

Danish Arab Partnership Programme 2022-2027



Programme Document

Youth Employment and Entrepreneurship

Department for the Middle East and North Africa
Danish Ministry of Foreign Affairs

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List of abbreviations

CO	Country Offices
CSOs	Civil Society Organisations
DAC	Development Assistance Committee
DAPP	Danish Arab Partnership Programme
DDD	Doing Development Differently
DFI	Danish Development Finance Institution
DKK	Danish Kroner
MFA	Danish Ministry of Foreign Affairs
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
HRI	Human Rights and Inclusion Programme
ICT	Information and Communication Technologies
IFU	Investment Fund for Developing Countries
ILO	International Labour Organisations
IMF	International Monetary Fund
ISA	International Standards of Auditing
M&E system	Monitoring and Evaluation system
MEAL	Monitoring, Evaluation, Accountability, and Learning
MEII	Middle East Investment Initiative
MENA	Middle East and North Africa
MNC	Multinational Corporation
NGO	Non-governmental Organisations
RBAS	Regional Bureau of Arab States and North Africa
RBC	Responsible Business Conduct
SDG	Sustainable Development Goal
Sharaka	Sharaka Capital Fund
SMEs	Small and Medium-sized Enterprises
TA Fund	Technical Assistance Fund
ToC	Theory of Change
TOR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund
US	United States of America
USD	United States Dollar
YEE	Youth Employment and Entrepreneurship Programme
YSB	Youth Sounding Board

1 Introduction

The present Programme Document outlines the background, rationale and justification, objectives and management arrangements for the Danish Arab Partnership Programme (DAPP) 2022-2027 for Youth Employment and Entrepreneurship (henceforth the Youth Employment Programme), funded and managed by the Danish Ministry of Foreign Affairs (MFA). The Programme will be implemented in Morocco, Tunisia, Egypt, and Jordan (the DAPP partner countries) from 1 July 2022 to 1 July 2027. The Youth Employment Programme constitutes one of two programmes under the new DAPP; the other focuses on Human Rights and Inclusion.

The Danish Arab Partnership Programme has been a key Danish foreign policy instrument in the Middle East and North Africa (MENA) region since its inception in 2003. The initial programme was informed by the situation analysis of the UNDP Arab Human Development Report (2002) with a dual objective of reform and dialogue. Throughout its successive phases, the partnership has gradually increased its focus on economic opportunities and job creation. In DAPP 2017-2022, three separate engagements focused on i) labour market and social dialogue; ii) youth participation and employment; and iii) entrepreneurship and access to finance. The current youth employment contexts in Morocco, Tunisia, Egypt and Jordan – exacerbated by the COVID-19 pandemic – provide a strong justification for a strengthened and more integrated focus on youth inclusion, employment and entrepreneurship.

Youth Employment Programme - expected results (2022–2027)

- More than 50,000 men and women have secured a new job/benefit from a job sustained
 - 20,000 young people are included, their skills are built, and they gain a job or establish themselves as entrepreneurs
 - At least 30,000 new jobs are created or sustained in SMEs
 - 20-25% of these jobs are expected to be ‘green jobs’
- Up to 100,000 indirect jobs in supply chains, with service providers etc. as a result of the multiplier effect. Research shows that every direct job created in turn creates 1-2 additional jobs
- 1,400 SMEs develop, grow and employ more staff
 - 800 SMEs benefit from support to strengthen innovation, develop and mature business ideas and build their networks
 - 600 SMEs benefit from access to finance and technical assistance
 - Positive cases of innovation and growth in local companies inspire new dynamic entrepreneurs and enterprises contributing to stronger business networks
- 100,000 young people have benefitted from engagement with the programme and have increased employability through awareness of opportunities, improved life-skills and vocational & technical skills
- Strengthened policy framework for doing business and improved social dialogue strengthening the coherence in labour market

The results framework for the programme will be further refined in the underlying project documents by the implementing partners.

