

# Activity Appraisal Document ODA € 1.000.000 or more

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## I REQUESTED DECISION CONCERNS

Explanation of the policy data can be found in on [Rijksportaal](#). For a more detailed description you can find additional information in the [OS-Gegevenswoordenboek \(Dutch\)](#).

For the **highlighted** subjects in table below the [OS-Gegevenswoordenboek \(Dutch\)](#) and [Rijksportaal \(English\)](#) give further explanation.

<b>Application number</b>	4000002533
<b>Short name application</b>	CFYE
<b>Long name application</b>	'Challenge Fund for Youth Employment solutions' (CFYE)
<b>Description application</b>	<p>In order to tackle the root causes of poverty, conflict, irregular migration, terrorism, climate change and population growth, the Dutch Ministry of Foreign Affairs, Department of Sustainable Economic Development, will support vocational education and skills, employment and income opportunities for young people and women in the focus regions as to improve their prospects in the local labour market.</p> <p>Therefore, the Netherlands' Ministry of Foreign Affairs ('MFA') will in 2019 set up a new fund in support of employment opportunities for youth in Africa and the Middle East. This new fund, called the Challenge Fund Youth Employment ('CFYE'), will be a €150 million fund that will run for at least seven years (2019-2025), with a note that after 2023 no more new calls will be published.</p> <p>The <u>goal</u> of the CFYE is to create and increase prospects - via work and income - for up to 200,000 young people in the Middle East, North Africa, Sahel, West Africa and in the Horn of Africa, by creating more and higher quality jobs and income generating opportunities. The fund will have a special focus on opportunities for young women.</p> <p>Boosting youth employment requires an integrated approach that addresses both the demand side (jobs) and supply side (skills) of the labour market, thereby addressing linkages between these two sides in the labour market (matching). The CFYE will therefore support an integrated approach to create youth employment (youth employment strategy 2.0).</p>
<b>Budget holder</b>	DDE
<b>Date of receipt of application</b>	Not applicable
<b>Number business partner</b>	

Implementing organisation(s)	Consortia (projectbase)
<u>Legal relationship</u>	Contract
<u>Commitment</u> in foreign currency (if applicable)	Not applicable
Corporate rate	Not applicable
<u>Commitment</u> in euros	€150.000.000,-
Funds centre	DDE (youth) employment - 1701U03160001
Activity start date	01-11-2019 This is subject to change as we are still in the process of obtaining a fund manager.
Activity end date	31-12-2025
Contract start date	01-09-2019 This is subject to change as we are still in the process of obtaining a fund manager.
Contract end date	31-12-2025 (with an option to extend it with 1 year when necessary: 31-12-2026)
Has an evaluation been planned?	Yes, mandatory (see decisiontree in 5.3.6.)
<u>Aid modality</u>	Other programme aid
<u>Donor role</u>	Single donor
<u>Technical assistance</u>	10<TA<25 Between 10% and 25% of the activity budget
<u>Beneficiary's country/region</u>	XS (Sub Sahara) RH (Regionaal Hoorn van Afrika) RF (Regionaal Afrika) RA (Regionaal Azië)
<u>Countries within the region (if applicable)</u>	The CFYE will be open for all countries in the focus regions but special attention will be given to the following countries in the regions:  <b>Middle East (RA)</b> Jordan (JO), Lebanon (LB), Iraq (IQ) <b>North Africa (RF)</b> Morocco (MA), Algeria (DZ), Tunisia (TN), Egypt (EG) <b>Sahel + West Africa (XS)</b> Mali (ML), Senegal (SN), Nigeria (NG), Niger (NE), Burkina Faso (BF) <b>Horn of Africa (RH)</b> Sudan (SD), Kenya (KE), Ethiopia (ET)

	The CFYE will also keep the possibility open to include in the future other countries outside the focus regions (e.g. Southern West Africa).		
Location within the country (be as specific as possible)	Choose an item.	<b>Name location(s)</b>	
<u>CRS Code</u>	16020 Employment policy and administrative management		
<u>Policy marker weight is 'principal'</u> (no minimum or maximum amount)	PrivSct (Private sector development) & WrkJng (youth employment)		
<u>Policy marker weight is 'significant'</u> . (no minimum or maximum amount)	GikhMV (Gender) & MrktOnt (market development)		
<u>Special pledges made by the Minister or State Secretary / and/ or special marks regarding sensitive information</u>	In the new policy note, the minister has pledged to intensify funding (EUR 150.000.000,-) to give prospects to young people via work and income.		

## **II. ACTIVITY APPRAISAL**

### **2.1 Contribution made by the activity to BZ policy objectives (policy relevance)**

#### **2.1.1 Description policy relevance**

The Department for Sustainable Economic Development (DDE) of the Dutch Ministry of Foreign Affairs ('MFA') promotes sustainable and inclusive economic growth. The private sector is crucial for job creation and poverty reduction and can contribute to economic and social development and stability. Many low and middle income countries face multiple challenges, such as infrastructure, adequate legal structures, a fair tax system and investment climate. DDE works on improving the business climate and supports private sector development. DDE also stimulates Dutch companies to make their expertise available and contribute with innovative solutions to solve local societal challenges. DDE assists companies to start or grow, while facilitating better conditions for companies to do business and deliver products to markets in a responsible manner. As such, we help to create jobs and enable people to earn their own living. Jobs contribute to tax income, which enables governments to take structural measures to eradicate poverty.

In May 2018, minister Kaag presented her new policy on Foreign Trade and Development Cooperation titled '*Investing in Global Prospects. For the World, for the Netherlands*'. A new focus in the policy note is giving prospects to young people, including women, via work and income.

Employment is crucial for achieving the Sustainable Development Goals (SDGs). The SDG's that the CFYE mainly will focus on are: SDG 4 on education, SDG 5 on gender equality, SDG 8 on decent work and economic growth, and SDG 17 on partnerships. A future perspective with decent work and/or (other sources of) income for young people is crucial for poverty reduction, food security and sustainable economic development, as well as for supporting stability and reducing irregular migration. The rapidly expanding cohort of young people worldwide needs the prospect of a future that includes education, employment, equal opportunities and security.

The Netherlands will, through its new policy, invest in initiatives for general and vocational education, employment and income generation for young people in the focus regions mentioned in the new policy note, with a special focus on women.

One of the new initiatives is the challenge fund for youth employment (CFYE). The development of the challenge fund will be based on international experiences and lessons learned regarding comprehensive, country and context specific approaches to youth employment needs from World Bank (S4YE), OECD, ILO, and from the International Conference organized by the MFA together with Include (May 2017). The key challenges to creating employment for youth are visible at three levels: there are not enough jobs for the working-age population (demand); it is difficult to connect skilled youth to employers (matching); and many youth do not have the skills needed by employers (supply). In the past we have tended to focus on either creating demand or supply. We now want to have an integrated approach with the CFYE by focusing on creation of jobs, education (on the job learning), matching and the development of the right skills (Youth Employment 2.0). We aim to achieve our goals via:

- Working together with large (domestic) companies to create employment from a businesscase perspective by investing in in-company skills development (up-skilling: soft skills, digital skills).
- Improve job opportunities for young people by tackling the mismatch between supply and demand on the labor market, taking away specific constraints for young people. The connection of (vocational) education to the market demand needs to be improved by facilitating relevant skills through for example internship positions and learning on the job.

