitions: opportunities to increase exposure, make new contacts and realise marketing potential.

6. Awards for Business Excellence: The JRD Tata Young Entrepreneur Award in memory of BYST’s Founding Chairman, Mr JRD Tata, rewards entrepreneurs in three performance-related categories.

“BYST gives individual attention and identifies needs and gives various opportunities to acquire knowledge. Even though there are many other financial institutions, they are not concentrating on the holistic growth of the entrepreneur. They give loans and, if the repayment is regular, they do not bother if the business is running or not. But BYST is involved in the business right from the start,”
Amravathi, BYST entrepreneur

“Funding and the desire to succeed alone is not enough if the start up businesses are to survive and grow, especially when they are set up by underprivileged young people. Guidance through mentors along with a whole range of innovative business development services is essential to nurturing and sustaining small business start ups.”

Lakshmi V Venkatesan, Founding Trustee and Executive Vice-President, BYST

Clothes maker, Mercy Johnson, overseeing her staff at work.
Entrepreneur profile
Ramu Uyyala: M.R. Plastics

From a low income family in Hyderabad, Ramu’s parents could not afford to educate him beyond the age of 13. He got to work in a plastics factory and made sure he earned enough to send his two younger brothers to school. Since setting up his own business, Ramu has invested a total of $20,000 in his business, employs 40 staff and operates a turnover of some 4 million rupees. Ramu was 2008 YBI Entrepreneur of the Year8.

8 For more information about the YBI Entrepreneur of the Year award see www.youthbusiness.org/entrepreneur-of-the-year.aspx
**Bharatiya Yuva Shakti Trust (BYST), India**

**Three lessons for best practice**

1. **Clarity about target client group strengthens profile and impact**
   In identifying an opportunity to direct its operations at India’s ‘missing middle’, BYST has been able to improve outreach and performance. Based on an assessment of the needs and potential of local young people, clarifying and championing a specific target client base also helps create more effective differentiation within the marketplace, in turn generating competitive advantage for activities such as advocacy, communications and fundraising.

2. **Giving ownership of the mentoring programme to mentors improves delivery and development**
   Creating discrete mentor-led governance and management structures for the mentoring programme raises not just mentor standards and commitment but also overall operational effectiveness. A greater degree of ownership is motivating, and the introduction of Mentor Chapters has seen BYST mentors broadening and deepening their level of engagement as well as relieving internal resource to focus on other priorities.

3. **Partnerships with banks or microfinance institutions make lending and other operations more efficient**
   BYST derives a dual benefit from outsourcing its loan disbursement process to two major local banks: it gains access to the banks’ financial expertise and infrastructure; and it can redirect its own internal resources to other priorities such as mentoring and entrepreneur support services. The banks benefit from the partnership by working with a new previously out-of-reach client base, who have the potential to become good customers over the long-term.

For more information about Bharatiya Yuva Shakti Trust, please visit [www.bystonline.org](http://www.bystonline.org)
Canadian Youth Business Foundation (CYBF)

Introduction
The Canadian Youth Business Foundation (CYBF) is a national charity dedicated to “championing tomorrow’s entrepreneurial nation builders”. It aspires to be the country’s ‘Go To’ place for young entrepreneurs.

The challenge for CYBF is clear. The national youth unemployment rate in Canada is 11.2%9, and 71% of small business owners will retire within 10 years, 41% of whom within the next 5 years10. Founded in 1996 by Canadian Imperial Bank of Commerce (CIBC) and Royal Bank of Canada (RBC) Foundation, CYBF has invested in some 3,700 young people, whose businesses have generated millions in sales tax and export revenues, and created more than 17,100 new jobs.11

The loan repayment rate stands at an impressive 94%. By 2012 CYBF aims to support 730 business start ups every year (the 2009 figure was 492).

CYBF delivers its programmes coast to coast through a collaborative network of likeminded organisations known as Community Partners. They work directly with young people to guide them through the entire CYBF process of business start-up support. CYBF has been particularly successful in developing funding relationships with the federal government based on calculating the savings it facilitates to the public purse.

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<table>
<thead>
<tr>
<th>Year established</th>
<th>199612</th>
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<tbody>
<tr>
<td>Total number of young people supported since programme established</td>
<td>3,700</td>
</tr>
<tr>
<td>Average number of jobs created by each entrepreneur at the end of the loan repayment period</td>
<td>5</td>
</tr>
<tr>
<td>Reach of programme within the country</td>
<td>10 provinces (PEI, NS, NFL, NB, QC, ON, MB, SK, BC, AB) + Yukon from 8 offices and 158 community partners; head office in Toronto</td>
</tr>
<tr>
<td>Average loan size in US$</td>
<td>13,000</td>
</tr>
<tr>
<td>Loan repayment rate</td>
<td>94%</td>
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</tbody>
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10 http://www.cybf.ca/about-us
11 Based on extrapolated data from a sample survey of CYBF clients conducted in July 2009
12 Based on 2009 YBI Annual Report
Canadian Youth Business Foundation (CYBF)

The offering: access to capital, mentoring & entrepreneur support services

Access to capital
CYBF offers comprehensive financing to start up businesses as well as to existing CYBF entrepreneurs to support business growth. The maximum CYBF start-up loan is C$15,000, but CYBF has established a lending partnership with Business Development Bank of Canada (BDC) to provide up to C$45,000 to potential new entrepreneurs.

Start up loans
CYBF delivers its basic lending programme to young entrepreneurs in partnership with other youth serving organisations across Canada. These so-called Community Partners are explained in more detail in the ‘Structure & Governance’ section following.