With this intensified focus on creating a better life for young people, DAPP 2022-2027 is addressing one of the main concerns related to migration, as youth are the ones most likely to desire or actively try to emigrate. Although recent events in Tunisia are unsettling, there does not appear to be any current concerns with continuing to work on youth employment for national and international organizations, including those under DAPP. Please see Annex 1a for further details on the current (September 2021) situation in Tunisia.

The Youth Employment Programme will comprise three projects. Project 1 will focus on Youth Inclusion and Entrepreneurship and will be subject to a tender process. It is foreseen that this project will build on learnings from DAPP 2017-2022. Project 2 will focus on the establishment of an SDG Accelerator for Green Growth and Job Creation in each country, which will be implemented by UNDP's Nordic Representatives Office in Copenhagen in close cooperation with UNDP's country offices in the four countries. Project 3 will be implemented by the Danish Investment Fund for Developing Countries (IFU), which will co-invest in the Sharaka Capital Fund to offer mezzanine finance and technical assistance to SMEs on promising growth paths in the four countries with the objective of job creation. All three projects will seek to promote green jobs¹ when possible, and the SDG Accelerators and Sharaka will have enterprises relevant for green transition as an explicit target group and as such promote sustainable economic growth.

2 Context, strategic considerations, and justification

2.1 Programme context

The MENA region continues to face severe socio-economic challenges more than a decade after the Arab uprisings in 2011. Unemployment rates in 2019 among the youth population (15-24 years) ranged from nearly 26% in Egypt to 37% in Tunisia.² Already worryingly high, these figures have increased notably following the COVID-19 pandemic. According to the World Bank, COVID-19 has triggered multiple shocks in the MENA countries, which have significantly worsened both economic and social trends and placed renewed importance on private sector development.³ The employment contexts in the DAPP countries share several commonalities. Unemployment affects broad segments of the youth population, including youth with higher education, youth with no or minimal education and youth in both urban and rural areas. The unemployment rate of young women continues to exceed that of young men in the MENA region and young women with higher education often have less chance of success in the labour market than their lower educated peers.

Being middle-income countries, all DAPP countries have relatively large youth populations with higher education. At the same time, skills acquired through inadequate education and vocational training systems often do not match labour market needs. The supply of jobs in the public and the private sectors is insufficient to absorb the large youth generations that enter the job market each year. As such there are two main challenges related to jobs which the DAPP employment programme seeks to address i) lack of jobs for the growing youth cohorts; and ii) lack of candidates with the right qualifications for jobs in the private sector. The focus on job creation is important in order to address one of the root causes of migration from the DAPP countries. The younger generations are those who are most likely to emigrate, particularly due to the prevailing economic conditions and the lack of youth inclusion in their home countries, which is why DAPP has a strong focus on youth employment.

Youth unemployment and the general lack of inclusion of youth is leading to increased frustration and dissatisfaction, which may contribute to migration, including brain drain. This is reflected in various surveys, where a significant percentage of youth do not envision a future in their home

¹ According to the International Labour Organization, the concept of green jobs has not been precisely defined and universally agreed yet. There are a variety of definitions, but a common theme is preserving and restoring the environment. Jobs are 'green' if they help to reduce negative environmental impacts and ultimately lead to environmentally, economically, and socially sustainable enterprises and economies. ILO therefore defines 'green' jobs as decent jobs that i) reduce consumption of energy and raw materials; (ii) limit greenhouse gas emissions; (iii) minimise waste and pollution; and (iv) protect and restore ecosystems.

² <https://data.worldbank.org/indicator/SL.UEM.1524.ZS>

³ World Bank: Regional Update 202. Preventing a Lost Decade Unlocking the Region's Potential.

countries and express a desire to migrate to countries outside their region – especially, but not exclusively, due to the lack of employment opportunities.