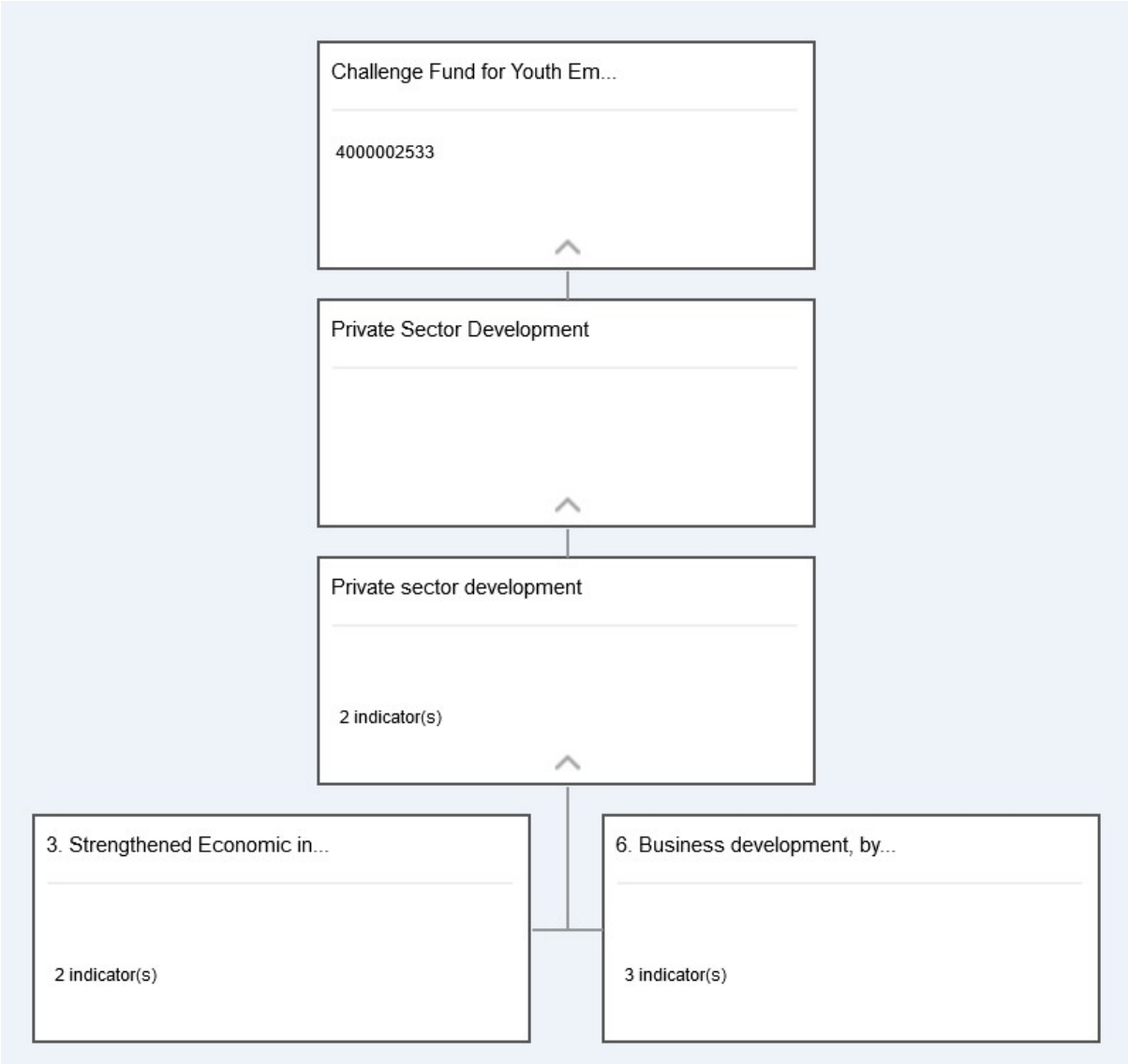
- Creating new jobs by supporting (SME) companies with growth potential and by stimulating young people to start their own enterprise. Upscaling, formalizing and generally improving the state of SMEs is an important aspect of youth employment. This can be done via upscaling and training entrepreneurs directed at the value chain of larger companies, demand driven skills development within SMEs and formalizing and certifying training programs.

We are looking for innovative, and scalable or replicable, solutions for youth employment by collaborating with the private sector and other relevant stakeholders. The choice for a challenge fund is based on lessons learned from a.o. UK's Department for International Development (DfID), the Inter-American Development Bank (IADB), Swedish International Development Cooperation Agency (SIDA), and the Canadian International Development Agency (CIDA). The main goal of the CFYE is to create prospects (via work and income) for 200.000 young people in the Middle East, North Africa, Sahel, West Africa and in the Horn of Africa, by creating more and higher quality jobs and income generating opportunities. The challenge fund will have a special focus on opportunities for young women, in view of their often disadvantaged position in societies and the labor market.

### **2.1.2 Appraisal**

*Appraise the policy relevance of the project, using the appraisal table. If the maximum score is not achieved, explain why. If certain criteria do not apply, please indicate this.*

The activity is registered and will be monitored via our own Result Based Management tool. Below, a print screen of the main indicators that we will use to reach our target (with segregated indicators on gender and youth).



No.	Criteria 2.1 Policy relevance	Indicators ( score 0, 1, 2)	Score	EXPLANATION/ REFERENCES
2.1.1		<input type="checkbox"/>	2	

	The proposed intervention ties in with the operational objectives in the Explanatory Memorandum and the related policy memorandum (policy theory and <a href="#">intervention logic</a> ).	The proposed intervention ties in with both the main objective and the secondary objectives .		In the new policy note, private sector development is seen as an important instrument to achieve inclusive growth and reduce poverty. Thus, CFYE contributes to the PSD target of DDE of creating jobs
2.1.2	The proposed intervention ties in with the ODA <a href="#">priorities</a>	<input type="checkbox"/> The proposed intervention ties in with more than one of the result areas of the BH&OS priorities.	<input type="text" value="2"/>	Apart from the main result area (youth employment), the intervention also focuses on private sector development, improved livelihoods, innovation and IT.
2.1.3	The proposed intervention ties in with the annual plan and the result chain of the <a href="#">MIB/MASP</a>	<input type="checkbox"/> The intervention is specifically mentioned in the result chain of the MIB/MASP.	<input type="text" value="2"/>	Yes
2.1.4	The relevance of the proposed intervention to the crosscutting themes of women's rights and gender equality / climate / PSD / coherence and strengthening of civil society organisations	<input type="checkbox"/> The proposed intervention is relevant to more than one of the crosscutting themes.	<input type="text" value="2"/>	We will incorporate cross-cutting issues as a do no harm principle. Gender and PSD will be woven through the instrument more prominently.
Total score (maximum 8 out of 8 points)			<input type="text" value="8"/>	

## **2.2 Problem analysis and lessons learned**

### **2.2.1 Description**

The majority of the world's young people live in developing countries. Their share within the overall population is high, putting pressure on labour markets. Many young people live in contexts characterised by high levels of job uncertainty and ambiguity, and where formal jobs are scarce and even informal jobs are difficult to find (ILO 2017). Youth unemployment is high, it has been rising in the past years, and expected to increase in developing countries, particularly in Sub-Saharan Africa (SSA) and the Middle East and North Africa (MENA). Consequently, rising youth unemployment is identified worldwide as one of the most significant problems facing economies and societies today. It is expected that 15 to 20 million young people will enter the African workforce every year for the next three decades. The MENA's population is expected to grow by more than a quarter in 2030, of which a significant proportion will be of prime-working age (World Economic Forum, 2017).

