



*Empowered lives.  
Resilient nations*

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# Private Sector Success Stories from UNDP Country Offices in Africa





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# Acknowledgements

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Authors: Winnie Collate, Olivia Dooley, UNDP AFIM.

UNDP AFIM: Tomas Sales, Pascale Bonzom, Juergen Nagler, Priscilla Chimwele.

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# Acronyms

<b>ADMA</b>	African Digital Media Academy
<b>AFIM</b>	African Facility for Inclusive Markets
<b>AMSCO</b>	African Management Services Company
<b>ATMS</b>	African Training Management Services
<b>BPC</b>	Business Promotion Centre
<b>COs</b>	Country Offices
<b>DFID</b>	Department for International Development
<b>ECX</b>	Ethiopian Commodity Exchange
<b>GDP</b>	Gross Domestic Product
<b>GEF</b>	Global Environmental Facility
<b>GEF-SGP</b>	Global Environment Facility- Small Grants Programme
<b>IFAD</b>	International Fund for Agricultural Development
<b>IMD</b>	Inclusive Market Development
<b>IFC</b>	International Finance Corporation
<b>KES</b>	Kenyan Shilling
<b>MDGs</b>	Millennium Development Goals
<b>MICF</b>	Malawi Innovative Challenge Fund
<b>MYICT</b>	Ministry of Youth and Information Communication Technology
<b>NES</b>	National Export Strategy
<b>NESC</b>	National Economic and Social Council
<b>PEAP</b>	Promotion of Entrepreneurship in Agriculture Centre Project
<b>PSD</b>	Private Sector Development
<b>RBA</b>	Regional Bureau for Africa
<b>RECs</b>	Regional Economic Communities
<b>SMEs</b>	Small and Medium size Enterprises
<b>UNDP</b>	United Nation Development Program
<b>UNFCC</b>	United Nations Framework Convention on Climate Change
<b>USAID</b>	United States Agency for International Development
<b>USD</b>	United States Dollar
<b>YEF</b>	Youth Enterprise Fund



# Foreword



Africa has experienced high growth rates over the last 10 years, but this has not translated into higher standards of living for all due to persistent inequality. The private sector can play a major role in efforts to reduce inequality and poverty. For instance, Kenya's M-PESA mobile service reaches 15 million people in Kenya alone, while South Africa's SAB Miller brewing company sources ingredients from over 50,000 smallholder farmers. However, in order for private sector interventions to be effective, they must be multi-targeted in approach and engage a variety of stakeholders.

The United Nations Development Program - African Facility for Inclusive Markets (UNDP-AFIM), a programme of UNDP's Regional Bureau for Africa, is proud to present 'Private Sector Development Success Stories from UNDP Country Offices in Africa'. This builds upon UNDP-AFIM's flagship publication, 'Realizing Africa's Wealth: Building Inclusive Businesses for Shared Prosperity', which illustrates the catalytic role of private sector development and inclusive business practices in reducing poverty

in sub-Saharan Africa. Each story illustrated below demonstrates successful collaboration between UNDP and its partners to promote private sector-led approaches to inclusive and sustainable development across Africa. For example, Rwanda's YouthConnekt initiative facilitates dialogue between young job-seekers and business leaders from all over the country, allowing them to share information on job creation and raising capital. In Benin, Ethiopia, Ghana, Kenya, Madagascar, Malawi, Rwanda and Tanzania, these examples demonstrate that UNDP's partnership with the private sector has the potential to achieve transformative change that combines innovative solutions, capacity development, knowledge sharing and partnerships for development, with the potential to be replicated and scaled-up across the continent.

On behalf of AFIM and UNDP Country Office Private Sector Focal Points, I am pleased to share these stories with our UNDP, partners and the broader public, trusting that they will motivate others on the continent to strengthen their support in making the private sector and markets more inclusive.

**Tomas Sales**

UNDP AFIM Program Manager

## Summary of Stories

### **Benin:** Training Beninese Graduates in Agribusiness

UNDP's Promotion of Entrepreneurship in Agriculture Project (PEAP) promotes agriculture as a solution to help tackle unemployment, a significant challenge for Benin youth today. Currently, over 100,000 graduates are likely to be unemployed or underemployed in Benin. Agriculture is an important sector of the economy, engaging more than half of the population. To date, the project has trained 450 youth farm managers and 130 local producers. Given the initial success of this project, the UNDP Country Office in Nigeria is working to replicate and scale up the initiative.