The Community Partner is the first point of contact for potential entrepreneurs who are signposted to CYBF’s services. Support is provided for the loan application process, in particular for completing a business plan. Once completed, CYBF undertakes a credit check and, if successful, the applicant is put forward for a recommendation from the Loan Review Committee – a panel of volunteers from the local business community and CYBF representatives. The CYBF Head Office then provides a final decision.

Loans are amortized over three years if the loan amount is C$7,500 or less and over five years for loans over C$7,500. Two types of fee are levied: a one-off C$50 loan administration fee and a C$15 monthly administration fee.

During the first year of the loan term, interest-only payments are required. Principal repayments are made in equal monthly instalments together with interest over the remaining two to four years, depending on the amount borrowed. In the first year an interest rate of CIBC13 prime rate plus 2% is charged, then, conditional on timely repayments, CIBC prime rate plus 1% during the second year and CIBC prime rate in the third and subsequent years.

Young people in need of a larger amount of capital who have been approved for CYBF’s basic start-up financing can apply for up to C$45,000 from the partnership fund that CYBF has established with BDC. Under this agreement CYBF lends C$15,000 and BDC up to C$30,000 to young entrepreneurs based on a three to five year flexible repayment schedule. CYBF requires no principal payments in the first year whereas BDC requires their principal payment only at the maturity of the loan. Existing CYBF clients have up to 30 days from CYBF approval date to apply for joint BDC financing.

“As we move into a period of economic recovery, young Canadian entrepreneurs are building the foundation for Canada’s future prosperity. It is crucial that they have the necessary financial and mentoring support to see their innovative business plans take shape and grow,”
Edmée Métivier, Business Development Bank of Canada’s Executive Vice President, Financing and Consulting

Entrepreneur profile
Juan Roman and Axel Arvizu: La Tortilleria
“We wanted to bring a little of Mexico to Canadians,” say Juan and Axel. Newcomers to Canada from Mexico, they co-founded La Tortilleria, a fast food restaurant and manufacturer and distributor of corn flour-related products, following an approach to CYBF. They received a start-up loan, were matched with a mentor and received advice from CYBF’s Entrepreneur-in-Residence, who assisted with pre-launch coaching, business plan writing and leasing options for their tortilla machine.

La Tortilleria opened its doors in May 2008, with the Honourable Harinder Takhar, Minister of Small Business and Entrepreneurship, and Carlos Pujalte, Consul General of Mexico, both in attendance. Due to overwhelming demand, just four months later, Juan and Axel added a second location ten times larger, followed by a third one in the December of their first year in business.

13 In 1961 The Canadian Bank of Commerce and the Imperial Bank of Canada merged to form the Canadian Imperial Bank of Commerce (CIBC).
Canadian Youth Business Foundation (CYBF)

The amortization period and interest rates are the same as for CYBF-only loans. Any outstanding BDC principal at the loan maturity date is repaid in one balloon payment. Interest is levied monthly at BDC Floating Base Rate plus 5.65%.

The average start-up loan size currently stands at C$13,000. CYBF has set a goal to support 730 business start-ups a year by 2012. It achieved 609 in 2009 and is on course to grow its loan portfolio to C$23.4 million in 2012 from C$7.8 million in 2007.

Growth loans
CYBF also operates an Expansion Financing Programme for entrepreneurs who have been in business between 36 to 60 months from the date of the CYBF advance. C$10,000 in additional financing is available up to a maximum aggregate of C$25,000. Additional criteria to qualify include: demonstrating the viability of the existing business as well as projecting the profitability of the growth plans; submitting a detailed business plan and Quarterly Reports; and not using loan proceeds for the refinancing of existing debt.

The Expansion Financing Programme is designed to aid existing CYBF entrepreneurs who are unable to raise additional financing for growth from other traditional sources. To date CYBF has issued seven expansion loans in industries ranging from computer software to educational centres, to sporting goods to photography services.

CYBF is currently assessing whether to make the programme available earlier to entrepreneurs, at 24 months instead of 36, given that by the third year entrepreneurs are mostly successful in accessing traditional financing for larger amounts.

Expansion loans are amortized over 51 months with interest-only payments in the first three months at CIBC prime plus 2%. Then principal repayments are made monthly with interest over the remaining 4 years at a declining rate of interest. Current interest rates are available to prospective applicants on the CYBF website. The same two fees apply as for start-up loans.

Takeover loans
In addition, CYBF provides Succession Loans to help young entrepreneurs take over an existing company, instead of starting something brand new. Succession Loans must meet the same criteria as start-up loans, with one exception: entrepreneurs have until the end of the fifth year of operation to attain 51% ownership in the company financed by CYBF.

CYBF has issued three succession loans to date, including a corporate healthcare service with two clinics that employs 17 people; and an artist agency that represents some of Montréal’s highest profile photographers and illustrators. This programme is expected to grow as current business owners start to retire in the next few years.

Newcomer loans
Finally, in response to the growing young immigrant population in Canada, CYBF designed a tailored package of support for new arrivals. First piloted in August 2008 in British Columbia and Ontario, the ‘Canadian Newcomer Entrepreneur Programme’ is being redesigned and re-piloted for the greater Toronto area throughout 2010. CYBF has funded six businesses through the Pilot Newcomer Programme to date.

The Programme is customised to meet the specific needs of the target group, such as language barriers, and lack of local work history and awareness of Canadian business practices. For example, documentation on the website is translated into three additional languages (Punjabi, Mandarin and Spanish) and a custom ‘cultural mentoring’ program was created to ensure that each applicant is hand matched to a Canadian mentor with similar language abilities. This targeted support allows maximum ease of communication, contextual knowledge sharing and cultural transition. New immigrant youth are referred to this program through specific Community Partners, and awareness-raising initiatives are carried out in target communities.