An ecosystem for quality jobs and matching skills will therefore be imperative to fully leverage this 'demographic dividend'. Considering the scope of the challenge of creating prospects for an increasingly young African and Middle Eastern population, the challenge is on top of the agenda of many governments and (multilateral) donors. Countries both in SSA and MENA region tend to point to a puzzling inverse correlation between education and employment. Focusing on skills development leads to positive changes in labour market outcomes, in increasing employment on average and in terms of income gains. Both in SSA and MENA region, low quality education is considered to be one of the reasons for the youth employability problem, as the educational and training systems fail to produce employable graduates. Despite increasing levels of education, a skills mismatch in youth labour markets is becoming a persistent and growing trend.

The key challenges to creating employment for youth are visible at three levels: there are not enough jobs for the working-age population (demand); it is difficult to connect skilled youth to employers (matching); and many youth do not have the skills needed by employers (supply). Education, skills and work experience are hence considered to be the key determinant of the labour market success of individuals, hence better educated individuals with more professional experience are more likely to be successful in finding jobs. Therefore it is important that the CFYE will operate in an integrated manner focusing on demand, matching and supply side interventions (Youth Employment 2.0).

Boosting youth employment requires an integrated approach that addresses the demand side (macro level) and supply side (micro level), as well as linkages between these two in the labour market. This must be supported by sufficient resources, coordination at the country level, and a coherent approach in which opportunities for young people are mainstreamed with existing employment and investment policies. Moreover, at the micro level, young people need good examples in the form of inspiring role models, proper education, the development of soft skills and coaching in order to obtain (and keep) jobs.

In order to reach for sustainable outcomes and impact, the private sector should be included from the start. The role of the private sector is not limited to only create jobs. The private sector can also invest in systems that enable entrepreneurs and SME's to be part and parcel of supply chains. Additionally, the private sector can invest in opportunities for education and partner in the development of curricula for schools and training centres, to make sure that the skills acquired are those that are needed by businesses.

### **2.2.2 Appraisal**

Appraise the [contextual analysis](#) of the project proposal using the appraisal table. If the maximum score is not achieved, explain why and how this is dealt with. If certain criteria do not apply, please indicate this.

## Process

In 2015, on request of former Minister of Foreign Trade and Development cooperation, Lilliane Ploumen, DDE consulted various embassies (Bamako, Nairobi, Accra, Dakar, Cotonou, Khartoum and Lagos) to help them identify youth related employment struggles ([Lopende initiatieven JW p.2](#)).


The input of the embassies was used to formulate the policy development of Local Employment for African Development (LEAD) programme ([LEAD beschrijving](#)).

In 2016, DDE has formally started to work on youth employment issues by forming a separate cluster at the department ([JW cluster mandaat](#)). The cluster started with their own research on youth employment by conducting literature research, formulating a theoretical framework on youth employment ([Theoretisch Kader JW](#)), and mapping youth related programs within MFA ([Lopende initiatieven JW binnen BZ](#)). Furthermore, Orange Corners started in 2016 in South-Africa as an initiative by the local embassy. Since then it has been adopted as one of the Private Sector Development programmes of the Netherlands Enterprise Agency, commissioned by DDE ([Orange Corners](#)).

In 2017, DDE reviewed the annual plans of the embassies and looked at their aspirations related to youth employment ([Ambassade inzet volgens jaarplannen 2017](#)). In the same year, DDE has commissioned knowledge platform INCLUDE to conduct research on youth employment issues in Africa. INCLUDE presented their conclusions during the international conference Boosting Youth Employment in Africa: What Works and Why organized by the MFA in The Hague ([Full conference report INCLUDE](#)). In 2017, DDE has also send a policy letter to parliament explaining why intensification of budget on youth employment issues is needed ([Fiche beleidsbrief JW](#)) and the different options that are possible with the intensification ([Beleidsaantekening JW](#)).

In 2018, DDE has received the intensification on youth employment ([Bestedingsplan werk en inkomen JW](#)) and conducted research on how to best spend the extra funding ([CF uitgezet tov subsidiekader](#)). The decision has been made to start a new instrument for youth employment which has been approved via an intake with the Management Team (MT) ([MT intake verslag CFYE tov subsidiekader](#)). Furthermore, Minister Kaag has pledged in the new policy note of May 2018 that 200.000 young people in the focus regions will be given a better prospect to life via improved work and income ([Investing in Global Prospects](#)). In the same year, DDE has commissioned an external consultancy firm to provide us with concrete advice and building blocks on how to set up a Challenge Fund for Youth Employment to provide and reach the desired number of young people ([Final report CFYE](#)).

In 2019, we are looking for a fund manager to manage the CFYE. In January we have presented a first idea of how the CFYE could look like to the MT ([MT verslag CFYE adhv adviesrapport](#)) and in February our action Plan to attract a fund manager was approved ([Plan van aanpak tender CFYE](#)). We are currently in the process of writing a tender. The concept tender will be send to the DDE for approval (March). Our aim is to publish the tender 1 May 2019. In September, the contract will be signed with the fund manager, and in November/December the CFYE will be operational.

No.	Criteria 2.2 Contextual analysis	Indicators (score 0,1,2)	Score	EXPLANATION/ REFERENCES
2.2.1			2	

	The proposal is based on a careful and thorough contextual analysis, from which a logical problem definition and objective are generated.	The proposal is based on a careful and thorough analysis and results in a logical problem definition and objective.		Yes, based on a thorough process of analysis and decisions as described above.
2.2.2	Based on the problem formulated, the proposal explains in a logical manner why the intervention is	<input type="checkbox"/> <p>The proposal gives a realistic explanation of why the intervention is aimed at the specified geographical location and substantiates this with examples.</p>	2	The need is most prominent in SSA and MENA region as explained above.

	aimed at the specified geographical location.			
2.2.3	The proposal justifies the choice of <a href="#">target group</a> .	<input type="checkbox"/> <p>The proposal clearly justifies the choice of target group.</p>	2	CFYE is open for proposals that aim to improve the livelihoods of young people and women via work and income. Thus, projects that aim to increase youth employability will be given a grant.
2.2.4	The proposal sets out which relevant actors were involved in formulating the proposal and what influence they had on the content of the proposal.	<input type="checkbox"/> <p>Not applicable.</p>	0	We are currently in the process of attracting a fund manager. The fund manager will be given the task to carefully select project proposals.

2.2.5	A <b>stakeholder analysis</b> (incl. women and youth) has been carried out and the results incorporated in the proposal.	<input type="checkbox"/> <p>The proposal sets out who has a stake in the programme/project but their relative interests are not set out in detail.</p>	1	In the new policy note and various memo's, and the advice rapport received by the consultant, the CFYE target group is described. The main target group of the instrument is young men and women (15-35 years).
2.2.6	The proposal describes how the results of evaluations and/or studies feed into formulation of the proposal.	<input type="checkbox"/> <p>The proposal clearly sets out how results from evaluations and/or studies contributed to formulation of the proposal.</p>	2	The CFYE will have a baseline, mid-term and end review. It will be the responsibility of the fund manager to assign an independent

				<p>external consultant to conduct these evaluations. Furthermore, the projects will be monitored in IATI by the fund manager. Moreover, CFYE will incorporate an ongoing learning component, so lessons learned can be used to improve calls during the implementation period of the programme. The fund manager is regarded as the key player linking these parties together. For example, after receipt of the concept notes (i.e. first stage of application process) the fund manager may link different applicants to each other to learn from each other or even to invite them to write a full proposal together. Or after the selection phase, the fund manager may link different actors with the objective to learn from each other.</p>
Total score (maximum 10 out of 12 points)			9	

**2.3 Objectives (outcomes), results (outputs), activities and resources, based on the SMART principle**

**2.3.1 Description**

The goal of the CFYE is to create better and more jobs via work and income for 200,000 young people in the MENA, Sahel, West- and Horn of Africa. For the different calls the geographic and sectoral context will vary.

