

05

LEARNING BRIEF

# Selecting the Right Partners to Co-Fund

CHALLENGE  
FUND  
FXR  
YOUTH  
EMPLOYMENT

# FOREWORD

This brief is part of the **learning brief series**. The series of learning briefs distills six years of implementation experience from the **Challenge Fund for Youth Employment (CFYE)** into practical insights for designing and delivering youth employment programmes. Drawing on evidence across sectors and geographies, the briefs examine **what has worked, what has proved challenging, and which approaches have delivered sustainable outcomes for young people and businesses**.

Each brief focuses on a theme such as **delivery model, inclusion, business growth, or innovation**; covering topics ranging from job quality and gender inclusion to partner selection, localisation, and results-based financing. Together, the series moves beyond theory to offer **actionable guidance for practitioners, funders, and policymakers shaping future employment initiatives**.

**Date Published:** April 9, 2026

**Subject Matter Lead:** Nour Serry

**Editorial Lead:** Sarah Ebady

**Editorial Review Team:** Nimrah Karim, Justin van Rhyn, Emily Waters, Lina Alkhawaja, Farah Fawzi & Ola Farrag

**Icons Design:** Machiel van Wijngaarden

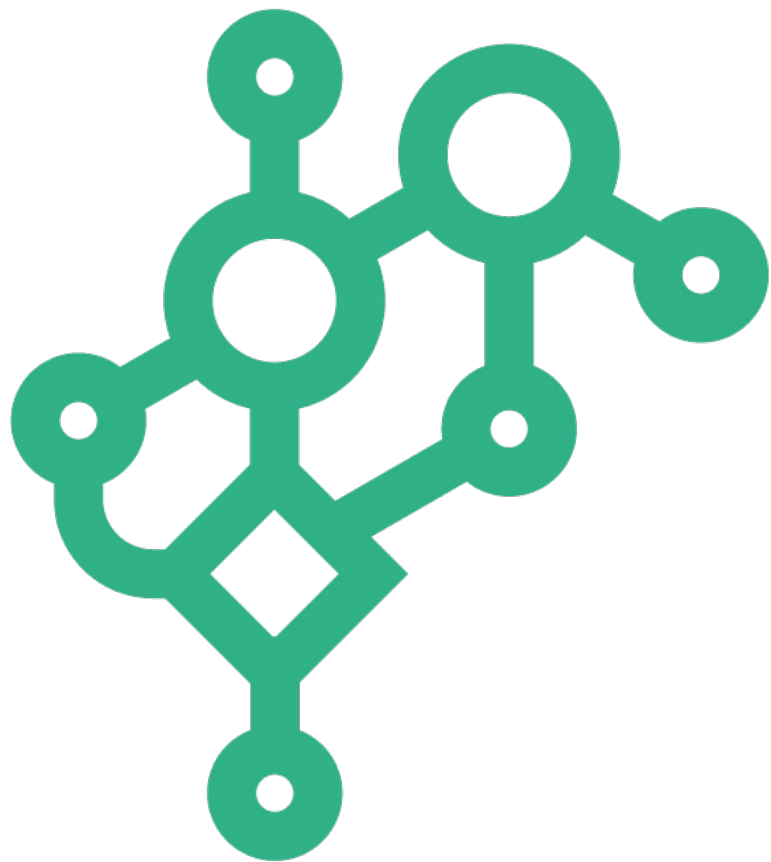
**Report Design:** Faatimah Clarke

# WHY THIS BRIEF?

With a goal of creating 230,000 decent jobs, The Challenge Fund for Youth Employment (CFYE) **co-invests with private-sector partners to create decent employment opportunities for young people.** Over 22 funding rounds, 130 reviewers evaluated more than 1700+ applications from companies seeking to scale employment solutions.

CFYE's selection process is intentionally rigorous, transparent, and impact driven, focused on **the private sector as the main actor to drive solutions for employment challenges.** The businesses selected are mature enough to absorb CFYE's co-investment and contribute to job creation but have not yet scaled enough to secure traditional debt or equity financing. By engaging with the private sector, CFYE **leverages the expertise and resources of businesses to support job opportunities and drive the wider intended economic development goals.**

This brief paper shares **the design choices that improved the implementing partner suitability and reduced selection risk.** It provides some practical guidance for practitioners and implementers in impact funding when making funding decisions.