Immigration is fuelling two-thirds of Canada’s population growth and will likely become the only source of gains by 2030. CYBF plans to launch the Newcomer Programme in Montreal (Quebec), Halifax (Nova Scotia), Vancouver (British Columbia), Calgary and Edmonton (Alberta) over the next three years.

“Without CYBF, I would be working for other companies, hoping to find one that would use my talents. Instead of looking for someone to hire a person like me, I became the person to do the hiring.”

Martin Lemire, entrepreneur, Les Editions Comestibles, Quebec

Mentoring
The strength of CYBF’s mentoring model can in large part be credited to its rigorous candidate selection and matching procedures. The central position of Director for Mentoring was created to coordinate the management of entrepreneur-mentor relationships.

Mentor recruitment
CYBF places great importance on selecting the best mentors. It recruits experienced entrepreneurs and professionals with strong business acumen and good communication skills through interviews and other assessments. Currently CYBF has a pool of 1,900 volunteer mentors from the professional business community. Typically they are matched with a local entrepreneur within three months of being recruited. Each is expected to serve a minimum of two years and meet in person monthly with their entrepreneur. This continuity has been shown to help foster strong working relationships between mentors and entrepreneurs.

In order to reach potential new mentors, CYBF has invested in a number of national awareness and promotional campaigns, for example a weekly advertising campaign in one of Canada’s largest national newspapers, the National Post, which reached millions of people. It is clear in communicating its key messages of the benefits of becoming a CYBF mentor.
Canadian Youth Business Foundation (CYBF)

Mentor training
CYBF ensures as far as possible the ongoing success of the mentor contribution through its pioneering online mentoring orientation programme, MENT2B™. This tool was developed in response to the results of in-depth research by CYBF, which placed chemistry as the defining factor in a successful mentor-entrepreneur relationship, and designed by leading experts in the mentoring field.

MENT2B™ revolves around the three key stages of the mentoring cycle: Establishing a Relationship, Maintaining a Relationship and the Relationship Close. It includes discussion boards, interactive activities, videos and a specific profile area for each mentor-entrepreneur relationship. It provides comprehensive support on a range of issues including how to classify respective roles and responsibilities, and maintain the relationship in the event of a disagreement or a serious problem for the business.

The MENT2B™ programme is mandatory and must be completed successfully by both the mentor and the entrepreneur for loan funds to be disbursed. Both are required to complete quarterly online reports, which provide critical information enabling CYBF to maintain ongoing quality control over the mentoring relationship as well as the progress of the business start up.

“Like many CYBF entrepreneurs, Opal Richard’s dream was to build a successful business. Often their dreams die if a business professional isn’t available to guide them through the difficult first two years of business. That impacts local business and Canada’s economy overall, not to mention the young person,”
Ray Peterson, mentor.

“Our mentor Bill has really been like a partner-in-arms. He has been indispensible in terms of giving strategic advice for navigating our journey right from set-up to interaction with potential clients to actual delivery,”
Nitasha Bhola and Anuj Madhok, Founders, Haute Culture consultancy

Entrepreneur profile
Sarah Khalil: she was stunning
Sarah began to develop she was stunning – an original gift collection which includes magnets, luggage tags and greeting cards – as a second-year photography student at the Alberta College of Art and Design. After receiving the award for the most outstanding portfolio, she began to sell her creations on a small scale at the college’s bi-annual show and sales. By her fourth year of study, it became a full-time business. She was granted the CYBF loan shortly after graduation, and she used it to produce her website, procure a manufacturer, and develop she was stunning’s design, branding and packaging.

Two years later, Sarah was asked to become a part of the prestigious Canadian Gift and Tableware Association (CGTA). As a result she was approached to work with one of the leading giftware distributors in Canada, prompting a tripling in sales.
Canadian Youth Business Foundation (CYBF)

Entrepreneur support services
CYBF’s entrepreneur support services are divided into two main categories: Pre Launch Coaching; and Online Business Resources.

1. Pre Launch Coaching
CYBF recognises that too often business coaching or mentoring in youth enterprise organisations focuses only on supporting entrepreneurs who have already started their business. One of the key barriers for many potential young entrepreneurs is turning their business idea into a reality. Early intervention can often be crucial. In response CYBF created Pre Launch Coaching, a free service available to all potential entrepreneurs across a variety of areas including:

- Creating a solid business plan
- Developing financial strategies
- Obtaining business licences
- Registering a business
- Establishing a good credit rating
- Sharing best practice
- Applying for CYBF support

The advice is provided by a seasoned in-house entrepreneur, the ‘Entrepreneur in Residence’, who is a full time resource with a wealth of entrepreneurial experience, having set up and run a number of successful businesses, but also, crucially, one business that failed, providing him with additional knowledge and context. The Entrepreneur in Residence is also available to entrepreneurs once they have launched their business, and during the financial year 2008-9 gave support to some 70 such entrepreneurs, in particular helping them through difficult periods. This was a significant factor behind CYBF’s loan write-offs increasing by just 0.5% from financial year 2007-08 to ‘08-09, despite challenging economic conditions. In provinces where operations are well-funded, CYBF mentors also provide a range of pre-launch coaching services.

2. Online Business Resources
Capturing and leveraging the combined experience and knowledge of CYBF’s various stakeholders is a significant challenge. In response CYBF created an online Business Resource Centre, an extensive facility which brings together knowledge and advice across the three stages of the “Entrepreneur Life Cycle” – Thinking, Starting, and Growing. The Centre provides comprehensive practical content for entrepreneurs and mentors, as well as for the various Community Partners. For example, entrepreneurs can join a Business Directory and download an interactive business planner, and young people thinking about setting up on their own can complete an Entrepreneurial Self-Assessment created by the Business Development Bank of Canada to assess their entrepreneurial potential.