However, the challenges are complex and in addition to lack of jobs and income opportunities, climate change and unsustainable management of natural resources and human rights violations all constrain the opportunities for the growing youth cohorts to create a better life for themselves. These dimensions are mutually reinforcing and can potentially create a vicious circle that can hamper efforts towards social and economic development. Lack of income opportunities can fuel unsustainable production practices and increase pressure on natural resources, which again reduces income opportunities. Young women and men in search of jobs and income opportunities may decide to migrate either outside national borders or within their country (e.g. through a rural exodus which puts pressure on large cities). This migration can lead to increased pressure on natural resources in recipient regions or spur conflicts, which can trigger human rights violations. Similarly, the lack of jobs can contribute to frustrations related to feeling disempowered, lacking a voice and experiencing basic human rights not being respected – which again can drive migration.

Another dimension relates to potential conflicts over scarce resources, which can be negatively impacted by both migration and unsustainable production methods and can in turn be a driver of migration. The long-term impact of climate change, such as drought, can compound the scarcity of natural resources and exacerbate both conflict and migration.

As such, insufficient employment opportunities, lack of respect for human rights, and conflicts over scarce resources can potentially aggravate and accelerate poverty, instability, fragility, and increase migration pressure. This potential vicious circle illustrates the challenging situation in the DAPP countries, where young people remain constrained in relation to economic inclusion and do not necessarily hold high hopes for their future.

2.1.1 Specific challenges related to youth employment

The private sector in the DAPP countries is dominated by relatively few large companies and a multitude of **Small and Medium-Sized Enterprises** (SMEs). The latter provide a potential major source of new job creation in the MENA economies. Governments in the region recognise the important role that SMEs can play in delivering higher and more inclusive growth and have initiated policy interventions and schemes to support SME development.⁴ Nevertheless, progress so far has been patchy, and the informal economy, which makes up a large part of the private sector, is not sufficiently targeted in policies.

A particular group of SMEs that can drive growth in the MENA region are the ‘scale-ups’, which are **SMEs with proven business models** that are undergoing a rapid growth phase. Research shows that if they are **provided with the right forms of support**, scale-ups can grow rapidly, enrich the entrepreneurial ecosystem, and have a positive impact on the economy. Successful scale-ups in the region generate on average eight times more jobs than other SMEs. For the scale-ups to grow, they need access to finance, talented and skilled labour, foreign markets, large customers, and a conducive policy environment.⁵

The entry of new firms into the formal sector in the MENA region is low by international standards. Compared to fast-growing emerging market countries, the rates of firms entering the formal sector were between two and eight times lower. While 40% of the youth aged 18-24 in the MENA countries intend to start their own business within the next five years, the start-up and entrepreneurship promotion ecosystems remain nascent. Key challenges identified are lack of

⁴ <https://www.imf.org/en/Publications/Policy-Papers/Issues/2019/12/13/Enhancing-the-Role-of-SMEs-in-the-Arab-World-Some-Key-Considerations-48873>

⁵ <https://www.strategyand.pwc.com/m1/en/ideation-center/ic-research/2018/scale-up.html>

access to finance, lack of an enabling business environment, uncertain markets, and a need for further upgrade of human capital in terms of skills in demand.

The IMF estimates that improved **access to finance** for SMEs could create up to 8 million jobs in the Arab World by 2025.⁶ There is a gap for non-collateral finance in the region. Banks, the dominating and primary source of financing for SMEs, have high collateral requirements, making it challenging for small and growing businesses to access loans. According to the World Bank's most recent Enterprise Survey, the following statistics constrain SMEs⁷ in MENA:

- Only 26% have financed capital expenditures through banks;
- 84% of business loans require collateral;
- The average collateral requirement for a bank loan is 203% of the amount financed.

There is a sizeable **skills mismatch** in the region, as young women and men fail to acquire the skills required by employers. Nearly 40% of employers in the region indicate that skill gaps are a major impediment to business growth. Indeed, education systems are poorly aligned with 21st century skills, including digital literacy, financial literacy, skills for a green economy, critical thinking, collaboration, communication, and problem-solving. Governments are struggling to adapt education and training to keep pace with the demand on the labour market and youth expectations.

