



ALL YOU NEED TO KNOW ABOUT THE YOUTH4BUSINESS INNOVATION AND ENTREPRENEURSHIP FACILITY



The United Nations Development Programme (UNDP) and Stanbic Uganda Holdings Limited recently launched a Youth4Business Innovation and Entrepreneurship Facility, that aims to support the youth and leverage business solutions to address the youth unemployment challenge in Uganda.

The following Frequently Asked Questions and Answers provide an overview of the initiative as well as useful information for the public and youth who may be interested in applying to benefit from the facility.

WHAT IS THE YOUTH4BUSINESS INNOVATION AND ENTREPRENEURSHIP FACILITY ABOUT?

Youth4Business Innovation and Entrepreneurship Facility is an innovative instrument developed by the United Nations Development Programme (UNDP) in partnership with Stanbic Uganda Holdings Limited to promote impact-driven entrepreneurship, foster innovation, and leverage business solutions to address the youth unemployment challenge.

It is an integrated support package intended to tackle youth unemployment and acts as catalyst for innovation by prototyping and transforming sustainable business ideas and models into impact; and by scaling up innovative businesses that create jobs and livelihood opportunities for youth. It also aims to enable youth and businesses pilot innovative enterprise ideas (solutions, technologies, business models) and market products and services with a commercial imperative; as well as transform successful innovative pilots with commercial viability into impact at scale.

In addition, the facility 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 and build forward better.

HOW LONG WILL YOUTH4BUSINESS INNOVATION AND ENTREPRENEURSHIP FACILITY RUN?

Youth4Business Innovation and Entrepreneurship Facility is a five-year initiative running over the period August 2020 to June 2025.

HOW MUCH MONEY IS BEING INVESTED IN THIS?

The Facility has made available an initial USD 10 million of grant resources and technical assistance; and up to US\$200 million in concessional loans at below market rates.

IN TERMS OF AGE GROUP, WHAT KIND OF YOUTH ARE YOU TARGETING?

We are targeting **youth aged 18 to 35 years** inclusive resident in Uganda.

WHAT IS THE TARGET GROUP FOR THE FACILITY?

The goal of the Facility is to catalyse 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.

We therefore are targeting youth-owned enterprises to support them innovate, pilot, grow and diversify. It also aims to enable enterprises transform successful innovative pilots with commercial viability to scale up. Foster the adoption of innovative inclusive business models by Micro, Small, and Medium Enterprises as well as stimulate faster recovery of youth-owned MSMEs from the impacts of COVID-19 and enable them build sustainable enterprises that are resilient to similar disruption. The firms must be operating in the targeted sectors of agriculture, tourism, development minerals, manufacturing, renewable energy, creative industry and IT with a product or service on the market; or a not-for-profit social enterprise founded/owned by youth with a financially sustainable business model; and able to demonstrate a track record of at least twelve months of business operations ending 31 March 2020.

WHAT ARE THE THREE COMPONENTS OF THE FACILITY?

The Facility consists of three separate, but interlinked components designed to boost youth economic empowerment:

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

HOW DOES ONE APPLY FOR THE FACILITY?

A call for proposals will be advertised for Youth-Owned MSME's to make submissions.

Applicants will be required 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. All applications will be assessed by a panel 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.

WHAT ARE THE APPLICATION TIMELINES FOR THE DIFFERENT FACILITY COMPONENTS?

For 2020, there will be a rolling call for applications for the Innovation Challenge Fund and Growth Accelerator, which will be announced by 15th September. This means that, applications will be received and reviewed on a regular basis according to the Request For Proposals (RFP) that will be announced. In addition, there will be one call for applications for the Enterprise Challenge Fund.

AFTER ONE HAS APPLIED, WHAT IS THE CRITERIA OF ASSESSMENT?

For the varying categories, the criteria for assessment will be published in the Request for Proposal.

HOW DOES ONE BENEFIT FROM THE DIFFERENT COMPONENTS/ WINDOWS OF THE PROGRAMME?

I. Innovation Challenge Fund and Growth Accelerator

Building on UNDP's successful implementation of other innovative financial instruments, the Innovation Challenge Fund (ICF) and Growth Accelerator is a pioneering financing facility that provides competitive matching grants necessary to spur impact-driven innovation by the youth and MSMEs in sectors where growth leads to jobs, agriculture, agribusiness, tourism, mining (development minerals); manufacturing, technology, renewable energy, creative industry and ICT-based innovations. ICF will embolden youth entrepreneurs to develop novel and sustainable solutions with a commercial imperative to address today's complex and dynamic development challenges.

As such, it will provide seed financing to youth owned promising MSMEs and early-stage firms nurturing innovative and commercially viable businesses including entrepreneurs who are developing solutions that create sustainable impact. ICF will help ambitious and innovative entrepreneurs attain their business growth plan within 12-months by offering a co-financing facility of up to USD 40,000, (approx: UGX 146 million). It will also provide catalytic financing for MSMEs engaging with low and middle-income communities to create pilot and scale up market-based solutions (innovative products, services, and business models) that have the potential to transform lives through catalysing decent job creation, unlock youth entrepreneurial potential by creating economic opportunities; and fuel more inclusive and sustainable growth.