Entrepreneur profile
Colin Davison: Stealth Acoustical & Emission Control
Having worked in the acoustics and emission control industry for a number of years, Colin realised that the industry was divided between consultants and manufacturers, and an adequate one-stop solution to customer needs was lacking. So in 2006, with support from CYBF, he created Stealth Acoustical & Emission Control, a complete consulting, design and manufacturing base for noise and emission reduction technologies. The company developed facilities in Calgary, Winnipeg and Denver, Colorado, and employs a total of 80 people. It turned over C$12 million in sales in 2009, and signed a C$4.5 million contract with Suncor and Siemens.

In 2008 Colin was named the CYBF 2008 National & Alberta Best Business Award Winner, and in 2009 he represented Alberta’s entrepreneurs at a national roundtable with the Canadian Prime Minister.
Canadian Youth Business Foundation (CYBF)

The organisation: structure, governance & funding

Structure & governance
Canada’s geographic scale presents a real challenge to tackling the youth entrepreneurship challenge nationwide. Headquartered in Toronto, Ontario, the organisation does not have the resources to set up the numerous regional and local offices that would be required to provide truly national coverage. Instead CYBF created Community Partners. These like-minded organisations, ranging from chambers of commerce to educational institutions and economic development bodies, effectively act as CYBF “store fronts”.

Regional
CYBF works in ten provinces and in Yukon across Canada from eight offices. Of the 52-strong workforce, there are 18 regional field officers in charge of overseeing all aspects of operations in their area – including managing the relationship with the local Community Partner. The regional staff are in regular contact with their young entrepreneurs and mentors and directly provide support where necessary. The field officers also help identify and train Community Partners, and in some cases support the search for Loan Review Committee members.

Community Partners are responsible for guiding young people through the entire CYBF process. All Community Partners sign an agreement with CYBF that outlines their remit and responsibilities, including delivery of loans and mentoring, marketing of programmes and allocation of funds. Each Community Partner assigns an individual with direct responsibility for co-ordinating the CYBF programme on site, and for establishing a Loan Review Committee to select which funding applications to support.

Community Partners receive a fee from CYBF for every entrepreneur they support, ensuring that they are able to meet their costs of delivering the CYBF programme:

- $200 for the first 3 loans in any given fiscal year
- $300 for the next 2 loans in any given fiscal year
- $500 for the sixth loan and above in any given fiscal year

This collaborative network currently has 158 members across Canada. The Community Partners champion youth entrepreneurship in their communities and, with their knowledge of local economic and social conditions, relationships with key stakeholders and personal interaction with the young entrepreneurs, also play a crucial role in helping prevent outward migration of young people from Canadian communities.

“Working with entrepreneurs is an inspiration and an incredible learning experience; for those who are not self employed, volunteering with CYBF is an opportunity to see this world up close. From the organisation itself to the volunteers that serve as Loan Review Committee members, knowing that you are part of a team that is focused and committed to supporting Canada’s youth in the pursuit of their self employment dreams is a feeling of accomplishment I won’t soon forget,”

Community Partner representative, Manitoba Education, Citizenship and Youth, Winnipeg MB

Central
Central to CYBF’s model is the highly engaged Board of Directors, containing 15 leading figures from industry and academia as well as one of CYBF’s most successful entrepreneurs, Harry Chemko, a young entrepreneur who won CYBF National Best Business in 2005. All governance issues are debated through six sub committees, which pass on their recommendations to the main Board:

1. Executive Committee
2. Governance & Nominating Committee
3. Audit & Finance Committee
4. Investment Committee
5. Fundraising Committee
6. Entrepeer Working Committee (informal)

CYBF also places a great premium on its staff. The current workforce has just passed 50 employees and is characterised by results-driven individuals who have a strong belief in the power of youth entrepreneurship.

In addition to the Board, CYBF has four Business Advisors who act in an ad-hoc capacity. These advisors are highly respected figures in Canadian society and include the former premier of Alberta, Honourable Ralph Klein, and Chairman and CEO of Bombardier, Mr. Laurent Beaudoin.

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14 As at year end 2009
15 According to CYBF’s Annual General Meeting, February 2010
Funding
CYBF is funded by a diverse range of supporters including federal and provincial governments, leading corporations, foundations and individuals. Consistent funding is essential to CYBF’s continued success as well as to its ambitious growth plans.

Government support
CYBF has been particularly successful in demonstrating to the Canadian Government that support for CYBF is an investment in the nation’s economic growth. In March 2009 the Canadian Government pledged an investment of C$10 million to CYBF (having previously pledged C$7.5 million in 2002 and C$10 million in 2005). CYBF was able to show that in tax dollars alone the return on this investment will be upwards of 200%. The projected impact of the 2009 funding over the next 10 years is shown below:

• Start Ups – 962
• Sales Revenue – C$188 Million
• Tax Revenue – C$43 Million
• Export Revenue – C$14 Million
• Jobs Created – 4,810
• No. of Volunteer Hours – 101,800

“We know that when we help young entrepreneurs open businesses in communities across Canada, we create jobs while strengthening our economic recovery. This investment in CYBF is one that will pay dividends, now and in the future,”

Jacques Gourde, Parliamentary Secretary to the Minister of Public Works and Government Services and to the Minister of National Revenue

Through additional relationships with various provincial governments and other leading corporate organisations, including RBC Foundation, Scotiabank, and KPMG Charitable Foundation, CYBF has been able to exceed the 70% matching target set by the federal government on the two original grants in 2002 and 2005.