# INTRODUCTION

## Portfolio Strategic Setting

At the heart of CFYE's partner-selection philosophy is a **well-defined profile of what makes an implementing partner ideal for the CFYE funding**. CFYE looks for organisations:

- *Which are financially sound, with stable foundations, robust market competitive advantage, commercially viable business models with a clear customer base for the product/service, through which CFYE funding can accelerate business and financial growth, and maintain a demonstrable capacity to co-fund (from the lead IP directly or their consortia) the project with at least 50% of the total project value.*
- *Which are ready to strategically design and actively implement solutions around youth barriers to work, not only considering the youth aspirations as critical voices, but meaningfully engaging young people (especially women) to implement practical methods to overcome the barriers and contribute to the labour supply.*

A strong case for CFYE's additionality is essential. Funding is directed to businesses where support is genuinely catalytic: those that need co investment to accelerate growth and deliver measurable social impact, and where progress would be significantly constrained without CFYE's involvement.



## Paving the Way to Finding the Right Partners

Finding the right partners starts with clarity: know the context, understand the market realities, and anchor priorities in what truly matters; providing relevant solutions at the country level. When the problem is clearly defined, the right partners become easier to identify. As such, a **focus of the outreach efforts on those already showing strong alignment, businesses with the potential to deliver meaningful impact and the ambition to scale it**, offers a filtration before applications even begin.

Once calls for solutions are open, apply a disciplined lens throughout the selection phase: look for the **strategic fit, robust impact pathways, commitment to social impact agenda, operational feasibility, and financial resilience**. Finally, ensure decisions aren't made in an echo chamber. Bring diverse perspectives into the evaluation process to sharpen judgment and reduce bias.

Together, these layers form a **disciplined selection approach providing the best filter for application screening and evaluation**.



Having a high filtration rate of approximately 85% exclusion, means the investment of time and effort at the selection process yields a higher likelihood of successful partnerships.

# KEY INSIGHTS

## 1). A Clear Formulation of What the Problem is, Leads to a Higher Probability of Selecting the Right Partners

A laser-focus on the challenge or problem ensures that there is constant focus throughout the selection process and in turn, sets the foundation for finding the right fit. For CFYE, **the key to the success of the selection process and strong partnerships starts with a careful understanding of the market context and tailored pipeline development.** Creating dedicated application windows helped sharpen the fund's focus.

For example, during the **second call for solutions in Nigeria**, CFYE introduced a **women-only window to accelerate female job creation in the portfolio.** This covers both the supply and demand of labour for CFYE. In-country teams conducted focus groups with young people to capture their lived experiences, aspirations, and barriers in accessing work. In parallel, they engaged employers through interviews, outreach events, and company visits to understand talent needs, hiring challenges, and constraints to business growth.

By combining insights from both the labour supply and demand sides, **country experts identify the core employment challenges and shape the priority areas that inform a subsequent Call for Solutions.**

## 2). Considering the Country Context Always is Essential to the Success of a Global/Regional Fund

Implementing a multi-country fund requires striking the right balance between standardised selection processes and a nuanced understanding of country-specific realities. CFYE achieves this by **operating within a central, transparent framework that ensures fairness and consistency across all proposals.**

Local teams lead **sourcing and pipeline development, drawing on their deep knowledge of market dynamics and contextual factors,** while central governance ensures that final decision-making is coherent, comparable, and aligned with overall fund standards across all countries. For instance, the local expertise in Morocco, clarified an important nuance to the labour market – that the **role of the public sector in advancing and financing youth training and employment initiatives is quite large,** making the applicant pool from the private sector drivers quite limited.

Knowing this from the start enabled a better-informed pipeline development strategy. Such structuring **allows for customisation of approaches, selection windows, target applicants, and eligibility criteria,** based on the country context at hand.

*Interviews are critical. We should continue to do them as much as possible before finalising selection. It is really important to see the people behind the organisation to assess their capabilities.*



# KEY INSIGHTS

## 3). Making Additionality a Core Selection Pillar Ensures Maximised and Value-Additive Funding

Balancing financial additionality with business sustainability is a common challenge in funding decisions. The aim is to **avoid backing businesses that would thrive without support, while directing funds to those where the impact would be truly catalytic.** As CFYE focuses on SMEs beyond the start-up phase, identifying those that genuinely need funding, yet could still survive without it, makes finding that sweet spot even more difficult.