Despite improvements in the **business environment** in some of the DAPP countries, it generally remains non-conducive to private sector growth. If it is too costly to start and run a business, entrepreneurs may choose not to register. SMEs will often seek to avoid formalisation, due to, among other things, the heavy bureaucracy and relatively high taxes. There are also the 'hidden costs' of corruption, which is institutionalised in many countries.

2.1.2 Programme target groups and stakeholders

Overall, the programme targets mainly young women and men from 15 to 35 years. It is recognised that there are different categorisations of youth among countries and international donors. For example, the UN defines youth as being aged 15 to 24 years. The youth target group is obviously diverse and the categories of youth targeted by the programme will have multiple levels of capacity, challenges, and needs in terms of getting on the right path to engaging in productive employment. There are also demographic differences in the target group, which the programme will take into account, pertaining to gender inequalities, rural-urban divides, diverse levels of education, etc.

The youth target group in the programme can be divided into two overall categories:

- A. **Young people who are aware of opportunities for self-employment and might have experience with entrepreneurship and starting a business in the formal or informal economy.** The employment opportunities for this group are based on the logic that these young women and men will create their own business that will provide the income necessary to make a living. To create opportunities for this target group, the ecosystem for starting and running a business needs to be improved, as do both the technical and business skills of the youth. The individual interventions will consider the country, sector and youth group targeted. By nature, the type and level of activities will differ and must be tailored to the specific target group to ensure relevance of the activities and that the individual feels included. Overall, there

⁶ <https://www.imf.org/en/Publications/Policy-Papers/Issues/2019/12/13/Enhancing-the-Role-of-SMEs-in-the-Arab-World-Some-Key-Considerations-48873>

⁷ The survey focused on SMEs with 20 to 99 employees.

will be a focus on youth with a certain level of capacity and drive required to succeed as entrepreneurs – this would typically be young people with a college or university degree.⁸

- B. Young people in search of employment opportunities who have limited exposure to the labour market and lack the necessary skills that match employer’s needs.** These youth constitute a relatively large group in the DAPP countries. To prepare these young people for the labour market they need i) inspiration and motivation; ii) improved technical and life skills; and iii) enhanced employability. There is a need for well-trained employees at all levels, both youth with vocational education, those with higher educations, and those with a lower level of education that have improved their skills by participating in targeted training courses. To create jobs for this category of youth, the private sector needs to prosper, grow and create jobs.

A third entry point for the Youth Employment Programme is:

- C. Small- and Medium-Sized Enterprises** as this is where a large part of new jobs are created in the DAPP countries, and hence it is of paramount importance for the Youth Employment Programme to support SMEs in creating jobs for youth. Beyond the direct jobs that will be created in the enterprises that the programme will work with, the increased economic activities of the enterprises will also contribute to indirect employment creation in the supply chain as well as with service providers and vendors.

The focus of the programme is on job creation and in terms of the entrepreneurs in target group A, an individual in his/her 30s is still relatively young and may have solid business ideas that can create jobs at scale. Unlike the UN definition of youth as 15-24 years of age, the Youth Employment Programme utilises the Danida guidelines, which suggest a definition of youth up to 35 years⁹ to avoid the exclusion of young entrepreneurs over the age of 30 as that would be a lost opportunity.

Employment can take many forms from formal decent jobs, irregular jobs in the formal or informal economy, self-employment in the informal economy, to basic income generating activities with a high degree of uncertainty. Employment can be full-time, part-time, seasonal and/or temporary. The Youth Employment Programme is open to support a wide range of different jobs and employment opportunities responding to the different needs and capacities of the target groups while maintaining a strong focus on working towards the achievement of decent jobs. The programme will engage with a multiplicity of partners and target a wide range of youth.