CYBF’s operating model is highly efficient, with administration costs constituting just 7.5% of total resource allocation. Where possible, more regular and longer term funding arrangements would enable CYBF to continue making a significant difference throughout Canada.

Partnerships
CYBF has also developed specific partnerships to support its various awareness and marketing campaigns. For example, Clear Channel Communications, the media and advertising company, provided CYBF with in-kind advertising space on national news outlets, airport billboards and throughout Toronto. The six month campaign enabled CYBF to reach more than 2.5 million potential mentors, supporters and entrepreneurs each month.

In February 2010, CYBF was awarded with the “Country of the Year” award for the strongest campaign promoting Global Entrepreneurship Week (GEW) in 2009. During GEW Canada 2009, CYBF engaged hundreds of organisations to champion and celebrate youth entrepreneurship that reached millions of Canadians through grassroots and national GEW initiatives. CYBF generated C$1.5 million in pro-bono media support and managed to reach over 41% of the total population of Canada.

Entrepreneur, George Christakos in his restaurant, Brooklyn Warehouse, in Nova Scotia
Three lessons for best practice

1. Monitoring and quantifying impact drives funding and other support
   By measuring its value added in terms of the savings it makes to the public purse, for example in tax and export revenues, CYBF has been able to develop strong relationships with federal and provincial governments and secure a succession of significant grants. Being able to measure past and projected socio-economic achievements makes a more compelling case for funding and other types of support.

2. Devolved delivery of programmes can improve outreach and performance, especially in large countries
   CYBF’s answer to the challenge of universal coverage is to deliver its operations through a network of existing like-minded youth serving organisations. These Community Partners represent the frontline face and voice of CYBF and are the first point of contact for potential young entrepreneurs. This approach has allowed for much more efficient, rapid and tailored interventions in local communities.

3. Young immigrants are a significant potential market in some communities and require targeted support
   Canada is far from alone as a country whose population growth is being fuelled by immigration, a significant proportion of which is made up of young people. By amending its assessment and operational procedures, CYBF was able to cater for this important group who often face additional barriers to setting up a business, such as language difficulties and requirements for Canadian credit history or work experience.

For more information about the Canadian Youth Business Foundation, please visit www.cybf.ca
Fundación Impulsar, Argentina

Introduction
The oldest YBI Network member in Latin America, Fundación Impulsar is an independent non-governmental organisation whose mission is to support economically disadvantaged young people across Argentina in the creation and development of businesses. Fundación Impulsar became an accredited member of the YBI Network in 2002.

Argentina’s youth unemployment rate is high (23%16). Since it was established in 1999, Fundación Impulsar has been able to expand the scope of its youth enterprise proposition to meet the needs of some 813 young people, generating in excess of 1,975 jobs. Over this period it has lent a total of around $4m and achieving a loan repayment rate of 80%, significantly higher than average for the target demographic. In particular through building effective relationships with both the private and public sectors, Fundación Impulsar has been able to expand the scope of its youth enterprise proposition to meet the needs of some 813 young people, generating in excess of 2,000 jobs.

Fundacion Impulsar is establishing a market leadership position in the delivery of entrepreneurship training, creating new opportunities for funding and partnerships and helping to support particularly hard-to-reach young people across Argentina.

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**Year established**
1999

**Total number of young people supported since programme established**
813

**Average number of jobs created by each entrepreneur at the end of the loan repayment period**
2.5

**Number of active mentors**
225

**Reach of programme within the country**
Offices in 7 locations across Argentina, including Buenos Aires, Salta, Tartagal, Tucumán, Mendoza, Córdoba and Misiones

**Average loan size in US$**
1,580

**Loan repayment rate**
80%

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16 UN, 2006 figures last updated 14 July 2009. Note that youth is classed as 15 – 24 years
17 Based on 2009 YBI Annual Report
Access to capital
Fundación Impulsar reaches some of the most disadvantaged young people in Argentina, primarily through an expanding range of partnerships. It provides only start-up loans, and new entrepreneurs can access interest-free loans of up to $7,000 based on a small, flat administrative fee.

Bank partnerships
Fundación Impulsar operates through a local office in all but one of the regions of Argentina. In most cases they manage all aspects of lending internally. However, in recent years Fundación Impulsar has been experimenting with local bank partnerships to outsource the lending component of its model (see the case studies on CYBF, Canada and BYST, India for more detailed examples).

This type of partnership brings multiple benefits: gives Fundación Impulsar access to an additional source of capital and financial expertise; creates important local support and endorsement for Fundación Impulsar’s activities; and frees up internal Fundación Impulsar resources to prioritise other entrepreneur support services, particularly mentoring and training.

The office in Misiones has a three-year partnership (until 2011) with one of the major local banks, Bank Macro, that includes loan financing, as well as support for running operations. In each of the three years, funding is available for a minimum of 15 loans.

Previously Fundación Impulsar established a similar three-year agreement with Banco Supervielle to open an office in San Luis, including office costs such as salaries and rent as well as management and some funding of loans. During the first year, 10 loans were provided to young entrepreneurs through the partnership; 15 in the second year and 20 in the final year. The agreement came to an end in 2009 and was not renewed. As a result the regional office had to be closed – a difficult decision for the central team.

The main factor for the closure of the San Luis office was identified as an over-reliance on the bank partnership as the sole funder for both loan funding and operational costs. In response, greater focus is being placed in the case of the Misiones office on embedding the partnership more deeply within the partner bank and developing relationships with other external partners such as local businesses and non-profit organisations.

In Misiones, Bank Macro is responsible for the entire lending process. Lending decisions are made by a local board that comprises bank and Fundación Impulsar representatives, local businesspeople and a former Fundación Impulsar entrepreneur. The local board members’ responsibilities include evaluating loan applications as well as fundraising and profile raising for Fundación Impulsar.