Consistently, across 100+ evaluators, **assessing additionality was perceived as the hardest criteria.** The evaluation of the net positive difference that is expected to result from the Fund's support to an implementing partner is an art and often cannot be a scientific process. Below are a few guiding questions to help make this assessment:

- *Could this funding support scaling and growth of the business to expand further or become more resilient?*
- *Could this funding support faster and/or more efficient delivery to reach optimum results intended (impact goal)?*
- *Could this funding deepen the quality of the impact or help reach otherwise untouched communities or geographies?*
- *Could this funding be the turning point for implementing innovative approaches?*

## 4). Custom Technical Assistance (TA) Enhances Business Case Development and Ensures Fund Priorities are Met

While working with the private sector, it is important to **not only ensure that strong proposals are submitted with the best fit to the Fund priorities, but to also factor in their competitive advantage, innovative business models and financial health.**

Each business received 8 hours of 1:1 coaching from an expert. Coaches remained neutral throughout the selection phase and did not have voting power, ensuring the objectivity of decisions. Although coaching requires significant time and resources, **it consistently strengthens proposal quality and competitiveness.**

The co-creation process also allows for an extra degree of filtration to meet with the team and work with them prior to making funding decisions. **The coaching experience was consistently well-perceived by applicants, reporting an overall average satisfaction rate of 4.60/5 (92%).**

**Without [the coach] his guidance and support, I can guarantee we would not have successfully submitted our business case.**



# ACTIONABLE GUIDANCE

## 1). Define the right strategic partner profile before publishing an open call for solutions:

Begin by first defining what the challenge/problem is, what are the different landscape factors considered, and which players should be targeted to offer solutions. With these identified, **create visibility on the call and its requirements to the right audience**, using the suitable platforms.

**Not all organisations asking for funding are well-suited for what the fund intends to deliver**, and this is where quantity vs quality argument lens comes in. With a clear target, funders can establish which organisations/investees are a right fit and select from a zoomed-in applicant pool.

2). **Be willing to take a risk but calculate it well**: Partner selection often takes place under significant uncertainty, and **context risk is an important factor to consider** alongside organisational capacity and business models.

- i. **Define the level of operational, financial, and impact risk the fund is willing to take**, along with the nonnegotiable principles that must be upheld. This assessment should be made at both the country and portfolio levels.
- ii. **Diversify risk by balancing higher risk selections with lower risk opportunities**, ensuring that risk considerations are embedded across all evaluation criteria.
- iii. **Continue reassessing risk throughout the filtration process**, due diligence, and up to final award decisions.

3). **Look beyond a well-written proposal as it does not guarantee the right fit for funding, nor strong delivery towards objectives**: A strong proposal does not necessarily indicate a strong implementing partner. Well written applications can mask weak delivery capacity, so it is **essential to look beyond the document and engage directly with the people behind it**.

Meeting the team, through interviews rather than pitch-style presentations, creates space for open conversation, probing questions, and a more accurate assessment of whether the organisation can deliver. **Interviews are highly recommended as an integral part of the selection process** and a formal step after shortlisting, and **should involve the project/delivery manager, while having the C-suite / founder present to ensure buy-in**.

Reviewers should look out for overly polished or overly confident responses, as this could indicate a gap between what is presented and what is realistically achievable. **In a world where AI can easily generate perfectly written submissions, it is crucial for reviewers to assess beyond that**. Ultimately, the investment and effort go into the team and the business behind the written words, and with the right level of due diligence, a better-informed funding decision can be made.



# INNOVATION SPOTLIGHT

## A Digitalised Process for Data-Informed Decisions

### KEY OUTCOMES



Shift from basic compliance tracking to strategic portfolio management



Strengthens transparency, decision-making, and refined support



Showcases best performing and under-performing interventions

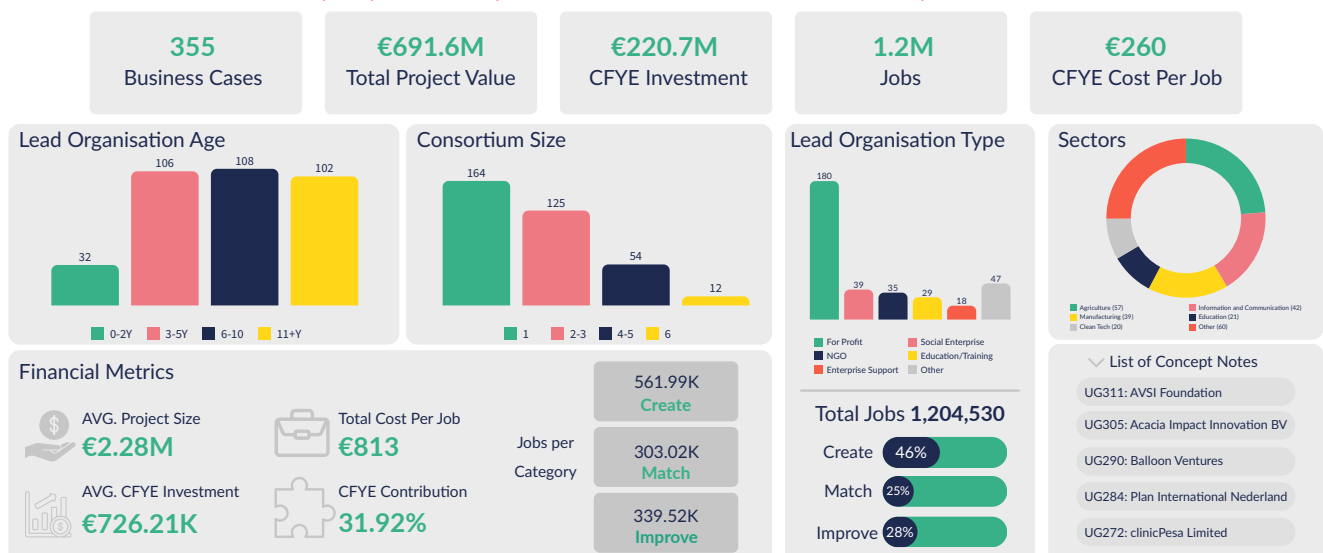
An online **Management Information System (MIS)** forms the backbone of managing CFYE's multicountry application and selection process. During pipeline development, the MIS centralises submissions, standardises templates, and captures key metadata, such as sector, geography, job targets, co-investment levels, and gender commitments, improving data quality and comparability.