This new instrument aims to provide prospects to 200.000 young people via work and income. In order to achieve this ambitious target, the CFYE will operate in an integrated manner by focusing on demand, supply and matching interventions.

Criteria:

- Initiatives to be supported should be country specific and aligned with government policies.
- Proven additionality to existing initiatives of other NL or multilateral interventions or available instruments of other donors.
- Avoid fragmentation through (several) smaller initiatives, when contributing to larger interventions may generate more impact.
- Preference for activities that scale up already successful interventions or have the potential to that effect.
- Special focus on opportunities and conditions for young women to participate.
- Initiatives to be coordinated with relevant initiatives of other (local) stakeholders: government, multilateral organizations and (I)NGOs, development banks or private sector.
- Multi-year financing is encouraged.
- Organisations should report according to the DGIS guidelines in the IATI standards.
- The ToC of CFYE should align with the ToC of DDE and where relevant the ToC of DSO.

Results indicators:

All initiatives should at least report on the following indicators (will be more elaborated upon in the terms of reference):

- Number of jobs supported (direct/indirect; male/female; fragile state; age group; industry)
- Number of jobs created (male/female; fragile state; age group; industry).

**Core CFYE terms**

<b>Instrument</b>	Challenge Fund for Youth Employment
<b>Goal</b>	Provide prospect to 200.000 young people via (improved) decent work and income.

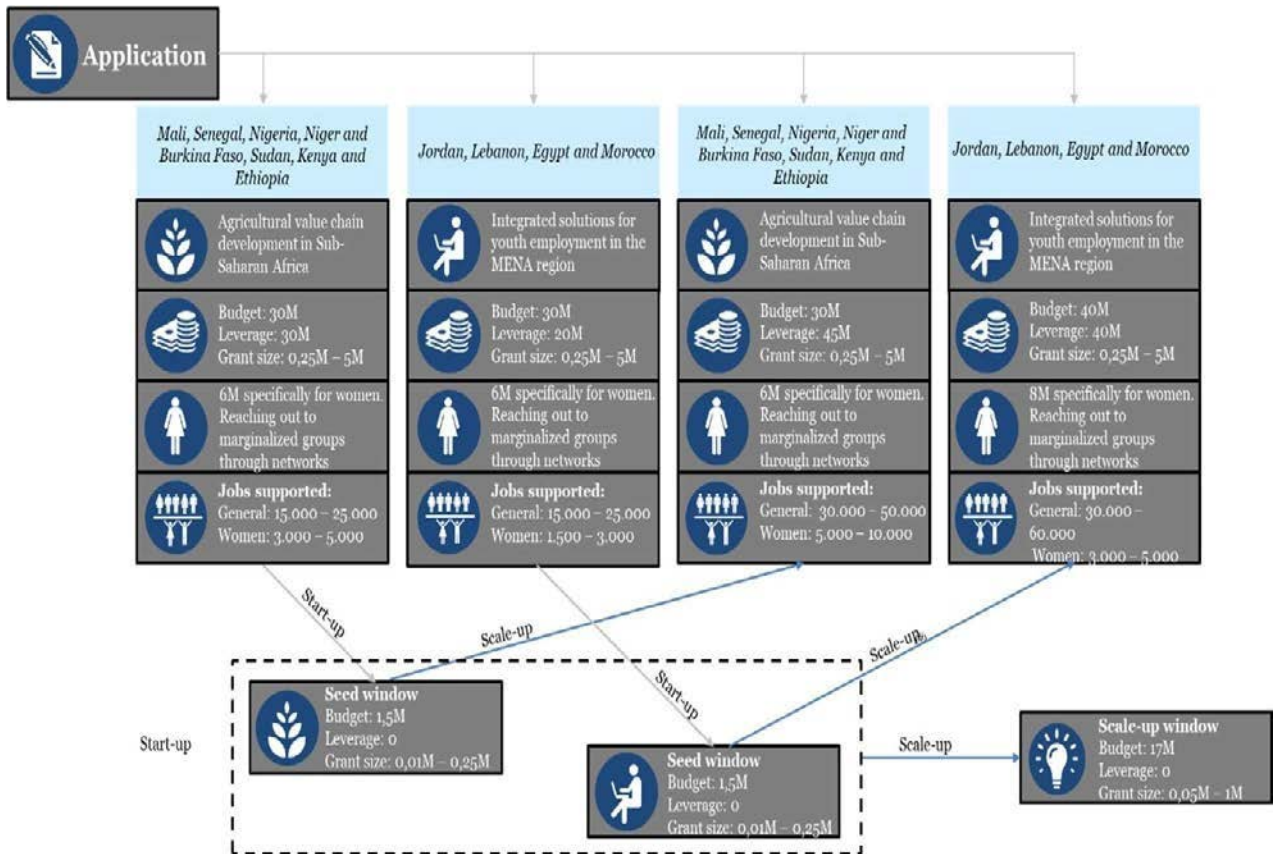
<b>Strategy</b>	<p>Integrated approach via Youth Employment 2.0:</p> <ul style="list-style-type: none"> <li>- <i>Jobs supported:</i> Working together with large (domestic) companies to create a business-case perspective for hiring young people by investing in in-company skills development. Thereby, improving job opportunities for young people by tackling the mismatch between supply and demand on the labor market, taking away specific constraints for young people. The connection of (vocational) education to the market demand needs to be improved by facilitating relevant skills through for example internship positions and learning on the job (up-skilling: soft skills, digital skills). This will eventually lead to better income and more job placements for young people.</li> <li>- <i>Jobs created:</i> supporting SME companies with growth potential and by stimulating young people to start their own enterprise. Upscaling, formalizing and generally improving the state of SMEs is an important aspect of youth employment. This can be done via upscaling and training entrepreneurs directed at the value chain of larger companies, demand driven skills development within SMEs and formalizing and certifying training programs. This will eventually create new jobs for young people.</li> </ul> <p>The fund manager should look for complementarity of DDE's and DSO's Theory of Change to reach the intended goal of 200.000 young people. The fund manager is expected to provide DDE with a full detailed ToC of how s(h)e is expecting to reach the intended group.</p>
<b>Size</b>	<p>€ 150.000.000 ,- (management costs and contributions). Ticket size per call is flexible (no minimum/maximum and to be decided by the fund manager and DDE). Although a strict minimum amount per application will not be set, in view of preventing fragmentation, it is estimated that applications for programs will be at least €250.000,- but not larger than €1.000.000,- per application. However, delegated budget can also be used for smaller activities (e.g. entrepreneurship support, upscaling SME's).</p>
<b>Structure</b>	<p>7 year contract (2019-2025) with the possibility of a one year extension period (2026).</p>
<b>Region</b>	<p>Middle East, North Africa, West Africa, Sahel and the Horn of Africa. With the possibility to broaden the geographical scope in the future.</p>
<b>Target group</b>	<p>The target group of the CFYE supported projects and activities are young people (15-35 years) whose livelihoods will be improved with interventions via entrepreneurship, education, or work via SME's, multinationals, large domestic companies and where possible local authorities. Therefore, all projects and activities supported by the CFYE should contribute to an improvement of the livelihoods of the intended target group; young men and women.</p>
<b>Operating roles</b>	<ul style="list-style-type: none"> <li>- Fund manager to source deals, manage portfolio, add value to the interventions, monitor and evaluate, marketing and communications, look for leverage and additionality, and provide technical assistance (via an independent body).</li> <li>- Expert review board, to be formalized by the fund manager, to assess impact and share lessons learned</li> <li>- Funder committee to provide guidance on strategy and thematic focus areas</li> </ul>

