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# TERMS OF REFERENCE SECOND THEMATIC CALL FOR PROPOPOSALS CFYE

## Scalable employment models for intermediaries providing finance and business support

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## 1. Background

There is an urgent need to generate good quality jobs for youth in the Middle East and Africa. The Middle East and North Africa (MENA) region's population is young, growing, increasingly well-educated but underemployed. Youth under the age of 25 constitute half of the population in the region and youth unemployment stands at over 30%.<sup>1</sup> In Sub-Saharan Africa, youth under 25 constitute 60% of the population and across Africa, 15 to 20 million increasingly young people are expected to join the workforce every year for the next three decades.<sup>2</sup>

Young women face additional barriers to finding and retaining decent employment. Globally, women earn on average 24% less than men, but in Sub-Saharan Africa, this figure surges to 30% less. In North Africa and the Arab States, youth unemployment among women reaches 44% - almost twice that of men%.<sup>3</sup>

### **Challenge Fund for Youth Employment (CFYE)**

In 2019, the Department of Sustainable Economic Development (DDE) of the Ministry of Foreign Affairs (BZ) of the Netherlands set up a challenge fund to address the challenge of creating employment

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<sup>1</sup> World Economic Forum (2017). *The Future of Jobs and Skills in the Middle East and North Africa: Preparing the Region for the Fourth Industrial Revolution*. Geneva, Switzerland.

<sup>2</sup> World Economic Forum (2017). *The Future of Jobs and Skills in Africa: Preparing the Region for the Fourth Industrial Revolution*. Geneva, Switzerland

<sup>3</sup> Plan International (2019). Youth Unemployment: The Facts. [Online]. Available at: <https://plan-international.org/eu/youth-unemployment-facts>

opportunities for youth in the Middle East, North Africa, Sahel, West Africa and the Horn of Africa. The goal is to ultimately enable 200,000 youth, at least half of whom are women, in the focus regions to benefit from **decent employment**. Specific countries that fall under CFYE are Uganda, Kenya, South Sudan, Sudan, Ethiopia, Egypt, Jordan, Tunisia, Morocco, Algeria, Nigeria, Senegal, Mali, Niger and Burkina Faso. The CFYE program runs till December 2025.

The CFYE distinguishes three employment outcomes pathways: “create,” “match,” and “improve”. The three outcomes are defined as follows:

1. Create: A young person takes up a job/role that has been newly created as a direct or indirect result of the intervention;
2. Improve: a young person experiences improvements in working conditions within a job they already have as a result of an intervention.
3. Match: A young person is **hired into decent jobs**, through matching services or through their own initiative following a skills development intervention; or

CFYE has currently contracted 37 Implementing Partners in 6 countries with a total of 88,000 projected jobs for youth of which 65% are women. We distinguish three employment types, namely:

1. Waged jobs: There is an employer and an employee. The employer dictates the terms of employment, usually through a contract. This could include: Salary job in a private firm, Informal wage work on a farm or in a microenterprise or wage work in households.
2. Self-employed: An individual works for himself or herself, as a freelancer or owner of a business, who has autonomy over business practices.
3. Dependent self-employment: A job in which an individual person may have no autonomy over business decisions such as unit price or terms of payment (e.g. agents earning commissions for transaction fees/sale).

CFYE’s implementing partners are mainly private sector organisations as the private sector is the key employer (of youth). At this moment, one third of our IPs are intermediaries that support other enterprises and individual entrepreneurs with business support, entrepreneurship development, finance, training and/or matching support. Two thirds are employers who create jobs within their own company or supply and delivery chain. The jobs created by employers and intermediaries can be wage, self-employed or dependent self-employed.

This call for proposals focuses on **intermediaries providing business support and innovative finance**.

## 2. Focus of this thematic call

This thematic call targets intermediaries providing business support and innovative finance to **Small and Growing Businesses (SGBs)**<sup>4</sup> that create decent employment opportunities for youth (including women).

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<sup>4</sup> The Aspen Network of Development Entrepreneurs (ANDE) defines Small and Growing Business as commercially viable businesses with five to 250 employees that have significant potential, and ambition, for growth. Typically SGBs seek growth capital from \$ 20,000 to \$ 2 million.

Examples are accelerators, business support organisations, impact financiers and other eco-system players. We are focusing on the employment outcomes: create and improve. Organisations can apply on their own or as a consortium.

## Objective

The objectives of this thematic call are:

1. To scale initiatives that successfully create decent job opportunities for youth in countries of its current operation and/or replicate it in other countries. Through this call we intend to work with 1 to 4 implementing partners that will jointly generate employment opportunities for 15,000 for youth of which at least half for women.
2. To design or strengthen mechanisms that will exist beyond the duration of CFYE that anchor employment outcomes in the business case of locally operating Small and Growing Businesses.
3. To contribute to CFYE's learning and innovation agenda which includes the following themes: 1) defining, enhancing and measuring DECENT jobs, 2) demonstrating the business case of decent jobs, 3) the future of work in terms of green jobs. We are also interested to learn more on interventions that contribute to the employment ecosystem. See Appendix II for more details.