### **Ethiopia:** Spreading Market Information in Agriculture

Agriculture is a critical sector of the Ethiopian economy, yet access to market information for agricultural players is difficult to come by. To address this problem, the UNDP Ethiopia Country Office provided funding support for the Ethiopian Commodity Exchange (ECX) to disseminate real time information to market players across the country utilizing a variety of technologies. The ECX has set up facilities for data dissemination across the country, and has generated an estimated USD\$5 billion to date. The ECX is currently preparing to launch an online platform to allow exchange market stakeholders to buy and trade online, wherever they are.

### **Ghana:** Riding Towards Sustainable Development

The Ghana Bike Initiative addresses youth unemployment and climate change through the construction of bamboo bikes. Supported by UNDP's Global Environment Facility - Small Grants Program (GEF-SGP), the project has provided stable, high paying jobs for 20 bicycle builders and 30 bamboo suppliers and distributors. The bikes are in great demand, with an estimated 500 pieces ordered per month from Ghana and other markets. At the United Nations Climate Change COP19 Conference in 2012, UN Secretary General Ban-Ki Moon and the United Nations Framework Convention on Climate Change (UNFCCC) Executive Secretary tested the bamboo bikes, which have been recognised as an innovative initiative to combat climate change in Ghana.

### **Kenya:** Public and Private Sector Dialogue

The Youth Enterprise Fund (YEF) has helped to support 89,000 youth enterprises, offered market support to 1800 entrepreneurs, trained over 15,000 youth in entrepreneurship and facilitated over 2,000 youth in job-seeking efforts through the Youth Employment Scheme abroad. This has been a key success of the National Economic Social Council (NESC), created by the Kenyan Government with support from UNDP and the Ministry of Foreign Affairs of Denmark (DANIDA) to ensure public-private sector dialogue in support of private sector development. The NESC focuses on improving the country's business environment by fostering greater interaction between the public and private sectors, monitoring the impact of various policies, and offering support services to businesses.



## **Madagascar:** Castor Oil Farming Growing Sustainable Income

Madagascar's Androy region is highly dependent on humanitarian aid and food distribution for communities to survive. The Sustainable Livelihood and Poverty Reduction Programme of UNDP is designed to support farmers with consistent income by growing and marketing the castor oil plant. 500 farmers were trained in the first phase of the project, and their incomes increased by 30 percent. In the second phase, the project was expanded to include nine more communities and supported almost 2,000 farmers. It is expected that the program will raise 450 tonnes of castor seeds by the end of the 2014 campaign.

## **Malawi:** Innovative Finance for Inclusive Business Projects

The majority of the poor in Malawi are smallholder farmers who depend on small plots of land for their food security and livelihood. Reliance on maize for domestic consumption and tobacco for export has led to high levels of growth in the country's trade deficit. The Malawi Growth and Development Strategy II (2011-2016) is focused on efforts to move the country from high import consumption to primarily export production. The Malawi Innovation Challenge Fund created by UNDP and the Department for International Development (DfID) incentivizes the private sector to implement inclusive business projects. The fund expects to support 2500 low-income, unskilled workers to obtain regular employment as a result of the inclusive business projects it supports, providing a 30 percent increase in the income of 10,000 smallholder farm households.

## **Rwanda:** Social Networks Addressing Youth Unemployment

Youth in Rwanda face significant barriers towards obtaining employment. The YouthConnekt Initiative serves as a platform for youth, the private sector and government to address the challenges young people face in finding jobs and developing entrepreneurial skills. Supported by UNDP, the Ministry of Youth and Information and Communications Technology (ICT) of Rwanda, the African Digital Media Academy (ADMA), Tigo Rwanda Ltd. and HeHe Ltd., the program helps connect youth to opportunities in skills development, access to finance, business incubators, mentorships, internships and jobs.

## **Tanzania:** Strengthening the Capacity of Tanzanian Businesses

Tanzania has experienced strong economic growth, yet the lack of capacity within many burgeoning enterprises hinders the sustainability of these growth rates. Some existing barriers towards this achievement lie in identifying and attracting competent managers, while systemic inadequate training leads to low quality product output. To enhance companies' management and technical proficiency, UNDP's Project African Training Management Services (ATMS), in partnership with the African Management Service Company (AMSCO), collaborated with Sadolin Paints and AAR Health Insurance to support them in capacity development. Overall, this partnership helped generate 4,838 new jobs in Tanzania, and microfinance institutions were able to approve over 37,000 new loans to Tanzanian businesses.

## Benin: Training Beninese Graduates in Agribusiness



Each year, 100,000 graduates in Benin struggle to enter a domestic labour force with a much higher supply than demand of graduates. As such, tackling youth unemployment is a significant policy priority.

### A New Agricultural Revolution

Mechanisms that integrate youth into the agricultural sector, which employs more than 40 percent of the work force and accounts for 30 percent of GDP in Benin, can help tackle unemployment and underemployment.