Beyond the two target groups and SMEs, the programme will engage with a large number of Danish and partner country stakeholders, which among others could comprise:

- Youth organisations, CSOs and community organisations who will be involved in outreach and building capacity of young people;

⁸ The term ‘entrepreneur’ can be defined broadly. For example, many of those who are employed in the informal economy are self-employed but are often driven by necessity rather than by an entrepreneurial spirit. In the context of DAPP, entrepreneurs are defined as people with a motivation for starting and running their own business.

⁹ Danida AMG: Youth in Development. <https://amg.um.dk/en/tools/youth-in-development/>

Challenges faced by youth in MENA

- Much higher unemployment levels than the rest of the population.
 - Often employed in informal, precarious, low-paid jobs with limited access to social security.
 - Rely on personal networks, such as family and friends to find jobs, given that education is not a guarantee to secure a job.
 - Mismatch between youth skills and labour market needs affects youth’s employability
 - Youth unemployment increases proportionally with levels of education, which increases frustration
 - Youth unemployment disproportionately affects young women
-

- Training providers involved in improving life skills as well as technical skills of young people;
- Business member organisations engaging in work to strengthen sector coherence and dialogue with public authorities to strengthen the framework for doing business;
- Social partners such as labour unions, employer organisations, and government representatives that can work to strengthen labour market coherence and promotion of decent employment;
- Finance institutions that can offer a range of financial services to entrepreneurs as well as SMEs;
- Business eco-system stakeholders such as business incubators who work to support start-ups and SME development.

2.2 Strategic considerations

Having **meaningful and decent employment** is essential to human well-being and is at the core of the Youth Employment Programme. Employment empowers the individual, not only in monetary terms but also in increasing self-esteem, respect, and strengthening the ability to form social networks. Furthermore, employment is an important step for young people's transition into adulthood through monetary (and social) independence from family and parents. Studies have shown that being "blocked" from transition to adulthood can be a driver of migration.¹⁰ The Youth Employment Programme will be complementary to the DAPP Programme on Human Rights and Inclusion, which directly supports the human rights and youth inclusion agenda in the four countries.

Interventions of the Youth Employment Programme will be designed to promote a path towards decent employment. According to the International Labour Organisations (ILO), decent work sums up the aspirations of people in their working lives: *"It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men"*.¹¹

The starting point for job creation is to strive towards decent jobs for all. However, considering the context, employment created by the programme will not necessarily be **decent jobs** from the outset and in *all* aspects as defined by the ILO. However, the Programme will work to further a transition towards better and more secure employment, and the decent work agenda, through targeted interventions over the course of the five-year programme period.

A **green transition** can enhance the resilience of economies and societies in the face of both economic downturns and accelerating environmental challenges by focusing on restoring growth and creating jobs through the achievement of environmental goals and objectives. A green growth path and the creation of green jobs are particularly important for the DAPP countries given that they have scarce natural resources and face increasingly severe impacts of climate change.

The aim of eventually ensuring decent work also places responsibilities on employers. The programme will therefore also work actively towards enhancing **responsible business conduct** among participating enterprises. This could be done through the inclusion of social partners as well as through the promotion of the United Nations Guiding Principles on Business and Human Rights and similar instruments.

¹⁰ Jørgen Carling, Hvordan opstår migration. Social Kritik 153/2018 (s. 15)

¹¹ <https://www.ilo.org/global/topics/decent-work/lang-en/index.htm>

A core element of the DAPP interventions is the facilitation of **partnerships** between implementing organisations and institutions and partners in the target countries. Through these partnerships, Danish value policy, innovation, and expertise will be applied and catalysed in mutually beneficial relationships. Unlike the DAPP 2017-2022, the current programme has an ambition to involve Danish enterprises to harness potential commercial opportunities in the MENA region and to engage them actively to spur further economic activities, growth and ultimately job creation.