In-house lending
In areas where lending is managed internally by the Fundación Impulsar office, potential loan applicants are screened and interviewed by the regional team, with the regional Board, including the Chairman, responsible for final approval.

Any subsequent changes to loan amounts have to be agreed by the central Fundación Impulsar Board (see Structure & Governance section below for more information on management and structures).

Entrepreneur profile
Daniel Santos: Metalizar
As a young boy, Daniel, now 27, used to build his own bicycles from scratch. This inspired an interest in welding, and he eventually went on to work as a turner, refining his skills in metallurgy. Seeing great potential in the industry, he decided to start up his own business while he was still working part-time. What began as a small operation in his garage quickly grew into a promising young business. Fundación Impulsar’s $2,000 loan – used to purchase machinery and equipment to extend production capabilities – yielded more than double in profits after only nine months of operation. Daniel’s success story earned him the title of Fundación Impulsar’s 2008 Mendoza Entrepreneur of the Year.
Loans are interest-free, and Fundación Impulsar has developed an innovative repayment scheme that incentivises entrepreneurs to meet their commitments on time based on an administrative fee, introduced in 2008 in response to escalating inflation.

The total loan amount is sub-divided into equal instalments over the repayment period with three-months’ grace: six of the instalments make up the administrative fee, of which a maximum of three can be waived to reward timely repayments, chronologically on an alternative basis.

Fundación Impulsar has found that this fee system not only helps cover operations costs but also motivates entrepreneurs to borrow responsibly. The average loan size provided stands at $1,580 and the loan repayment rate at an above-market 80%.

**Targeted support**
Fundación Impulsar targets its support to ensure those most in need can access capital. For example, it recognised the particular barriers that young people with disabilities face in setting up in business, and the lack of options on offer beyond government support.

Fundación Impulsar held four contests to offer loans to disabled youth in partnership with the Fundación Par and the Fundación Tucumán across Salta, Mendoza, Cordoba, Buenos Aires and Tucumán. A total of 20 young people were supported in the contests between 2002 and 2006. They were integrated into Fundación Impulsar’s training programmes with advice adapted accordingly, for example sign language to deaf candidates. The programme continues to run through Fundación Par.

**Mentoring**
Fundación Impulsar sets three key requirements for selecting its mentors: they must have experience in business; be able to commit to at least four hours a month to working with their entrepreneur(s); and demonstrate an ethical approach to their business.

**Mentor recruitment**
Fundación Impulsar is proactive in recruiting mentors, for example through placed advertisements and recruitment drives in companies and through Chambers of Commerce. It has proven successful at recruiting mentors from some of the country’s most influential businesses ensuring valuable exposure and experience for its entrepreneurs.

Many of Fundación Impulsar’s mentors are recruited directly from its extensive collection of corporate sponsors, including Deloitte, Zurich, Unilever, Diageo and HSBC. It has also recently launched its mentoring programme within the internal volunteer schemes of large companies such as Mercedes Benz, British Tobacco and Anglo Gold Ashanti. As of late 2009, Fundación Impulsar has 248 active mentors.

In a bid to expand their recruitment opportunities, two Fundación Impulsar offices have developed partnerships with prominent local business schools: the Mendoza office was the first mover, partnering with ADEN business school (Alta Direccicon Escuela de Negocios) in 2008. In Cordoba the office has forged a similar relationship with the relevant business studies department at the Cordoba Catholic University.

Approximately 10 students per semester are involved from each university, acting as mentors to Fundación Impulsar entrepreneurs. The programme is included as part of the students’ curriculum and is proving mutually beneficial to mentors and entrepreneurs alike. Fundación Impulsar intends to build on the success of these partnerships and encourage arrangements with business schools across other offices.

“I am really very grateful to have the opportunity to be a mentor. The reason I want to do this is because I love to see how we can affect positively the life of an individual. For somebody that cannot get a loan to start their business, their business idea represents their unique and only dream. Thanks to our work we are able to allow them to fulfil their dreams. Seeing the qualitative impact we have in their life, it’s great. I am really happy,”

Juan Mazzini, mentor

**Mentor management**
In order to strengthen its management of the mentoring process, during the second half of 2009 Fundación Impulsar created the voluntary positions of Regional Mentorship Coordinators in four of its six offices. These individuals are responsible for all aspects of the mentoring programme, at once improving the service available both to entrepreneurs and to mentors and relieving their Regional Director of a significant workload to focus on other areas. There has been a notable improvement in the effectiveness of managing mentor relationships, tracking mentors and the matching of mentors to entrepreneurs.

The responsibilities of Regional Mentorship Coordinators include recruitment, selection and training of candidates. The Coordinator in Mendoza has created “Mentor Cafes” to drive recruitment, where current mentors invite colleagues and contacts to a networking event at a local cafe and entrepreneurs and mentors present to potential recruits on the value of mentoring.

Interest and uptake vary considerably across different regions. In Buenos Aires there is a waiting list to become a mentor, but in other areas there is a deficit. Based on reviewing experience across the most established offices, Fundación Impulsar found that reducing the initial length of engagement from three years to one year significantly increased the number of applicants and – importantly – evidence has shown that almost all mentors continue in post for the full three-year term. Mentors are required to submit monthly reports about the performance of their entrepreneurs to the relevant regional office, an important process for oversight, monitoring and quality control.
Entrepreneur support services

Fundación Impulsar’s entrepreneur support services focus on entrepreneurship training. All Fundación Impulsar entrepreneurs receive a two-month training course delivered by a group of professionals before they present their application before the entrepreneur selection panel. Apart from the obvious knowledge and confidence that the young entrepreneurs acquire before their panel assessment, this course also allows extra time for the Impulsar team to interact with and get to know their potential entrepreneurs. Over the ten years to 2008, almost 4,000 entrepreneurs have been trained.