The Government of Benin and UNDP are implementing the Promotion of Entrepreneurship in Agriculture Project (PEAP) to train youth in agricultural entrepreneurship. Through Songhai Centres (the technical partners of PEAP), youth are enrolled in training courses for six months following a call for applications. The students learn about agricultural practices such as organic farming, food processing and natural resources management. The Centres also provide access to land, seeds and tools.

Following training, graduates start their own businesses or apply to become farm managers in the Centres after a minimum incubation period of one year. Selected graduates are given business installation kits. To date, 122 business plans have been supported with installation kits valued at US\$10,430 each. The project is currently in its fourth class and has positively impacted 450 people.

For example, a Beninese man named Firmin is an agricultural entrepreneur and graduate of the program. Following his six months of training, he was able to become a farm manager, and received an allowance of

US\$1300 that he put towards labour support for weeding, seeds, and other essential agricultural products. He later established Danigri Farm after being approved for a loan of US\$63,000. Agriculture remains his main source of income, and he plans to pursue a Master's degree to help him further his business.

## Shaping Benin's Agricultural Entrepreneurs

Since the beginning of the project in November 2011, 450 youth farm managers and 130 local producers have been trained. By the project's end in November 2016, an estimated 3,000 youth will have benefited from the training centres.

To further support PEAP's work, the Government of Benin and UNDP have allocated resources to create new Business Promotion Centres (BPCs) across the country in Cotonou, Parakou and Porto-Novo. An estimated 500 new trained graduates are expected to return to their villages, create new jobs and generate revenue.

Along similar lines, the government instituted a synergy mechanism between PEAP, the Agence Nationale Pour l'Emploi (ANPE), Business Promotion Centres, and Fonds National pour l'Entrepreneuriat des Jeunes (PNPEJ) to finance the development of agricultural businesses created by young people trained at the PPEA. So far, 200 students have already submitted their business plans to the Système de Financement Décentralisé (SFD).

### HIGHLIGHTS

- An expected 3,000 youth to be trained by the end of the project in 2016
- The Songhai Model is being replicated in Nigeria (Enugu, Lagos, Cross River, Katsina Rivers)

For more information, please contact Moise Achille Housou, Team Leader – Poverty Reduction, at [achille.housou@undp.org](mailto:achille.housou@undp.org), or Georges Osse, Program Specialist, at [georges.osse@undp.org](mailto:georges.osse@undp.org).



## Ethiopia: Spreading Market Information in Agriculture



Agriculture is a critical sector of the Ethiopian economy. Though agriculture contributes to 45 percent of national GDP<sup>1</sup>, commodity sellers (particularly small-scale farmers) often go to market with little or no information on the market prices of their output. Much of their market information is obtained from locally-known traders. These small-scale farmers produce 95 percent of Ethiopia's agricultural output<sup>2</sup>. Ultimately, small-scale farmers do not have the market power or the means to bargain for better output prices.

### Empowering Smallholder Farmers, Cooperatives and Buyers

Considering the integral role of market information, its lack of reliable access has a major impact on the efficiency of the market. To address this challenge, the Ethiopian Commodity Exchange (ECX) disseminates up-to-date, real-time market information to all market actors.

In practice, this provides additional transaction security for all commodity players through secure and reliable systems for handling, grading and storing commodities, matching offers and bids for commodity transactions, and a risk-free payment of goods delivery system, increasing equity and efficiency.

The system provides market data dissemination to all market actors, while elucidating clearly defined rules for trading, warehousing, payments and product delivery. Additionally, electronic price display boards have been erected in 160 of the more than 500 Woredas (districts) in Ethiopia. Traders and producers residing in regions like Jijiga (the capital of Somali Regional State) can access updated data in two second intervals, allowing them to expand their customer base.

<sup>1</sup> Ethiopian Government, <http://www.ethiopia.gov.et/web/Pages/Economy>.

<sup>2</sup> Grow Africa.

## The Success of the Ethiopian Commodity Exchange

Launched in 2008, the ECX has been a massive success, with 329 members reaching almost three million farmers in the country. The ECX has 17 delivery centres, 57 warehouses and traded volumes of 601,000 million tonnes of commodities such as coffee, sesame, maize, wheat and pea beans in 2012. In its first year of operation, it traded 47,734 million tons of commodities. It generated a combined value of US\$5 billion in its first five years<sup>3</sup>.

Currently the ECX is preparing to introduce an online trading platform that will enable market players to trade directly wherever they are. This new innovation is envisaged to increase access to ECX and its services, build capacity of various stakeholder groups, and increase efficiency overall<sup>4</sup>.