The Youth Employment Programme is designed and will be implemented in the spirit of **Doing Development Differently** (DDD), which was introduced in 2020 to the Danida Aid Management Guidelines. The current DAPP already follows the key DDD principles of adaptive learning and adaptive implementation according to context – underpinned by frequent dialogue between the MENA DAPP Team and partner organisations. DDD comprises two main strands to strengthen the relevance and effectiveness of Danish development cooperation: i) reinforcing the holistic approach; and ii) introducing an adaptive approach with an increased emphasis on learning. DAPP will focus on ensuring that the different projects across the Youth Employment Programme have the necessary management set-up and monitoring system to ensure close coordination and learning between the different projects. This will also help to ensure complementarity between the interventions.

Furthermore, the programme management design allows DAPP to explore and take advantage of complementarity with other Danish initiatives in the region. A concrete example is the ‘Partnering with Denmark’ initiative, which has enabled the posting of a Growth Advisor on renewable energy in Egypt. Other examples include the Danida Innovation & Business Explorer where Danish enterprises interested in the DAPP countries can apply for support to explore opportunities, and the Trade Councils at the Danish Embassies, which assist Danish companies in seeking out opportunities in the countries. Similarly, there will be close alignment with the new MENA North Africa development initiative (DKK 200 million 2021-2024) aimed at strengthening relations between Denmark and North Africa under the political priority of addressing migration. Denmark is a key contributor to the *Multi Trust Fund for Migration* and provides support to the *International Labour Organisations’s* regional project on modernizing apprenticeships, development of skills for green transitions and addressing challenges linked to migration in Africa, which includes Morocco.

Activities under the Youth Inclusion and Employment Project in Morocco should seek to align activities or build on lessons learned, particularly those pertaining to skills development, from the Trust Fund. In Jordan, Denmark has been implementing the *Better Work Programme*, which focuses on ensuring inclusive, sustainable growth, youth empowerment and gender equality through improvements in working conditions in factories, business competitiveness, active and effectively functioning worker-management committees and a stronger representation of women in social dialogue. While the programme is set to end in 2022, there may be scope for building on activities pertaining to the decent work agenda and social dialogue. Furthermore, Denmark is a key contributor to the *Multi-donor European Regional Development and Protection Programme (RDPP)* in Jordan. The RDPP emphasises support to livelihoods for refugees and host communities and it

The world’s largest generation of children and young people is a huge resource for sustainable and lasting change. It is therefore essential that development cooperation be driven with and by young people instead of for young people only. [...] Across our development efforts, we will support young people, who work to create positive change. We will ensure possibilities, so that they will be listened to and be included as equal and meaningful partners in the development of their societies. [...] We will also work towards creating opportunities for the large generation of young people [...] so they may enjoy a future, where they live, with education, innovation and decent jobs.

The World We Share

(Translated from Danish “Fælles om verden”)

will be important to coordinate activities, particularly in support of target group B, under the Youth Employment Programme.

In line with DDD, the project design comprises a dedicated budget for a MEAL Unit to deliver technical assistance to ensure that learning is captured and can be fed into the programme. Moreover, funding is set aside in the budget (see section 5) for ‘acceleration’ of selected activities, which ensures that successful interventions can access additional funding to further accelerate their results. This could include the replication of successful activities from one DAPP country in another or facilitating crowding-in of other stakeholders to take on board approaches and methodologies developed in order to further scaling up. Furthermore, the acceleration funding could support the addition of new elements to successful DAPP initiatives with potential wider impact at sector and national level.

While the challenges discussed in section 2.1.1 cut across the **four DAPP partner countries**, there are also significant differences between the countries. It will be the responsibility of the programme partners to adapt the interventions to the respective country contexts. Depending on these contexts, the programme will identify and target the agricultural value chains and other sectors such as renewable energy, water, and ICT, with particular potential for creating jobs.

2.2.1 Lessons learned and how they have informed the strategy

The mid-term review of DAPP 2017-2022 confirmed the need to find implementation modalities that foster stronger and more institutionalised linkages between different job creation interventions. Furthermore, it confirmed the relevance of interventions targeting the enhancement of youth employability, entrepreneurship, and access to finance, but that the programme design of DAPP 2017-2022 did not deliver on creating broader synergies between interventions. Thus, it was recommended that the next phase of DAPP aim for fewer and larger engagements. While the number of partners under the new phase may not be reduced, the synergy between their interventions is reflected at the outcome level with job creation being equally important in all three projects.