To meet these objectives, CFYE wishes to collaborate with experienced intermediaries with a strong local presence and proven capacity to work with Small and Growing Businesses. Proposed activities need to take place in at least 2 CFYE countries.

## 3. Relationship with Challenge Fund for Youth Employment

Whilst operating independently from the Challenge Fund for Youth Employment, the selected IP(s) will be expected to work together with the Challenge Fund on a number of areas:

- Sharing of outcomes and lessons learned
- Participation in the development and sharing of CFYE's key learnings and outcomes
- Contribute and provide input to CFYE's learning & innovation agenda
- Interaction with other IPs of CFYE to explore possibilities for collaboration and joint learning

## 4. Process

### Timeline

17<sup>th</sup> of January: Launch of the Calls for Proposals

20<sup>th</sup> of January 14.00 hrs CET: Information session for prospective applicants (webinar)

2<sup>nd</sup> of February: Information session focusing on on-line submission

4<sup>th</sup> of March: Deadline to send clarifying questions (online) or request for one on one sessions\*.

8<sup>th</sup> of March: responses to clarifying questions will be available on the Challenge Fund website

15<sup>th</sup> of March: submission of Business Case

7<sup>th</sup> of May: latest date selected candidates will be informed and due diligence process will start.

\* Requests for one on one sessions can be made alongside proof that eligibility requirements 3 to 6 as set out in Appendix I are met by the prospective applicant by sending an email to [sem@cfye.nl](mailto:sem@cfye.nl).

## Request for Proposal

Interested parties are invited to respond to this Request for Proposal. A Business Case format has been provided in a separate document for reference only. This is to help you develop drafts and review internally. However, you will be required to submit answers to the questions in the Business Case by filling out an online form on CFYE's Applicant Portal. This online form is structured almost exactly as the Business Case word document.

You are kindly requested to submit your proposal no later than 15<sup>th</sup> of March 2022 at 05.00 PM CET via the online platform.

## Selection

After submitting proposals, CFYE will assess the business case and select applicants. The eligibility and evaluation criteria are specified in Appendix I.

## Start of Contract and Programme

We expect the contract to be in place in the second quarter of 2022 and will start with an inception period that will last between one and three months. The programme should start no later than July 2022 and be finalized by June 2025. It will be up to the applicants to ensure they meet the due diligence requirements as laid out in the Guidance Pack.

## Appendix I: Eligibility and Evaluation Criteria 2nd thematic call

Proposals received will go through a two-step evaluation process. In the first step, the eligibility of applicants will be assessed. Only applicants who meet all eligibility criteria will go to the second stage of the evaluation.

### First stage: Eligibility criteria:

1. **Principles:** Should be able to adhere to CFYE's guiding [principles & priorities](#).
2. **Exclusion Criteria:** the programme and organizations involved must pass the [FMO exclusion criteria](#).
3. **Local Presence:** You (the lead organization), or at least one of your consortium partners, has a local operating presence in the countries in which you will operate.
4. The proposed project or initiative needs to work **in at least two CFYE countries**, namely: Tunisia, Kenya, Uganda, Sudan, Ethiopia, Jordan, Egypt, South Sudan, Nigeria, Senegal, Mali, Lebanon, Burkina Faso, Algeria, Morocco and Niger
5. **Legality:** The Lead Organisation and consortium partners are legally registered and proof of registration as private sector, foundation, NGO etc. is provided.
6. The lead organisation has been in existence for at least 3 years
7. **Total Targets:** The proposed programme will create, match, improve or sustain at least **2,000** jobs for young men and women.
8. **Women Targets:** Of the total youth employment created, matched, or improved, at least **50%** are for women.
9. **Private Sector:** The proposed activities should support private companies in creating decent jobs for young men & women.
10. **Leverage & CFYE Contribution:** The minimum contribution of the fund is **€ 500,000**. This should be matched at the start of the co-investment with an amount of at least half of the contribution requested from CFYE. A strategy also needs to be in place showing how additional capital will be leveraged that will result in a non-CFYE contribution being double the amount requested. Sources of co-funding have to be approved based on the guidance provided. Please note that in-kind contributions are not allowed.
11. **Youth:** The jobs created, matched or improved would be for youth aged **15-35 years**. Unless the minimum working age is otherwise stipulated by local labour laws.
12. **Employment type:** Initiatives in both the informal and formal sectors are eligible. However, there is need to specify the employment type: wage employment, self-employment or dependent self-employment.