## Promoting African Commodity Exchanges

The UNDP Country Office in Ethiopia supported the development of the Ethiopian Commodity Exchange by contributing US\$3.5 million to a total budget of US\$24 million to establish the exchange. In addition, UNDP financed the staff training, workshop and partnership efforts to raise awareness of the role and functioning of ECX. Other key development partners include USAID, DfID and the International Finance Corporation (IFC).

UNDP's support has received recognition from UNDP Administrator Helen Clark on a visit to the Exchange in 2009:

*"There will be a lot of interest in other developing countries in this kind of exchange. It gives a lot of transparency to the small holder farmers about what they are going to get. It also sets the standard for what they need to produce in order to command best price."*

**Helen Clark, UNDP Administrator**

Having helped develop the success of the commodity exchange in Ethiopia, UNDP is now seeking to replicate the experience in other countries. Amongst these are Tanzania, Kenya, Zambia, and Uganda, which are considering replicating, customising and scaling up the model.

For more information, please contact Dr. Eyob Tesfaye, Team Leader – Private Sector and Entrepreneurial Development, at [eyob.tesfate@undp.org](mailto:eyob.tesfate@undp.org), or Yoshiaki Noguchi, Programme Analyst, at [yoshiaki.noguchi@undp.org](mailto:yoshiaki.noguchi@undp.org).

<sup>3</sup> Zaywa.

<sup>4</sup> ECX Press Release.

## Ghana: Riding Towards Sustainable Development



Ghana faces enormous social, economic and environmental challenges, many of which will be exacerbated by the impacts of climate change. The country's strong dependence on hydro-power generators, agriculture, fisheries and wild resources make climate change – and strategies for its mitigation – an immediate concern for Ghana.

Ghana's congested roads impact all aspects of commercial and economic well-being. Bicycle and motorbike use are viable alternatives for avoiding traffic. However, the production of steel bikes increases hazardous chemical use and releases carbon into the environment.

To protect the environment while promoting the use of bicycles, a group of young Ghanaians began an initiative using bamboo to manufacture bicycles. Known as the Ghana Bamboo Bike Initiative, the project addresses climate change, poverty, rural and urban migration and unemployment by empowering Ghanaians to utilize their natural resources. The initiative is supported by UNDP GEF-SGP, which provides funding, international exposure, and technical project management support for the project.

### Empowering Ghana's Rural Communities

People with little or no education in the manufacturing and assembling of bamboo bikes are trained in these skills through this program. This creates a cheap, stable and reliable mode of transportation that satisfies local needs while reducing dependency on fossil fuels, while increasing economic opportunities for Ghanaians. Since 2012, the initiative has created employment for 35 people (with higher wages than comparable industries in Ghana). These beneficiaries represent households with an average of five persons,



benefitting roughly 175 people indirectly. This allows the beneficiaries to increase their food security, educational levels and overall standard of living.

Excess bamboo is also manufactured into bamboo charcoal briquette, creating further employment opportunities in the community (particularly for women). Using bamboo charcoal briquettes reduces dependency on fuel-wood, provides the best alternative to avoid greenhouse gas emissions from consumption of fuel-wood, and helps in the restoration of already destroyed forests. It also improves educational opportunities for girls by eliminating the need to search for wood fuel.

## Environmentally Friendly

Increased cultivation and use of bamboo as an alternative to wood helps in the preservation and rehabilitation of forestry. Additionally, growing bamboo helps improve air and water quality in the areas where it is harvested. It minimise CO<sub>2</sub> gases and generates up to 35 percent more oxygen than would have been; trees that are not cut for the production of bike frames support the sequestration of CO<sub>2</sub>.

## First Prize

The Bamboo Bike Initiative is a unique and innovative product that demonstrates the utility of manufacturing new, innovative and high quality products for local and export markets. It continues to be supported by UNDP GEF-SGP, which has provided project management and technical backstopping for the project to date.

In recognition of its success, the initiative has won nine international awards (please see below).

### AWARDS

- 2013 UNFCCC Momentum for Change Award (Women for Results Category)
- 2013 AFD 100 Innovations for Sustainable Development Award
- 2012 World Business and Development Award
- 2012 Samsung/Generations for Peace Award
- 2012 UN Habitat/Dubai International Best Practice
- 2012 2nd Runner up International Road Federation In A Road Awards
- 2011 GIZ Impact Business Award
- 2011 Image Nations Global Business Plan Competition Award
- 2010 UNEP Seed Initiative Award

For more information, please contact George Ortsin, National Programme Coordinator, UNDP Global Environment Facility Small Grants Programme, at [georgeo@unops.org](mailto:georgeo@unops.org).