Training development

Fundación Impulsar’s successful training model has attracted significant public funding, allowing for further expansion and development. In 2005 an Inter American Development Bank grant enabled Fundación Impulsar to create core training material for trainers, mentors and entrepreneurs, but a lack of resources still prevented consistent delivery across the country. A grant from the Buenos Aires Ministry of Social Development in 2009 facilitated the introduction of a vastly scaled-up formal training curriculum covering all aspects of pre-start up business planning.

Some regional offices run a programme of external expert speakers for their entrepreneurs, focusing on specific business issues such as marketing, accounting or writing business plans. They are also responsive to exceptional circumstances – for example, last year the Tartagal office organised a special course in managing the effects of the devastating floods that hit their city, in an attempt to minimise the damage both to business assets and morale among its entrepreneurs.

Training specialism

Fundación Impulsar is making entrepreneurship training an increasingly important aspect of its delivery model, allowing for an increasing number of strategic partnerships. This is proving to be a significant factor in the overall growth of the organisation. Fundación Impulsar is the official training provider for a Buenos Aires City Government entrepreneurship initiative (initially the programme also included Fundación Impulsar providing the loans) as well as for the National Office of Tourism, which is seeking to strengthen youth entrepreneurship in neglected ‘corridors’ of the country.

In partnership with Fundación Conciencia, a Buenos Aires-based NGO, Fundación Impulsar delivered training to very poor women without formal education living in hard-to-reach rural areas. The training focused on the development of business plans to prepare the women to apply for loans being made available by the government.

Fundación Impulsar is the training partner with CAF (Andean Finance Corporation) in a programme to help disadvantaged youth living in one of the most difficult slums in Buenos Aires to start their first business. Training is tailored to vocational work, such as pottery, bakery, blacksmithing, and courses are run weekly in a designated building in the centre of the slum. Initially 45 young people are involved, with the first opportunity to evaluate the programme’s effectiveness later in 2010.

“We have found it quite challenging to show people who may have become accustomed to receiving benefits from the government that they have the ability to start up their own business. At the same time, there are actually very few organisations in the country that are providing training for young entrepreneurs. For this reason, we believe that is extremely important for Fundación Impulsar to become a leading training provider for young entrepreneurs in Argentina, so that young people can be equipped with the skills and the confidence to be able to start their own enterprise,” says Eleonora Nobile, Executive Director, Fundación Impulsar.

Entrepreneur profile

Cecilia Beltramino: Puska

32 year old Cecilia set up Puska, a company which produces personalised handmade clothing using quality natural materials such as llama and sheep wool. She heard about Fundación Impulsar through an acquaintance who had previously sought their assistance in starting up their own business. “When I first came to the Foundation, I could not believe that in Argentina someone could allow loans without interest and with such support,” says Cecilia. Since then Puska has grown into a company with ten employees in all areas from marketing and sales to dressmaking and design. Cecilia has become a mentor for Fundación Impulsar, and also serves on the Regional Board for the Salta office.
**Fundación Impulsar, Argentina**

**The organisation: structure, governance & funding**

**Structure & governance**
Headquartered in Buenos Aires, Fundación Impulsar operates a regional structure, which has proven effective at providing reach in both rural and urban areas. Fundación Impulsar only moved into Buenos Aires recently; it started operations in Salta where it benefited from its relative size in the local market.

**Regional**
Since 2009 Fundación Impulsar is represented in all but one region of Argentina. Each of the regional offices is a sustainable operation in its own right, and Fundación Impulsar will only open a new office if there is local sponsor support for a minimum of three years. For Fundación Impulsar, local endorsement and involvement is a key factor behind the potential success of new operations, based on the experience in San Luis (see Access to Capital section above for more details).

Fundación Impulsar recently agreed a strategic preference for expanding through partnerships with locally established NGOs that would be trained in Fundación Impulsar’s approach, rather than opening new, standalone Fundación Impulsar offices. (This is an approach adopted by many network members to reduce costs and leverage existing infrastructure and facilities within their countries.)

**Central**
Fundación Impulsar was established by representatives from local subsidiaries of international companies operating in Argentina. As founding trustees, these organisations are permanently represented on the Board. According to the inaugural statute, no new members could be elected to join the Board, but in 2006 the statute was revised to allow for the election of distinguished supporters of the organisation. Since 2006 Fundación Impulsar has also operated a Development Committee comprising the most active and committed board members alongside other key supporters. The Committee provides strategic support on a project-basis, such as on a recent branding review and for expansion planning, but it has primary responsibility for fundraising.

In each region there are also Regional Councils that oversee strategy and evaluate and approve local loans. An Executive Director is responsible for the operational direction of their respective region, although all decisions are coordinated with and approved by the main central Board.

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**Entrepreneur profile**

**Juan Ramón Nuñez: The Light of Sound**
Juan Ramón Nuñez was 2009 winner of YBI’s Entrepreneur of the Year Award¹⁸, aged 34. Overcoming many obstacles in his life, being orphaned at a young age, losing his first wife and developing heart problems, he nevertheless was able to achieve his twin dreams of starting a community radio station and owning his own sound and lighting business.

At first his company struggled, but, combining determination with his loan and mentor from Fundación Impulsar, Juan Ramón was able to relaunch The Light of Sound and make it a success. At local radio station “La Milagrosa” he collects funds for poor children to obtain medical treatment, and he helps another institution “La Buena Voluntad” by sending foodstuffs to poverty-stricken areas. Juan Ramón has become an important advocate of the cause, appearing on TV to talk about his experience as an entrepreneur and the opportunities Fundación Impulsar gave him.