The mid-term review acknowledged that while the difficult economic situation in the MENA region would continue to present huge challenges for job creation, also for a new DAPP phase, the DAPP 2017-2022 had succeeded in creating relevant employment opportunities, including programme ambitions to create opportunities for vulnerable youth. At the same time, the review found that the programme focused on a large number of different interventions that often targeted only relatively few young men and women. As some of the defined outputs did not lead directly to increased economic opportunities for youth, it was recommended that the next phase should prioritise interventions that would more directly lead to preserving and/or creating new jobs in order to reach young men and women at a larger scale. This has led to a stronger focus on employment and growth in the private sector and to the introduction of a new intervention area on **private sector development and specifically SME development** in order to harness their job creation potential.

The development of the DAPP interventions in the Youth Employment Programme have benefitted from numerous consultations and mapping of existing initiatives with other donors in order to elicit lessons learned and to initiate dialogues on possible collaboration and coordination with the programme that can be operationalized further ahead in the process.

2.2.2 Synergies

The longstanding and consistent support provided through previous phases of DAPP to civil society and state actors has enabled Denmark to be viewed as a valued and well-known partner in all four DAPP countries. Denmark has a high level of credibility and is perceived (along with the other Nordic countries) as ‘leading by example’ in DAPP-related areas. Support towards job creation for youth is well covered by the international donor community in all four countries, who

provide support through different instruments (budget support, loans, grants, technical assistance, and a blend of these) at different levels. However, the need and demand for employment opportunities remain important especially under the current COVID-19 driven economic downturn. Job creation is supported through a number of conventional projects and financing mechanisms by development banks, multilaterals, bilateral donors, and NGOs. However, the Danish partnership modality under DAPP is unique and has been key to achieving results through dialogue and cooperation between Danish partners and partners in the MENA region since 2003.

While the partnership-focused approach under DAPP is considered justified, there is potential for more alignment with like-minded donors in order to upscale and multiply efforts. Like-minded donors in the region are supporting programmes and projects that complement and align well with the interventions under the Youth Employment Programme. The MENA DAPP Team will continue to seek alignment and cooperation with relevant donors, including the EU's Southern Neighbourhood programme, and NGOs. During the remaining period of DAPP 2017-2022, efforts will be made to identify possible cooperation partners relevant for the intervention areas under the Youth Employment Programme. While there may be activities that incorporate Technical and Vocational Education and Training (TVET), other areas will likely be of equal importance, e.g. enhancing the digital skills of youth. The donor field for TVET is crowded in all DAPP countries and it will be important that DAPP partners that engage in these areas tailor activities based on needs.

The agreements between the MENA DAPP Team and programme partners will include requirements for alignment and cooperation with relevant donors and NGOs in each DAPP country. The inception phase of DAPP 2022-2027 will clarify exactly how and with whom donor and NGO cooperation will be most conducive and complementary.

2.3 Justification

Danish development cooperation builds on the key principle of partnership. Denmark and Danish stakeholders have worked in mutually beneficial partnerships with organisations and institutions in partner countries. Through its foreign and development cooperation policies, Denmark fights poverty and promotes sustainable growth and development, economic freedom, peace, stability and gender equality. At the same time, Denmark aims to counter threats against its own security and way of life and promote the principles, values and human rights upon which the open and democratic Danish society rests. This is what is presented in the Danish Strategy for Development Cooperation and Humanitarian Assistance, The World We Share and in the Danish Government's priorities for development cooperation 2021.

The new DAPP addresses many of the priorities presented in The World We Share. For the migration agenda, MENA countries are a particular priority as they are at the doorstep of Europe. DAPP will address the root causes of irregular migration by ensuring that young people get better lives in their home countries in the MENA region.