<b>Calls</b>	1 call in 2019, and thereafter 2 calls per year. No calls will be published after 2023. After each call, it will be evaluated what still can be improved and that will be incorporated in the next call (ongoing learning element). The calls will be regionally divided with a light sector focus (this should be done in accordance with the Multi Annual Strategic Plans of the embassies). Nonetheless, all sectors are invited to hand in a proposal. The projects with the highest impact / lowest cost will be financed (as long as it is in accordance with our development cooperation guidelines).
<b>Learning component</b>	The CFYE will have a strong learning component imbedded in the instrument. The fund manager, DDE, and learning platform INCLUDE will together look at the lessons learned and areas where more research is needed. Furthermore, on a more global level, CFYE will look at the possibilities to be linked to the World Bank's Solutions for Youth Employment (S4YE) program.
<b>Evaluator</b>	The fund manager is expected to hire an external independent evaluator to conduct a baseline review (December 2019), a mid-term review (2022) and an end line review (2026).
<b>Monitoring and Evaluating</b>	The fund manager is expected to report in IATI (per country). The indicators used should be in line with DDE's result framework.

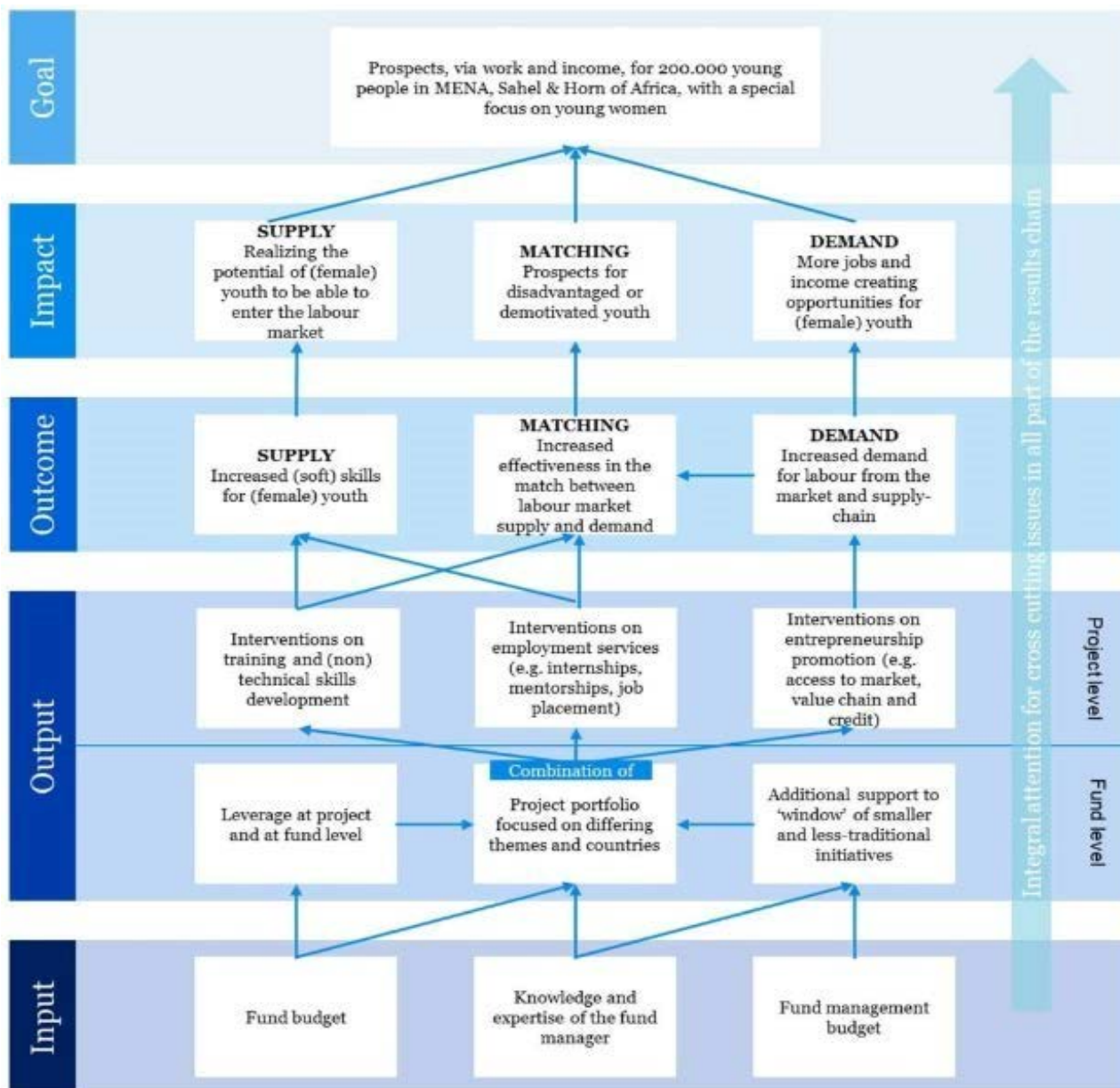
From the advice report that we have received from an external consultant, the following paragraph on indicators provides **as an example and indication** on how it could look like in the CFYE.

*"The fund manager should further detail additional tailored indicators per call. The interventions within one call will still vary greatly. For each project it should be checked if all standard indicators are relevant. More importantly, project specific indicators, especially on output level, should be agreed upon between the project initiator and the fund management. This will enable more continuous monitoring. Collecting information on indicators to track the effect of the interventions can only create insight if the indicators are matched with targets. The progress of the project can then be benchmarked against mutual expectations. However, some interventions will deal with great uncertainties, and upfront targets are inherently vague. In these cases a cohort approach (using the previous period as a benchmark for the next period) can be helpful. The overall goal is to provide for more and better jobs for young people. M&E can give insights into the progress towards that goal, but should also give insight into the conditions of these jobs. Jobs are not only the activities that generate actual income, but should, to start with, not violate fundamental rights (job quality)".*

For each call, an estimation of jobs to be supported or created is incorporated in the framework below which will serve **as an example** provided by the consultant. This calculation is based on: proposed division of budget, estimation of leverage achieved and estimation of costs of creating a job.