### Additional:

13. The CFYE contribution requested cannot exceed the total turnover of the Lead Applicant in the previous year.
14. Applicant organisations can begin project implementation no later than **July 2022**. It will be up to the applicants to ensure they meet the due diligence requirements. Requirements are specified in the Guidance Pack that is submitted alongside the Business Case template.

## Second stage: Evaluation criteria:

In the second stage of the evaluation process, we will apply the following criteria and weighing factors:

1. *Organisational capabilities– 25%*
  - Expertise and team experience
  - On the ground presence
  - Strong programme management experience
  - Experience in designing support or finance models that include and enhance employment outcomes delivered by SGBs
  - Experience in designing and implementing monitoring and evaluation frameworks
  - Relevance and quality of key learnings.
  - Quality of impact reporting
  - In case of a consortium, clarity on division of roles and complementarity between consortia members
2. *Financials – 25%*
  - CFYE Cost per job. Positive consideration will be given for those intermediaries whereby the CFYE costs per job are around 500 EUR calculated by the number of jobs divided by the requested contribution from CFYE. As a point of reference current anticipated CFYE and total cost per job (create, match and improve) are EUR 271 and EUR 850 respectively.
  - Committed capital from third parties to support the proposed programme and the quality of the strategy to bring in not yet committed additional capital.
  - Commercial viability of the proposed business model
  - Explanation provided on why a CFYE contribution is required to assess the additionality.
  - Additional points will be given to proposals using financial incentives and/or payments for achieving pre-agreed job and inclusivity targets.
3. *Programme proposal – 25%*
  - Quality of problem analysis and proposed pathways to employment
  - Likelihood that proposed interventions will result in the projected number of jobs, supported by past experiences and in case of higher targets, the strategies that will be deployed to ensure higher targets are met.
  - Pipeline plan – strength of relationship with and support models for Small and Growing Businesses in the proposed intervention countries
  - Theory of change
  - Quality of gender strategy.
  - Quality of risk assessment
  - Likelihood that the programme will continue after the end of the CFYE support
4. *Impact Focus – 25%*
  - Extent to which the proposal clearly shows that youth will benefit.
  - Proposals that operate in at least one or more countries besides Kenya, Uganda and Nigeria given CFYE's strong presence in these countries.
  - Proposals reaching youth with less education and based in rural areas.

- Proposals creating green jobs. Jobs are green when the employer helps to reduce negative environmental impact ultimately leading to environmentally, economically and socially sustainable enterprises and economy: More precisely jobs with businesses that: a) reduce the use of fossil fuels and/or adopt renewable sources of energy b) decrease pollution and greenhouse gas emissions, c) increase the efficiency of energy and raw material usage, d) minimize waste & pollution and/or recycle materials and e) protect and restore ecosystems.
- Attention for the decency of the jobs representative of the type of job, location and formality and clarity of the pathway to enhance the 'decency' of the job. To qualify as a decent job, the average monthly income should be representative of the local cost of living, depending on location, has no more than 48 hours/week of work, and jobs are maintained for at least six months.

## Appendix II: CFYE's Learning & Innovation Agenda

The Learning & Innovation Agenda is a tool to help CFYE create, share and use learning, knowledge and innovations to achieve its strategic goals. Through generating and/or proactively testing credible evidence and learning, CFYE aims strengthen the existing evidence base, and set an example of best practice to current and future challenge funds focusing on youth employment.

### Goals

The purpose of CFYE's Learning Agenda is twofold:

1. To support our impact objective to generate more and better decent jobs for 200,000 youth, half of whom are young women in the Middle East, North Africa, the Sahel and the Horn of Africa
2. To build an evidence base on how to generate decent, gender-responsive, youth employment via the private sector in these regions, positioning the CFYE as a thought leader in programme and policy influencing, advocacy and investment

The Learning & Innovation Agenda aims to improve the quality of information available and used to make programmatic and technical decisions. It supplements the programme Theory of Change (ToC) with specific learning questions related to programmatic processes, as well as filling existing gaps about technical aspects of youth employment programming.

The Knowledge Agenda therefore advances a collective agenda for addressing the defined evidence gaps, promoting the case for investing in activities and interventions that are proven to work. Through gathering, testing and sharing evidence of what works (and what doesn't), we aspire to catalyse the creation of better designed and implemented youth employment programmes in our focus regions and countries.

It does this by primarily through analysing the data emerging through project implementation, supplemented by pilots and special strategic research in targeted areas. In this way, knowledge products generated through the Knowledge Agenda will offer evidence-based conclusions and recommendations for maximising results in youth employment programmes.

