



YOUTH4BUSINESS INNOVATION AND ENTREPRENEURSHIP FACILITY

Context

Uganda has one of the youngest and most rapidly growing populations in the world. Her greatest demographic asset is its young and talented youth who constitute over 23 percent of the population. Uganda's young people are therefore a powerful and rich resource for the country's current and future social and economic development. The country is at risk of losing the potential benefits of this youth surge as many of the youth struggle to access decent and gainful employment due to the insufficient creation of decent jobs. The few youths that are employed, are in vulnerable employment characterized by low pay and job insecurity.

The Government has undertaken the laudable efforts to address the issue of youth economic empowerment through initiatives such as the Youth Livelihood Programme. However, a lot remains to be done especially because an estimated additional 13 million workers are expected to enter the job market between 2017 and 2030. Entrepreneurship presents a viable alternative to the persistent challenge of unemployment and underemployment amongst youth. It offers significant scope to increase job opportunities and income diversification through supplier and distribution channels that can support expanded production and market supply.

Despite entrepreneurship being a potential solution, the youth are unable to tap into available economic opportunities owing to the absence of appropriate low-cost loan financing for young entrepreneurs and limited access to information about enterprise development. Young women are particularly impacted as they face even greater barriers to accessing financing opportunities.

And while Uganda has for long been lauded as one of the world's most entrepreneurial countries with 55.6 percent of her youth population involved in new or established businesses and the highest percentage of women-owned businesses; the country is also among the worst performers when it comes to sustaining and scaling created enterprises.

About the Youth4Business Innovation and Entrepreneurship Facility

To catalyse innovation and facilitate youth entrepreneurship, the United Nations Development Programme (UNDP) in Uganda and Stanbic Uganda Holdings Limited (SUHL) have developed the Youth4Business Innovation and Entrepreneurship Facility (Y4BF) – an innovative instrument designed to spur impact-driven entrepreneurship, foster innovation, and leverage business solutions to address the youth unemployment challenge.

Y4BF is curated to enable youth and businesses pilot innovative enterprise ideas (solutions, technologies, business models), or new ways and markets of delivering products and services with a commercial imperative; as well as transform successful innovative pilots with commercial viability into impact at scale. The facility also seeks to provide a flexible funding mechanism that will stimulate faster recovery of Micro, Small and Medium Enterprises (MSMEs) that have borne the brunt of the impact of COVID-19.

The Goal

The goal of the Facility is to spur the creation of at least 20,000 new decent jobs for youth; retool and skill 50,000 youth to increase their entrepreneurial success rate and have a multiplier effect through the creation of over 100,000 indirect jobs and improved livelihood opportunities. It will also compliment the country's efforts to deliver on the promise of the 2030 Development Agenda to end poverty, eliminate inequality and social exclusion; and tackle climate change.

The objectives of the five-year initiative initially funded up to US\$10 million by UNDP and SUHL are to:

- a) Support youth and enterprises to pilot innovative ideas (solutions, technologies, business models), or new ways and markets of delivering products and services with a commercial imperative;
- b) Enable enterprises to transform successful innovative pilots with commercial viability into impact at scale;

c) Stimulate faster recovery of SMEs from the impacts of COVID-19 and enable them build sustainable enterprises that are resilient to similar disruption; and

d) Establish a functional ecosystem platform to connect young entrepreneurs, Government, Development Partners, financial institutions and all other relevant actors

How it works

Y4BF consists of three separate but interlinked components designed to the boost economic empowerment of youth:

i. Innovation Challenge Fund and Growth Accelerator that provides competitive matching grant awards necessary to spur impact-driven innovation by the youth and MSMEs in sectors where growth leads to jobs.

ii. Enterprise Challenge Fund which provides competitive catalytic funding in form of blended finance (grant awards and concessional debt finance from partner financial institutions) to SMEs with commercially viable businesses that address a defined key development challenge.

iii. Youth Entrepreneurship and Innovation Ecosystem platform which will revitalize youth networks including the YouthConnekt in order to collectively identify and tackle systemic issues impeding the social economic empowerment of young people.

These will be complemented with technical assistance from the Stanbic Business Incubator and mentorship from UNDP Accelerator lab to foster the nexus between business development services and development solutions.

Youth and MSMEs will, through a Request for Proposals (RFP) be invited to submit proposals to any of the components framed around creating sustainable and scalable solutions for more and better jobs and livelihood opportunities for youth. Applications will be scrutinized by a panel made up of relevant experts to ensure they satisfy the core requirements for challenge funding i.e. innovation that delivers benefits for the vulnerable, lack of access to alternative finance, commercial sustainability after funding ends and potential for replicability through demonstration and imitation effects.

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