¹⁸ For more information about the YBI Entrepreneur of the Year award see [www.youthbusiness.org/entrepreneur-of-the-year.aspx](http://www.youthbusiness.org/entrepreneur-of-the-year.aspx)
Funding

Fundación Impulsar has had a diverse range of funding sources including international development banks and numerous corporate partners.

Bank partnerships

As outlined in the previous Access to Capital section, Banco Macro has developed into a significant supporter, building on specific local partnerships that funded a limited number of entrepreneurs in regions where the bank had a presence. The Banco Macro three-year funding programme for the opening of an office in Misiones, an area where the bank has a very strong presence, covers rent, staff salaries and 20% of central overhead administration costs, plus support for 15 new businesses, two training courses, and advertising costs.

Recently Fundación Impulsar has implemented a potentially very important type of support. Fundación Impulsar is the delivery partner for Banco Santander Rio’s national Corporate Social Responsibility (CSR) programme, focusing on the provision of funding for social entrepreneurs and creating employment among some of the most underprivileged in society.

This is a significant undertaking and creates a useful precedent for future partnerships. It is a mutually advantageous arrangement: previously the bank was struggling to keep the programme up and running but was aware of its importance to the organisation and workforce; and Fundación Impulsar earns a fee for delivery and also creates new exposure and relationships.

Public & corporate support

International public funding has been significant in Fundación Impulsar’s growth, namely an Inter American Development Bank (IADB) grant in 2005 (a $1.5 million share of a $4.3 million fund split across similar youth enterprise and mentoring programmes in Brazil, Colombia and Mexico).

This grant required match funding, which prompted Fundación Impulsar to expand its coalition of leading businesses from the founder companies, including Unilever, Rio Tinto (Borax), British Gas, British Tobacco, VASA (Pilkington), Zurich (former Eagle Star), Royal & Sunalliance to newer partners such as HSBC, Santander Rio and Deutsche Bank. Fundación Impulsar was able not only to raise match funding but also acquire other in-kind assistance, such as auditory and legal services.

This support allowed Fundación Impulsar to streamline its structure and formalise a number of its offerings, in particular in training curricula for entrepreneurs and mentors. These offerings are being developed further with the help of public sector support and in alliance with other non-profit organisations. Fundación Impulsar managed to exceed requirements set out by the IADB, both in terms of number of loans provided and repayment rate (at 75%, which exceeds the IADB target by nearly 10%). Fundación Impulsar needs to continue to diversify its funding sources since the IADB funding has come to an end.

In order to promote its programme, Fundación Impulsar has secured a range of marketing partnerships. For example, AMIA (Israeli Argentine Mutual Association) operates an Employment Office and, under the terms of the partnership agreement, offers Fundación Impulsar’s services to its entire database. This has proven highly successful in recruiting new entrepreneurs. A similar partnership is in place with ACIERA (Evangelic Association of Argentina) and with Shell’s LiveWIRE, through ACDE (Christian Association of Business Executives).

Entrepreneur Ana Mastronardi in her health food shop, Natural Foods, in Salta.
Three lessons for best practice

1. It is vital to secure local stakeholder support before expanding into new areas

Fundación Impulsar learned its own lesson from setting up a new regional office (in San Luis) based solely on a lending partnership with a locally well-established bank. The lack of breadth in community support made the new venture unsustainable. Fundación Impulsar will now only expand into new areas if has active engagement from a range of local partners beyond the primary sponsor.

2. Business schools provide a valuable source of mentors

The partnerships with local business schools brokered by two Fundación Impulsar offices provide a valuable additional source of mentors, benefiting both the students and the entrepreneurs. The former broaden their perspectives on the requirements of the business world and develop a sense of responsibility towards their community; the latter gain confidence, experience and access to networks.

3. Developing a specialism can help growth and profile

Fundación Impulsar’s increasing focus on delivering youth enterprise training has two key benefits: firstly, it fills a gap in the support given to young Argentinean entrepreneurs; secondly, establishing recognition as a leading training provider enables Fundación Impulsar to build a reputation as a local specialist in youth entrepreneurship. Both these benefits drive the growth of the organisation.

For more information about Fundación Impulsar, please visit www.fundacionimpulsar.org.ar
Building a global movement

Operating in India, Canada and Argentina, the three organisations profiled in this report have successfully adapted YBI’s shared approach to help young people start up their own business.

These organisations are members of the YBI Network, which is building a global movement dedicated to giving opportunity to young entrepreneurs.

To find out more about YBI and our Network, including how you can work with us, please visit YBI’s website at www.youthbusiness.org

About YBI

Youth Business International (YBI) is a not-for-profit organisation that leads a global network of independent country initiatives helping young people start their own business and create employment.

Through our network we assist young entrepreneurs who are unable to find support elsewhere, with a combination of access to capital, volunteer mentoring, and other business development services. Our approach enables the launch of thousands of new enterprises and significantly increases business survival and growth – key factors in job creation and sustainable economic development.

Our role is to increase the capacity and efficiency of our members to enable them to grow, by providing technical assistance, sharing knowledge, developing common tools and quality standards, and by generating resources. We also expand the network into new countries in order to reach more young people in need. To deliver this support, we work with governments, businesses and multi-lateral and civil society organisations.

YBI’s goal is to enable our network to support 100,000 new young entrepreneurs annually by 2020, thereby creating a total of more than one million jobs and making a significant contribution to the global employment challenge.

YBI was founded in the UK in 2000 and is one of The Prince’s Charities, a group of not-for-profit organisations of which HRH The Prince of Wales is President. The YBI Network spans 38 countries across six continents.