## Kenya: Public and Private Sector Dialogues



One of the major weaknesses that undermines Kenya's economic reform has been inadequate partnerships between the private sector, civil society and the government. Previously, there had not been an appropriate forum through which these actors could synergize ideas and resources to benefit the country. Thus, private and public sector expectations and goals had not been synchronized.

The Kenyan government has addressed this through the National Economic and Social Council (NESC), established in September 2004. Currently sitting under the Ministry of Devolution and Planning, the NESC was created to serve as a consultative and advisory institution, receiving and filtering policy recommendations from the public, and advising and providing recommendations to the government accordingly.

### Public-Private Dialogues

The main objective of the National Economic and Social Council (NESC) is to improve Kenya's national business environment through the promotion of policies, laws and regulations that are conducive to private sector development. DANIDA and UNDP partnered with the NESC over a time frame of five years to enhance its capacity to serve as a platform for public participation in policy formulation.

### PPP Implementation Strategy

The NESC's core mandate is to act as a participatory platform where ordinary Kenyans express issues and raise policy recommendations. Additionally, the secretariat does not only mandate policy prescriptions, but also authors the 'State of Economic and Social Sector' report every year as a monitoring and evaluation tool. Finally, the NESC supports the establishment of sound business processes in serving policy proposals in an

efficient and systematic manner. The NESC also facilitates the exchange of staff in counterpart countries, as well as the establishment of academic institutions and universities overseas, contributing to the diversity of Kenya's economy.

There are a number of areas in which the NESC has achieved significant progress, including investing in efficient resources in a variety of needs-based sectors, facilitating the issuance of government bonds, and establishing the Youth Enterprise Fund (YEF) to act as a resource for job-seeking youth in Kenya. Please see the list of key accomplishments below.

### KEY PROGRESS

- Established the Brand Kenya Board
- Reconstituted a Monetary Policy Advisory Committee of the Central Bank of Kenya
- Adopted a cluster strategy for enhanced productivity and competitiveness, including the establishment of a credit guarantee scheme
- Invested in efficient resource use plans in sectors such as: carbon trading, special economic zones, pension and retirement saving funds, cotton and leather production, as well as a National Value System
- Facilitated the process of Government issued bonds for projects between February 2009 and August 2011, totaling US\$1.19 billion
- Established the Youth Enterprise Fund (YEF). The YEF disbursed over US\$30,000 to more than 89,000 youth enterprises, offered marketing support to approximately 1,800 youth entrepreneurs, trained over 15,000 youth in entrepreneurship, and facilitated over 2,000 youth to obtain jobs through the Youth Employment Scheme Abroad
- Adopted a Communication Policy and Strategy Framework to improve private sector interaction. In addition, NESC has published two annual reports and thirteen policy briefs on a variety of topics, such as unemployment, cluster strategy and value-added strategies for several industrial subsectors
- Established a Resource Centre, which is equipped with books and open-source online resources open to NESC staff, research fellows, research assistants, stakeholders and partners.

For more information, please contact Boniface Kitili, Program Analyst, at [boniface.kitili@undp.org](mailto:boniface.kitili@undp.org).



## Madagascar: Castor Oil Farming Growing Sustainable Income



In Southern Madagascar, particularly in the Androy region, nearly 95 percent of the population live in precarious conditions below the poverty line, with extreme poverty peaking to 85 percent of the population. These obstacles are compounded by the remoteness of the area, which is subject to severe weather conditions, low rain fall (between 300 to 600mm/year on average), and violent dry winds. As a result, Androy is prone to chronic food insecurity, and its population's survival is primarily supported by food aid from humanitarian organizations.

### Reaping the Seeds of Castor Oil Plant

Farmers in the Androy region grow castor oil beans, as the native Southern Madagascar plant is not very dependent on rain. Philéol, a vegetable oil company, compliments the efforts of these farmers by acting as an outlet for seeds in the region.

UNDP and several other organizations support the development of the castor industry. Partners include the European Union, Alimentaire et Augmentation des Revenues Agricoles (ASARA), GIZ, the Groupe de Recherches et d'Echanges Technologiques (GRET), Catholic Relief Services (CRS), and Agronomes et Vétérinaires Sans Frontières (AVSF). The project accounts for the castor oil plant industry as a tool for local development in the poorest regions of Madagascar, and mobilizes stakeholders (including local government) to support the sector and strengthen their capacity.

## A Good Harvest

In the first phase of the project, 500 pilot farmers were given equipment and agricultural inputs and were trained and monitored in their use. Among these, twenty were trained and equipped to become professional seed farmers. “Before, I was not used to harvest a lot of castor oil plant seeds, but thanks to the ploughing equipment that I use, I was able to grow more castor oil plants. The proceeds from the sale will allow me to send a child to school,” said Soamanana, a farmer and mother of ten children.