Performance-based payments may also be applied to provide youth-owned MSMEs with funding upon the verified achievement of pre-agreed measurable development results. The ICF will be coupled with a business incubator – the Growth Accelerator – a business acceleration instrument to enable the MSMEs to overcome their challenges. The Growth Accelerator will provide technical assistance and mentorship to prepare and nurture MSMEs to harness business opportunities for growth.

CAN THE FACILITY BENEFIT NON-YOUTH WHO RUN PRO-YOUTH PROJECTS?

Yes, it can. MSMEs keen on piloting and or scaling inclusive business solutions that integrate youth in their business value chains as employees; suppliers of inputs/ raw materials; or distributors of their products or services.

WHO ARE THE KEY PARTNERS AND STAKEHOLDERS IN THIS INITIATIVE?

The key partners in this initiative are the Government of Uganda (Ministry of Gender, Labour and Social Development; and Ministry of Trade, Industry and Cooperatives), Private Sector Foundation of Uganda, United Nations Development Programme (UNDP), Stanbic Uganda Holdings Limited, the private sector and the youth. In addition, the Facility welcomes more partners to broaden its outreach and scalability so additional partners may join during the course of the implementation of the Facility.

WHAT KIND OF BUSINESS REGISTRATION IS PERMISSIBLE?

The Facility targets firms/joint ventures that are legally recognized under the Laws of Uganda with a business license readily available for verification. Businesses registered with Uganda Registration Services Bureau (URSB) as well as those registered at the Local Governments are eligible to apply for the Facility.

ARE YOU TARGETING BUSINESS START-UPS?

At the moment, the facility is targeting MSMEs that have been in business for at least one business cycle (12 months) and not start-ups. However, a dedicated component on start-ups will be fully designed in the coming months. Once the design of the component for start-ups is completed, it will be announced.

HOW MANY BUSINESSES DO YOU INTEND TO REACH ON AN ANNUAL BASIS?

Our plan is to reach over 350 businesses for the following categories:

- **Innovation Challenge Fund and Growth Accelerator** – At least 100 businesses
- **Enterprise Challenge Fund** – At least 25 businesses
- **Youth Entrepreneurship and Innovation Ecosystem platform** – At least 250 businesses

II. Enterprise Challenge Fund

The Enterprise Challenge Fund (ECF) provides competitive catalytic funding in form of blended finance - grants and concessional debt finance - to MSMEs with commercially viable businesses that address a defined key development challenge. It is intended to incentivize financial institutions to provide longer term loans so that funding becomes more easily available to enterprises including youth-owned MSMEs.

The financing is targeted at MSMEs that would not otherwise have access to adequate financing to: i) scale their innovations ii) diversify their product/service offering; and iii) recover from the economic fall-out caused by COVID-19. Specifically, ECF will support businesses in agriculture, tourism, mining (development minerals), manufacturing, renewable energy, creative industry ICT-based innovations.

Successful firms will receive a one-off, limited duration grant, usually covering up to 50 percent (or up to USD 40,000) of project costs with the remainder to be matched by a loan from a financial institution and/or own contribution. Disbursements of funds will be subject to the achievement of performance milestones stipulated in the contractual agreement between the fund and winning applicants.

III. Youth Innovation and Entrepreneurship Ecosystem platform

The Facility will revitalize youth networks including the YouthConnekt in order to collectively identify and tackle systemic issues impeding the social economic empowerment of young people. The objective of the Platform is to help entrepreneurs begin their journey by providing answers to the key concepts relevant to enterprise development; and affording them the opportunity to acquire more knowledge about funding and specific information on how to implement innovations. As such, the platform will promote mentorship, information-sharing, networking and connecting youth to their peers, role models, resources, skills and economic opportunities.

BRIEFLY EXPLAIN THE CONCEPT OF THE MATCHING GRANT FOR THIS FACILITY.

Innovation Challenge Fund and Growth Accelerator

The grant award contribution must be matched with the same amount by the recipient of the award, completely in cash or a combination of up to 20% of grant award in cash and the remainder in-kind. Complete cash contributions on the part of proposers are encouraged and will be preferred in the evaluation. In case of maximum 80% in-kind matching, only new contributions (as opposed to existing resources) by the proposer will be taken into consideration. However, reassigning current employees to implement the proposed solution by carrying out new activities shall be considered an in-kind contribution.

Enterprise Challenge Fund

Successful firms will receive a one-off, limited duration grant, usually covering up to 50% of project costs (or up to USD 40,000 as appropriate) with the remainder to be matched by a loan from a financial institution and/or own contribution.

FOR MORE INFORMATION ABOUT THIS FACILITY, PLEASE CONTACT:

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