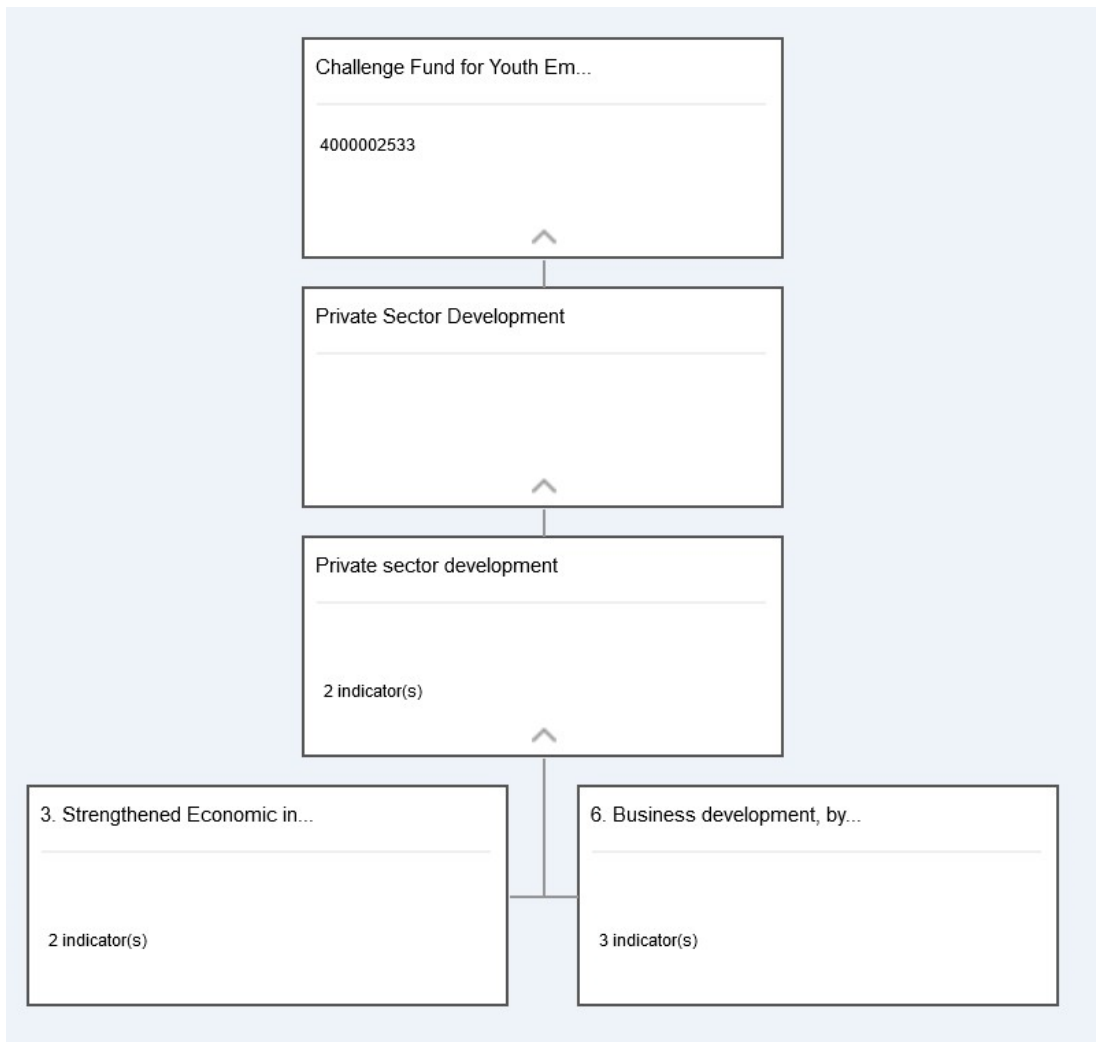
The consultant also provided a brief overview of a theory of change for the CFYE. It clarifies the intervention logic of the fund's efforts to achieve the ultimate goal of creating prospects, via work and income, for 200,000 young people in the Middle-East, North Africa, Sahel, West- and Horn of Africa. This ToC serves as **an example**. The Fund Manager will be asked to provide DDE with a full detailed ToC on how s(h)e is expecting to reach the intended goal of CFYE.



### 2.3.2 Appraisal

Appraise the logical framework using the appraisal table. If the maximum score is not achieved, explain why and how this is dealt with. If certain criteria do not apply, please indicate this.

The activity is registered and will be monitored via our own Result Based Management tool. Below, a print screen of the indicators that we will use to reach our target.



No.	Criteria 2.3 <b>Outcomes, outputs, activities and resources based on the SMART principle</b>	Explanation of score (1 point per indicator)	Score	
2.3.1	The objectives at outcome level are clearly formulated, fall within the proposal's span of influence and are realistic. The outcomes follow logically from the problem formulated.	<input checked="" type="checkbox"/> The outcomes are specifically formulated.	5	CFYE aims to improve the labour market entrance of young people. The outcomes are determined

		<input checked="" type="checkbox"/> The objectives follow logically from the problem formulated.  The objectives fall within the proposal's span of influence and are realistic (taking account of its duration and local circumstances).  The objectives are acceptable to the target group and other stakeholders.  The objectives formulated are realistic bearing in mind the scope of the activities and the capacity of the (local) organisation(s).		from the problem analysis which states that relevant skills will enhance young people's chance to work and income.
<b>EXPLANATION/ REFERENCES</b>  Additional appreciation gender indicator 3: CFYE takes women central in the instrument. The CFYE aims to create prospects for 100.000 young women (50% of the intended goal).  The objectives include an explicit reference to women/ men, girls/ boys and gender equality. Please explain.				
2.3.2	Progress in achieving the outcomes can be determined objectively on the basis of measurable performance indicators.	Relevant performance indicators <input checked="" type="checkbox"/> have been formulated for each outcome.  A baseline measurement and a measurable target (quantitative and/or <input checked="" type="checkbox"/> qualitative) have been formulated for each performance indicator.  The verification method (the means by which data is <input type="checkbox"/> collected and the sources of that data) is realistic and feasible.	2	An external evaluator will be appointed to conduct a baseline, mid review, end review and an evidence gap.

**EXPLANATION/  
REFERENCES**

Additional appreciation gender indicator 1: gender will be measured on every indicator.

For each outcome are relevant, gender specific performance indicators formulated. Please explain.

2.3.3			4	
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	<p>The outputs formulated are concrete and fall within the proposal's span of control. The outputs follow logically from the outcomes formulated.</p>	<p>The project proposal is <input checked="" type="checkbox"/> divided into clear phases, each having concretely formulated outputs.</p> <p><input type="checkbox"/> The outputs are specific.</p> <p>There is a clear link between the outputs and the out-comes, i.e. the <input checked="" type="checkbox"/> outputs can be expected to contribute to achievement of the outcomes.</p> <p>The outputs are <input checked="" type="checkbox"/> acceptable to the target group and other</p> <p>The outputs formulated are realistic <input checked="" type="checkbox"/> bearing in mind the scope of the activities and the capacity of the (local) organisation(s) .</p>		<p>The fund manager is responsible for the daily operations of the CFYE. The fund will also have a seed window to provide TA for proposals that have potential but need to be improved. The fund manager is responsible for the execution of the full process, including call design and execution, marketing, assessments, monitoring and disbursements. Upon approval from the MFA, the fund manager also appoints the AC, the external evaluator and the complaints and appeal committee.</p>
<b>EXPLANATION/ REFERENCES</b>				
2.3.4	Progress in achieving the outputs can be determined objectively on the basis of		3	An external evaluator