Following the first year of implementation of the project, farmers’ incomes increased by 30 percent on average. For the 2011-2012 season, the average area per farmer was 0.5ha for a yield of 250kg to 300kg/ha. During the second phase, the project has made the strategic decision to focus on nine communities. It has supported more than 1,980 farmers sectioned into about 300 groups. So far, two seed varieties have been launched and are being tested on 90 pilot farmer fields. In addition, 45 relay farmers are operating at community level to provide technical support to local produce. A UNDP Economic Advisor stated, “We’re looking at reaching 5000 farmers by the end of the third project year, which means 30,000 to 50,000 people behind them who will benefit from this support through improved income.”

Today, the program is thriving. A thorough plan for the development of the industry is now available, and is supported heavily by GIZ. GIZ particularly promoted the ricin value chain, establishing a collaborative program to support the development of the ricin industry. In addition, a multi-stakeholder Convention for the crop year 2014-2015 was signed by actors involved in the program. To date, over 2000 farmers are supported through the program. With improved produce by GRET (with UNDP funding), seed yield increased from 250 kg / ha to 450 kg / ha. For hybrid seeds introduced by GIZ, the average production yield is 600 kg / ha.

The program expects to raise Philéol up to 450 tonnes of castor seeds for the 2014 campaign. This is based on the improved practice of Itinéraire Technique Culturelle (ITK), the use of new and improved seeds, the introduction of hybrid seeds by GIZ and the increasing number of practitioners. Two other companies that extract castor oil, Ikonda and Taza production, are booming, though at the time of publication, figures for their collection were not yet available, as the collection is not yet complete.

According to WFP, the region was hit by a severe famine during the lean period in 2014, particularly in coastal areas that are castor oil production areas. Since the castor crop coincides with this period, production can account for a family’s expenses for at least a month. As much of the related tasks to the production and harvesting are assigned to women, their share of income return allows them to provide schooling for their children and invest in poultry.

### HIGHLIGHTS

- In the first phase, 500 pilot farmers were trained to increase efficiency, and given equipment and agricultural inputs
- GIZ is promoting value chains with castor oil plant being the priority, as part of a food security project funded by the European Union Delegation to Madagascar
- Farmer’s incomes increased on average by 30% as their post-harvest loss reduction was more than 30%
- The project supported more than 1980 farmers, grouped in about 300 groups
- A regional facilitation platform was convened to recognise the importance of Castor oil plant for the development of the region.

For more information, please contact Ramandaniarivo Jean Fred, Sustainable Livelihoods Specialist, Andry Region Madagascar, at [jean.fred.ramandaniarivo@undp.org](mailto:jean.fred.ramandaniarivo@undp.org).



## Malawi: Innovative Finance for Inclusive Business Projects



Malawi's real GDP growth is estimated to reach 4.7 percent by the end of 2014, and is projected to steadily increase in the coming years, driven by tobacco exports and continued growth in agriculture, manufacturing and services.

The main short term challenge for the government is to consolidate macroeconomic stability and improve governance, while strengthening the enabling environment for private sector investment for sustained and inclusive growth. To achieve this, Malawi's Growth and Development Strategy II (MDGS II 2011-2016) aims to shift the country's economy from importing and consuming to exporting and producing. The National Export Strategy (NES), supported by the UNDP Malawi Country Office and by the current government, is a prioritised roadmap for building Malawi's productive base to generate sufficient exports to match the upward pressure on imports. The NES aims to maximise the contribution of exports to economic development through the expansion of the private sector by prioritising efforts to enable the active participation of the poor as consumers, producers and entrepreneurs in Malawi's growth efforts.

### Competing for Finance

Malawi has been inspired by the significant impact of Challenge Funds implemented in other parts of the world that have successfully catalysed investment from the private sector. For example, the Business Linkages Challenge Fund, made accessible to a number of countries in Africa, leveraged US\$78 million in private sector investments, created 750 new products and services, 200,000 jobs and 2,127 trade linkages. In the Malawi context, Illovo, with the support of the Africa Enterprise Challenge Fund (AECF), has developed a community owned business model for developing smallholder sugar cane farming.



The Malawi Innovation Challenge Fund (MICF) ([www.micf.mw](http://www.micf.mw)), created by UNDP and supported by DFID, seeks to incentivize the private sector to implement inclusive business projects that empower the poor, create jobs and enable innovation for new products and services. The MICF is a matching grant facility; awards are made available through a competitive process for eligible projects in response to challenges set in the agriculture and manufacturing products clusters, highlighted in the National Export Strategy (NES). It is currently in the process of designing a new irrigation window, to be implemented in partnership with the International Fund for Agricultural Development (IFAD). It is expected to open with a first round of competition in 2015.