When integrated with Power BI, this data becomes dynamic dashboards that provide real-time visibility into submission trends, portfolio balance, and pipeline health, helping teams spot gaps or misalignment early. During evaluation, the MIS supports structured scoring and qualitative feedback, while Power BI enables evidence-based comparisons across proposals and reviewers.

Over multiple rounds, these analytics reveal which interventions and partners perform best and where the pipeline under-performs, informing future call design, outreach, and technical assistance. Together, the MIS and Power BI system shifts CFYE from basic compliance tracking to strategic portfolio management. By capturing data at the application stage and converting it into actionable insights through dynamic dashboards, the fund strengthens transparency, improves decision-making, and continually refines its support for the most promising youth employment solutions.

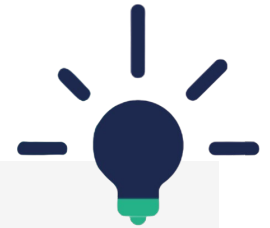
### Online Management Information System Example Snapshot

*\*Please note that all figures in this dashboard example are illustrative and may not reflect final validated data. They are provided solely to demonstrate the structure and functionality of an MIS.*



# EFFECTIVE SELECTION

## Practitioner Booster Tip!



### Smart Composition of the Selection Committee

A diverse, multi-layered selection committee leads to more balanced and less biased funding decisions. CFYE used 6–8 reviewers per proposal, ensuring that each application was assessed from multiple angles, including:

On CFYE, each proposal submitted was evaluated by 6-8 different experts, covering all areas below:

- **Country Experts:** assessing market realities, ecosystem reputation, labour dynamics, and contextual feasibility.
- **Business Model and Commercial Viability Specialists:** evaluating commercial viability, sustainability, and growth potential.
- **Monitoring & Evaluation Experts:** ensuring employment pathways are credible and measurable.
- **Social Impact and Gender Specialists:** reviewing inclusion strategies and job quality.
- **Financial Analysts:** assessing organisational health, budget soundness, and co-funding credibility.
- **Local Youth Representatives:** bringing lived experience of labour-market challenges.
- **Fund Management Experts:** evaluating organisational readiness for implementation.

The takeaway: Individual perspectives matter, but their real value emerges when considered collectively. A diverse committee enables richer discussion, clearer identification of risks and opportunities, and a more transparent assessment of each proposal.

Pro tip: With many voices in the room, a strong committee chair is essential to guide the process, ensure fairness, and steer the group toward well-justified funding decisions.



# LOOKING AHEAD

Making funding selection decisions is a tough job, with a **high degree of accountability and responsibility in making the right choice**. We need to **ensure that the money is used for the intended purposes**, but also to **balance out potential biases throughout the selection process**.

In the current social and economic development landscape, the risk of investment into the wrong recipients may always persist, and the consciousness to reduced funding risks is growing. Making any funding decision will always entail a degree of risk, but a **carefully designed selection process warrants that the risk taken is a calculated and well-informed one**.

The selection process in how it is laid out should consider the priorities required, set clear evaluation criteria to establish the basis upon which decisions are made, and have a high reliance on the human resources to best assess the written submissions and ensure that risk is well calculated from different angles.

When setting up a selection and evaluation mechanism for a fund, it is important to **transparently communicate the eligibility, selection and exclusion criteria**, the expectations from applicants, and **provide feedback once the decision is made**.

Responsible selection starts with good understanding of what a fund is looking for, why, and its strategic targeting with the big picture priorities at the forefront. **Not all investees or partners are the right fit for all funders.**