	measurable performance indicators.	<input checked="" type="checkbox"/> Relevant performance indicators have formulated for each output.  A baseline and a measurable target <input checked="" type="checkbox"/> (quantitative and/or qualitative) have formulated for each performance indicator.  The verification method (the means by which data is collected and the sources of information) is realistic and feasible.		will be appointed to conduct a baseline-midline and end review. Moreover, a learning component is incorporated in each call.
<b>EXPLANATION/ REFERENCES</b>				
Additional appreciation gender indicator 1 and 2:  For each output are relevant, gender specific performance indicators formulated;  Baseline, targets and verification methods are put on to collect gender specific information. Please explain.				
2.3.5	There is a logical link between the proposed activities and the outputs formulated.	The proposal sets out the nature of the <input checked="" type="checkbox"/> and explains how the activities formula contribute to achieving the outputs.	1	A clear link is made to the PSD output.
<b>EXPLANATION/ REFERENCES</b>				
2.3.6	There is a logical link between the activities and the project budget (efficiency).	<input checked="" type="checkbox"/> The budget is supported by figures on price and quantity (p x q).  <input type="checkbox"/> The budget is broken down by output and/or outcome.	1	An indication of the budget is given per region and per job by the consultant.
<b>EXPLANATION/ REFERENCES</b>				
2.3.7			3	

	<p>When the activity ends, its envisaged outputs will have a lasting effect for the ultimate target group.</p>	<p>The proposal contains a clear vision (with <input checked="" type="checkbox"/> objectives) as to how the activities will be continued when the intervention comes to an e</p>	<p>There is clear vision on the</p>
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		<p>To achieve these objectives, specific <input checked="" type="checkbox"/> measures will be taken during implementation of the activities to ensure that the target group will help continue the activities.</p> <p><input checked="" type="checkbox"/> The proposal contains suitable criteria against progress in continuing the activities can be</p> <p><input type="checkbox"/> The proposal includes a transition plan or exit strategy, identifying the various actors.</p>	w	<p>synergies that can be created between supplydemand interventions.</p> <p>Projects will also be measured on their sustainability aspect.</p>
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<b>EXPLANATION/ REFERENCES</b>				
2.3.8			3	

	<p>At the end of the activity, the envisaged outputs will have a lasting effect on the local partners.</p>	<p>The proposal contains a clear vision (with <input type="checkbox"/> objectives) as to how the quality of the activities and/or financial independence of the local partner will be</p> <p><input checked="" type="checkbox"/> To achieve these objectives, specific measures will be taken during implementation of the activity.</p>	<p>CFYE will use costsharing grants as the funding mechanism, meaning that</p>
		<p><input checked="" type="checkbox"/> The proposal devotes attention to the capacity of the local partner to generate income from various sources.</p> <p>The proposal sets out suitable criteria against <input checked="" type="checkbox"/> which progress in regard to institutional sustainability can be measured.</p>	<p>the applicant needs to finance part of the project budget from own resources. Own (or third party) contributions can be made cash or in kind.</p>
<p><b>EXPLANATION/ REFERENCES</b></p> <p>By contributing to increased private sector participation and greater willingness to invest and take on risk, these effects can transform a sector.</p>			
<p>Total score (maximum score 27 points)</p>			<p>22</p>

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## 2.4 Cooperation, harmonisation and added value

The niche of the CFYE is that this instruments' interventions are based on an integrated approach. This integrated approach means that new jobs will be created (demand) by up-scaling SME's; connect skilled youth to employers (matching); and provide youth with the skills needed by employers (supply) by up-skilling at larger (domestic) companies. Research shows that initiatives often do not integrate these three components, with a mismatch as a result. Furthermore, the CFYE will use a beauty contest mechanism to obtain the best innovative solutions for youth employment and in particular to look at possibilities for scale.

Based on the literature, successful activities have the following **characteristics**:

- Gender sensitive.
- Expanding work based learning; combining classroom with work place learning (e.g. traineeships, apprenticeships).
- Improve transferable skills like being able to be a team player, to solve problems, critical thinking, ICT skills, but also work ethics and life skills (socio-emotional skills).
- Provide career guidance and job matching: information for job seekers to identify opportunities (market demand) and job matching services
- Skills training for entrepreneurship combined with startup capital and counseling.
- Strengthening quality assurance arrangements for formal and non-formal training.
- Professionalize teachers and trainers, both at institutions as well as job coaches and mentors. Strong links needed between teachers and employers.
- Greater involvement of private businesses in national qualification frameworks (NQF) and curricula
- Establish partnerships with employers before design of training. Partnerships intermediary institutions and employers in an industry to anticipate job openings, design program content and maximize placement. High quality intermediaries and comprehensive recruitment services.
- No blue prints, but context specific interventions.

There are several initiatives that already focus on youth employment in the selected countries, for example by the World Bank, the African Development Bank and the Islamic Development Bank. The CFYE fund manager should align with those initiatives, to make sure that the fund is - and stays – additional to these initiatives, that target groups do not overlap and that lessons learned and best practices are shared.

### Initiatives financed by the MFA

Apart from international facilities, it is also important that this fund will be additional to the other DDE instruments that focus on youth employment.

- **SDG Co-Innovation Fund:** The aim of the fund is to develop demand-driven, commercially viable innovations that address local development challenges that are linked to the prioritised SDGs in focus countries/regions.
  - Niche CFYE: main focus on large companies (without and using an integrated approach).
- **SDG Partnership Facility:** The MFA, in collaboration with the Netherlands Enterprise Agency (RVO) aims to help achieve various sustainable development goals in developing countries. The fund focuses on: ending hunger (SDG 2), decent jobs and economic growth (SDG 8) and partnerships for the goals (SDG 17). CFYE and the SDG fund share a common goal, especially regarding SDG 8.
  - Niche CFYE: focus on integrated approach (in particular matching young people to jobs and providing them with the right skills).

- Dutch Good Growth Fund: The DGGF invests in Dutch SMEs who do business in developing countries and emerging markets. Investments from the private sector can be a lever for employment, production capacity and knowledge transfer in developing countries and emerging markets.
  - Niche CFYE: focus on integrated approach. DGGF is focusing on access to finance for young people which is not the intended goal of this fund.
- Local Employment in Africa for Development (LEAD): This grant scheme aims to improve young people's prospects in African countries by encouraging local entrepreneurs and creating jobs.
  - Niche CFYE: focus on private sector-led consortia (LEAD is NGO-led). Main focus of CFYE is jobs and at LEAD not all interventions are related to jobs.

In addition to these DDE programs and intensification on youth employment, the MFA has also made funds available to improve education in the focus countries (DSO). A large part will be spent on a programme of the World Bank, called Global Partnership for Education but also on UNICEF Generation Unlimited.

### **Alignment of the CFYE with other facilities and stakeholders**

The fund manager will be asked to align with other facilities/stakeholders when the fund is operational on 2 levels: policy coordination to execute the CFYE and at country level.

The CFYE may align with the other facilities and stakeholders, by its focus on the private sector. For instance, the African Development Bank dedicates one strategic level to private sector investment and with the Dutch Good Growth Fund, the MFA aims to increase private sector investments in developing countries. To create even more alignment, collaboration is needed by sharing lessons learned and best practices. This will be integrated in as a part of the marketing and communication strategy of CFYE.

Besides sharing lessons learned and best practices, coordination between particular initiatives in the focus countries and the CFYE is necessary to ensure target groups do not overlap. The possibility can occur, that grantees of other facilities are eligible for the CFYE as well. In the marketing and assessment plans, the fund manager should take this possibility into account.