The MICF expects 2500 low income people (of which 30 percent will be women) to obtain regular employment as a result of the inclusive business projects it funds in agriculture and manufacturing. Additionally, it expects a 30 percent increase in the income of 10,000 smallholder farm households, improving the livelihoods of around 125,000 people.

### CHALLENGE FUNDS

- Provide a mechanism to align development and business objectives, enabling innovative and inclusive business models by overcoming the purely commercial risk hurdle in return for potential development benefits
- Help to scale up the implementation of new inclusive business models and technologies, which combine potential commercial viability with high social impacts, particularly where commercial returns are uncertain and the investment is high risk
- Harness the strength of the private sector (the ability to generate and test new ideas, abandon those that do not work and scale up those that do)
- Do not attempt to pick winners (as many matching grants schemes have done in the past) but instead support ideas generated by the private sector through a transparent process of bidding rounds judged by an independent panel
- Require the grantees to contribute to the overall funding of the project as an indication of their commitment to the commercial viability of the project and share the risk, thus avoiding moral hazard
- Invest in projects, not businesses, and promote systemic change by disseminating successful innovations so that they can be replicated.

For more information, please contact Cinzia Tecce, Malawi Private Sector Development Specialist, at [cinzia.tecce@undp.org](mailto:cinzia.tecce@undp.org), or Agnes Chimbiri, Assistant Resident Representative of the MDG cluster, at [agnes.chimbiri@undp.org](mailto:agnes.chimbiri@undp.org).

## Rwanda: Social Networks Address Youth Unemployment



In Rwanda, a majority of young people are not able to match their skills with sustainable employment. It can often take six months or longer for youth to find jobs – and even then, they are likely to be part-time or temporary.

In an increasingly globalised and digital world, young people are often leading innovators that need to be equipped with the right skills and training in order to contribute to the development of their societies.

### Getting Youth Connected

The Ministry of Youth and ICT (MYICT) has initiated a new method for youth to connect with each other, as well as leaders and experts, through YouthConnekt Hangout. The Hangout is a platform accessed through Google+ Hangouts. Apart from the Google Hangout, MYICT is using social networks like Twitter, Facebook, YouTube and others to reach out to youth that can participate in Rwanda's development. The platform, launched on 12 November 2013 by MYICT, operates Tuesday from 4:00 to 5:00pm East African Time (EAT). Through Google+ and other online social networks, YouthConnekt broadcasts discussions between youth and leaders from all over Rwanda twice a month. Different topics are discussed, including job creation, raising capital, realizing the catalytic role of youth in the development of the country, as well as strategies for achieving lasting peace.

### The Promise of a Generation

Rwanda's MYICT, in partnership with UNDP, the African Digital Media Academy (ADMA), Tigo Telecommunication Company Ltd. and HeHe Ltd., launched YouthConnekt as a platform that connects innovative young Rwandans with the country's inclusive economic transformation. This platform will

serve as a channel for youth, the private sector, and government to address the challenges youth face with employment and entrepreneurship.

The hangouts are supported by social media and an active website that provide interactive, results-oriented information for multi-stakeholder panel discussions and partnership announcements, as well as opportunities for participants to showcase their ICT development projects to potential partners and donors. It further advances on the post-2015 Development Agenda to help achieve sustainable and inclusive human development.

As part of YouthConnekt hangouts, UNDP is supporting the Rwanda Ministry of Youth and ICT to boost the mobile application environment in the country. Different competitions have been launched since 2014. For instance, the Miss Geek Competition is an ICT project organized on Women's Day to encourage women to showcase their skills in ICT. The Motorola Mobile Application, another competition, aims to stimulate mobile initiatives in the area of governance, education, health, agriculture and gender.

More recently, a Mobile App Competition for Public Service Delivery was launched to develop mobile applications that can be used by citizens to improve delivery of administrative services provided by the Government of Rwanda.

*"This is historical- It is a dream come true! We have been trying to expand the limits of communication and interaction and we thought beyond what we have been doing -interaction on radio, on TV, in various online meetings - we should really make advanced use of technology to keep in touch with you. The intention here is really to be able to engage everyone, all the young people of this country, in shaping their own future"*

Jean Philbery Ngengimana, Minister of Youth and ICT, participating in a debate via Google.