### Principles

We do not see the development of the Learning & Innovation Agenda as a closed forum, but a live, collaborative and flexible tool, which should be regularly reviewed, refined and adapted. In the spirit of strengthening the evidence base to improve youth employment programming, all knowledge products that emerge from our Knowledge Agenda will be open source, aimed at anyone interested in sharing knowledge and contributing to our common goal (including but not limited to private sector, donors, governments, and civil society).

The Learning & Innovation Agenda is therefore grounded in the following key principles:

- Related to critical knowledge gaps around youth employment in our focus regions
- Linked to our Theory of Change and Strategy

- Identified by the CFYE team and refined through consultations with DDE, our Implementing Partners and our knowledge partners
- Decentralised to accommodate collaborative learning at all levels, especially by the IPs themselves
- Regularly finetuned or adapted based on emerging findings, but designed to hold through the entirety of the Fund
- Defined to prioritize youth empowerment, participation and resilience throughout
- Intended to guide Fund design and decisions both retrospectively and proactively

## Selected learning themes

### Learning Themes CFYE

Theme 1: Defining and measuring decent work for youth

Theme 2: Creating the business case for decent work for youth

Theme 3: The Future of Work is digital and green

Theme 4: Creating an enabling environment for decent work  
Strengthening the employment ecosystem

## Elaboration of each theme

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### Theme 1: Defining & measuring decent work for youth What are effective models to generate decent jobs for youth?

#### Background

The CFYE's mandate, duration, breadth of geographic coverage and size of financial investment - represents a significant opportunity to contribute answers to a critical question: what are effective models for creating decent employment for youth - that are aligned with their career aspirations and build their assets - in the Middle East and Africa? How can decent jobs for youth be explicitly defined and measured in various contexts?

#### Sample learning questions

- ✎ How can we create an analytical model that defines decent work in the different contexts?
- ✎ What models (sectors, types of implementing partners, job pathways) create the most impact in terms of scale and quality of jobs for youth?
- ✎ What does job quality or decency mean for youth, especially in the informal and gig economy sectors?
- ✎ How can businesses calculate and pay competitive wages to attract and retain youth?

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## Theme 2: The business case for decent work for youth

### Is there a business case for creating decent jobs for youth?

#### Background

CFYE focuses on private sector-led solutions to youth employment challenges. For the sustainability of CFYE-supported job outcomes, there needs to be a strong business case. Businesses can only flourish if they can sell their products and services.

Does instilling the principles of gender equality, youth engagement, empowerment and resilience, and decent work lead to business resilience?

This theme links to the learning agenda of the Youth@Work and the Impact First Think Tank, an informal exchange facilitated by the CFYE on Impact First SME Finance.

#### Sample learning questions

- ✕ How can private sector be incentivised to attract and retain young people in decent jobs? Does this make commercial sense?
- ✕ What is the business value of decent work and why would businesses invest in young professional development?
- ✕ What are the costs of decent jobs? Who is paying for enhanced quality of jobs? And who is sustaining it?
- ✕ How do we leverage and scale the employment models supported by CFYE and apply various financial instruments to accommodate growth?

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## Theme 3: The Future of Work for Youth is Green and Digital

#### Background

The world of work is changing. How can young people and employers prepare for the "future of work" – work that is digital, flexible, remote, and driven by automation and technology?

The next generation will be the most impacted by global challenges including climate change and urbanisation. These challenges pose both threats and opportunities for young people.

This theme is about learning how youth can be equipped with the right skills to match the jobs of the future, including green and digital jobs. The DIFYE will contribute learning especially related to educational institutes and matching companies.

#### Sample learning questions

- ✕ How do we align job opportunities for youth with the issues of climate change, urbanisation, or health?
- ✕ Understanding **DIGITALLY ENABLED JOBS**
- ✕ Improving and sustaining digitally enabled jobs
- ✕ How do we conceptualise and measure jobs in the flexible work and gig economies?
- ✕ How do we equip the young workforce with relevant skills for the future?
- ✕ Understanding and preparing the youth for **GREEN JOBS**

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## Theme 4: strengthening the youth employment ecosystem

### Background

Demand, supply and matching of young people to jobs is taking place in a system that is affected by market functions & rules: the '*youth employment ecosystem*'. Systems change is about transforming how the system functions for the benefit of young men & women. A positive systemic change takes place when there is a lasting improvement in the interconnected market functions or rules. ('*system domains*'). This can be achieved through collaboration of actors and stakeholders that are on improving relevant system domains, and work on synergies and coherence between the different relevant system domains.

### Sample learning questions

- ✂ What are the key enablers and disruptors of youth employment in a specific context?
- ✂ How can we engage other partners in creating a positive systemic change for youth?
- ✂ How can we gradually design system interventions that enhance the results/success of the individual implementing partners?

⇒ These interventions could be related to policy environment, finance, regulatory frameworks, education or media

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