### **International facilities**

Several initiatives exist to counter the problem of youth unemployment in Africa and the Middle East. Alignment of the CFYE with these initiatives is crucial to position the fund and maximise impact.

African Development Bank: In order to counter the youth unemployment challenges in Africa, the African Development Bank launched the Jobs for Youth in Africa Strategy. This strategy aims to create 25 million jobs and positively impact 50 million youth in 2025. The bank formulated three strategic intervention areas: integration, innovation and investment and strives to incentivise private sector financing (AfDB, 2016).

International Labour Organisation: The ILO has launched a partnership with the African Development Bank, the African Union Commission and the United Nations Economic Commission for Africa (UNECA) to jointly address youth employment at regional and country levels (ILO, 2018). Areas of intervention include employment services, employment creation and policy advisory services.

The World Bank: The two main goals of the World Bank Group to achieve by 2030: to end extreme poverty by decreasing the percentage of people living on less than \$1.90 a day to no more than 3%, and to promote shared prosperity by fostering the income growth of the bottom 40% for every country (The World Bank, 2018). The World Bank is a source of financial and technical assistance to developing countries around the world. They provide low-interest loans, zero to low-interest credits, and grants to developing countries in diverse

sectors. Some of the projects are co-financed with governments, other multilateral institutions, commercial banks, export credit agencies, and private sector investors (The World Bank, 2018).

The Islamic Development Bank: The IsDB works on collaborative partnerships by bringing public and private sector together, through Public Private Partnerships. The bank also boosts the value chain of its member states by investing in training and skills (IsDB, 2018).

### **Additionality of the CFYE**

The CFYE's additionality arises from targeting the private sector in particular. The private sector often engages in other facilities from a CSR perspective. The CFYE however aims to engage private sector from a viable business case perspective. This way the probability of sustainable solutions can be increased.

## **2.5 Channel and aid modality (including alignment)**

Channel: our focus will be on a private sector-led approach, possible in consortia with knowledge platforms and NGOs. The decision has been made to primarily focus on a private sector-led approach as the CFYE would like to achieve leverage and create and support as much jobs as possible.

We have decided to create a new instrument in the form of a challenge fund as this is the best way to obtain innovative solutions for local problems. The CFYE operates in the form of a beauty contest and leverage can be obtained of the private partners involved. The CFYE will also have a strong learning component where not only best practices will be shared but also beautiful failures. The aim of the CFYE is to create as many new jobs as possible and support jobs via decent work and living wages.

DDE proposes to provide EUR 150 million in total which will be spend on minimum 70% on contributions to reach the intended goal and maximum 30% on management costs (including TA) to be gradually disbursed over the period 2019-2025. CFYE will use a cost-sharing grant as the funding mechanism, meaning that the applicant needs to finance part of the project budget from own resources. Own (or third party) contributions can be made cash or in-kind. Leverage should be customized per call (factor 1:1 to 1:4), depending on the characteristics of a specific funding window. Calls that are for example more focused on large corporates normally have a higher leverage than calls focused on SMEs. Also, challenges that are more innovation-focused are leveraged less.

## **V. IMPLEMENTATION**

### **5.1 Budget**

In 2019, the Netherlands' MoFa intends to set up a new challenge fund aimed at employment opportunities for young people. The CFYE, will be a €150 million fund that will run for 7 years (2019-2025) with an optional one year extension if needed (2026). DDE is currently in the process of attracting a fund manager. Overhead costs will not exceed 30% of the total budget available for this fund, this includes an elaborated ToC, Technical Assistance, M&E, marketing and communication. The lowest price and best proposal will be handed the CFYE contract. The remaining minimal 70% of the total budget will be spend on contributions to reach the intended goal.

The governance structure will be in the line of the following mandate:

- Fund manager to source deals, manage portfolio, add value to the interventions, Monitor and evaluate, marketing and communications, look for leverage and additionally, and provide technical assistance (via an independent body);

- Expert review board, to be formalized by the fund manager, to assess impact and share lessons learned;
- Funder committee to provide guidance on strategy and thematic focus areas.

### 5.1.1 Breakdown of costs

State the overall cost of the activity and overheads. Indicate the various cost centres (activities and outputs) in the rows and cost types (e.g. personnel, equipment, etc.) in the columns.

<b>Output/direct costs</b>	<b><u>Costs A</u></b>	<b><u>Costs B</u></b>	
<b>Output 1</b>			
<b>Output 2</b>			
<b>Overheads</b>			
<b>Total</b>	<b><u>150.000.000</u></b>		

## 5.3 Monitoring

### 5.3.1 Narrative and financial reports

Outcome 5 in the assessment decision tree is necessary for this activity.

Audit opinion

- + report of findings
- + additional measures
- + final evaluation of efficiency and effectiveness

In the case of additional requirements: specify what conditions must be set (e.g. *greater frequency, criteria relating to content, etc.*). Also indicate if there is some other means of oversight of activity implementation (e.g. via Board of Donors).

### 5.3.2 Audit opinion

Use the [audit certificate decision tree](#) to determine which type of audit opinion is required for the activity. Give a short explanation with the result of the decision tree.

Yearly audit opinion on the CFYE financial fund report

#### **Additional reports by the auditor:**

*If it is desirable for the audit opinion to be accompanied by an additional report on certain aspects, explain why (e.g. high-risk activity, poor management capacity on the part of the implementing organisation).*

*If the organisation itself also makes prepayments and reports on an accrual basis, the [audit protocol](#) (annexe to decision) should require the external auditor to report on the effectiveness of the control exercised by the organisation on the making of prepayments.*

### 5.3.3 IATI - International Aid transparency Initiative

The organisation will report on results in accordance with the IATI standard, as set out in the BZ publication guidelines. This will be put in the tender for the fund manager as a mandatory obligation.

DDE also reports on its activities through IATI and made a selection of the indicators which they report on. Before implementation, the fund management should review this list and check for each indicator whether these data can be provided about the Challenge Fund.

### 5.3.4 Annual plans and other reports

#### 5.3.5 Monitoring calendar

Set out the reporting requirements in the table below, to ensure they are accurately incorporated in the decision/agreement.

Report type	Any specific requirements*	Period	Submission by
Annual plan		Jan-Dec	1 dec in year T-1
Narrative*		Jan-Dec	30 april in year T+1
Narrative IATI *			
Financial		Jan-Dec	30 april in year T+1
Account of field visit			
Final narrative**		2019-2025	30 june 2026
Final financial		2019-2025	30 juni 2026
Audit		Jan-Dec	30 april in year T+1
Certified statement		Jan-Dec	30 april in year T+1
Evaluation	<i>A baseline, mid-term review and end evaluation will be conducted.</i>	Jan-Dec	<i>December 2019, December 2022 and December 2026</i>
Others to be included			

\* Narrative / narrative IATI: reports on the contributions by third parties (inputs), outputs, outcome, sustainability and the spending of the Dutch contribution in accordance with the latest approved budget. If a financial report (other than the A statement) is submitted separately, please insert a line.

The organisation will report in accordance with the BZ publication guidelines on the IATI standard. For more information about the narrative reports, please see 5.3.3.

\*\* See also the results given in section 5.3.1; if any additional criteria are desirable, insert them here.

### 5.3.6 Evaluations

An external evaluator will be appointed at the same time the implementing organisation is contracted. The evaluator will be responsible for a baseline- mid-term and end review.