## HIGHLIGHTS

- Over 800 Rwandan Youth meet President Kagame and the First Lady, Jeannette Kagame, at the YouthConnekt Dialogue in Kigali, June 2013
- UNDP Rwanda launches new video explaining 'YouthConnekt'
- UNDP Rwanda's YouthConnekt video won the first prize at the UNDP Regional Bureau for Africa's innovative fair in Johannesburg, South Africa. The award includes a US\$ 75,000 contribution towards the implementation of the YouthConnekt project
- Motorola Solutions will power a Mobile App Challenge that will be implemented by YouthConnekt in 2014. The challenge encourages youth participation in innovation and apps development through entrepreneurship by inventing mobile app solutions in the areas of Human Development, Education, Governance, Health, Agriculture and Gender.

For more information, please see YouthConnekt's website at [www.youthconnekt.rw](http://www.youthconnekt.rw), or contact: Nicolas Schmits, Rwanda Country Office Economist, at [nicolas.schmits@undp.org](mailto:nicolas.schmits@undp.org).



## Tanzania: Strengthening the Capacity of Tanzanian Businesses



Tanzania has experienced significant private sector expansion in recent years. With a GDP growth rate above six percent, Tanzania's economic development now depends on improving the international competitiveness of the many new private businesses and enterprises that have begun practicing in recent years. Challenges in identifying and attracting competent managers and systemic inadequate training for staff are amongst the factors hindering firm competitiveness in Tanzania.

### Promoting the Workforce's Well-being

The Government of Tanzania actively encourages private sector investment in health, a key priority for the national government. However, changes to insurance legislation led to the separation of health insurance provision from the provision of medical care, as companies could not carry out both services. Subsequent growth in the insurance industry resulted in a shortage of skilled trained staff.

In order to address this, UNDP's African Training Management Services (ATMS) Project implemented by African Management Services Company (AMSCO) assisted AAR Health Services in management support, profitability, revamping company products, upgrading management information systems, training staff in best practices, and strengthening the company's brand. Since AMSCO partnered with AAR Health Services in 2006, the company has grown to be the largest and most successful healthcare company in East Africa, providing preventative and curative health care to clients of all income brackets. It now controls 32 percent of medical insurance in Tanzania. An improved information system allows the company to keep more accurate data on clients and to run sophisticated analyses that help manage risks and develop new products. Support from AMSCO has made AAR Insurance become more profitable, competitive and sustainable, with a more enhanced corporate governance structure and better trained human capital.

## Markets Set for Growth

Rapid development of housing complexes, office buildings and shopping malls in Tanzania has created significant demand for better quality decorative paint. Sandolin Paint Tanzania Ltd was at the brink of collapse, with a narrow range of low quality products, poor branding, a low distribution network, market penetration of less than five percent and poorly trained staff. However, following AMSCO's intervention – which included extending the distribution network and developing higher quality products – the company became profitable within two years, raising overall market share to 18 percent. 111 new jobs were created, doubling labour efficiency from US\$2,417.80 to \$4,672.20. Additionally, the company signed a trademark agreement with Akzo Nobel, allowing it to access some of the newest paint technology patents.

## Collaborating to Strengthen Results

UNDP has been working with AMSCO on the implementation of the ATMS project. Created in 1989 by the UNDP Regional Bureau for Africa with the IFC as the executing agency and the African Development Bank (AfDB) as the regional coordinating agency, the project supported thirty local enterprises in Tanzania by providing experienced managers for periods of three to five years and training local companies in managerial and technical skills. The training encompassed management development, leadership, operations management, customer service and other specialised technical areas that enhanced local staff's productivity.

Currently, ATMS/AMSCO is supporting five enterprises in renewable energy to expand the technology and reach of solar energy towards enhancing the utilization of biomass.

*By providing qualified, experienced, hands-on, professional management to companies and public enterprises, AMSCO is helping to build profitable and sustainable businesses in Africa.*

### HIGHLIGHTS

- 4,838 new jobs (332% growth rate) created by AMSCO support in Tanzania
- US\$200 Million new investments catalysed by enhanced management and technical skills available through ATMS
- The project supported farmers and large commercial firms including Kilombero Plantation (1,615 farmers supported) and Africado (1,114 farmers)
- ATMS/AMSCO supported microfinance institutions which extend loans to 37,000 Tanzanians.

For more information, please contact Ernest Salla, Programme Specialist – Inclusive Growth & PSD at [ernest.salla@undp.org](mailto:ernest.salla@undp.org).

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**United Nations Development Programme**  
Regional Service Center for Africa  
African Facility for Inclusive Markets, 7th Floor  
DR Congo Street, Bole Olympia  
Addis Ababa, Ethiopia  
[www.undp.org/africa/privatesector](http://www.undp.org/africa/privatesector)