In this sense, DAPP follows Denmark's development policy of ensuring the well-being of people in their own countries. This among other things starts with people being able to exercise their rights and increase their level of self-esteem. To meet this end, obtaining meaningful employment is a cornerstone. DAPP will work to enable especially young people to find employment in their home countries. By enhancing youth's employability, DAPP will also work towards ensuring that jobs are productive, decent, and that private sector companies are able to find employees with the right qualifications to grow and prosper.

Denmark recognises youth as a vital and positive resource in development and youth features prominently in The World We Share. Only by working with and through youth, supporting the empowerment of young women and men and concurrently promoting a conducive environment

for youth participation, influence, and leadership, can the demographic dividend be unleashed to promote a sustainable development outcome in the form of growth and security in the world.

Denmark will strengthen its support to skills development as a foundation for job creation in the coming years. Among other efforts, this is evidenced by the establishment of a Task Force on job creation and skills development in 2020-2021 by the Danish Minister for Development Cooperation to identify the challenges related to, as well as possible solutions for, addressing the skills development and job creation gap that exists in Africa.

The programme on youth employment applies the **Human Rights Based Approach** by working actively to ensure alignment with the principles of participation, accountability, non-discrimination, and transparency. *Participation* is ensured by working directly with young people and by including a wide range of youth organisations that represent different segments in society. Relevant youth organisations will be invited to participate in developing and conceiving specific activities under the programme. *Accountability* is a key principle in Danish development cooperation, and implementing partners engaging in the programme are considered accountable to the MFA as their donor, their own organisations as well as to the constituencies they work for both outside and within the DAPP countries. *Non-discrimination* is ensured by working in different settings in the countries, ensuring low entry barriers for participation and by working with those that are marginalised in the labour market. In terms of *transparency*, clear rules and procedures will be established, both in terms of programme management and in the projects that constitute the interventions of the Youth Employment Programme.

The MENA region stands out having more **gender** inequality than any other region in the world. The migration agenda predominantly focuses on young men, given that they are the ones who most often migrate, while paying less attention to the young women that are frequently 'left behind'. Women are challenged in terms of low participation and inclusion in the labour market. Young women who want to start their own business have greater difficulty than their male counterparts in doing so due to even more constraints related to access to land, finance, and lack of appropriate training in relevant/needed skills. COVID-19 has accentuated already existing gender equalities. **Girls and young women** are paying a high price in terms of lost education, jobs, and income as well as deterioration of their rights. The Youth Employment Programme will therefore pay particular attention to ensuring that young women are included as a specific target group in the interventions.

The principle of **leaving no one behind** is proactively considered in the programme interventions as well. The Youth Employment Programme will work with the enterprises and entrepreneurs that need assistance to accelerate their ideas to grow their business and hence ensure job creation for others. However, it is recognised that the trickling-down of these benefits to the marginalised parts of the population cannot automatically be expected. The programme will therefore also proactively work to engage and include youth at risk of being left behind and ensure that they are included in the interventions from the outset, gain life skills, and improve their employability.

As mentioned above, the **climate crisis** exacerbates the challenges related to unemployment and irregular migration. These challenges are even more pertinent to address in the midst of the COVID-19 pandemic and its effects on the economy and youth employment. For that reason, Denmark will live up to its obligations and international leadership position in promoting a **green transition** and ensure that sectors which hold great potential for addressing challenges related to combating the climate crisis are prioritised in the programme interventions, particularly those that work more directly with enterprises. Among the focus areas are access to clean water, renewable energy, agricultural value chains including processing and food security, all of which contribute to a strong focus on the creation of 'green jobs'.

2.3.1 Alignment with national/regional/global priorities (including SDGs)

The Youth Employment Programme outcomes are generally aligned with policy ambitions as they pertain to the UN's Sustainable Development Goals (SDGs), in particular SDG 4 (Inclusive and equitable quality education), SDG 5 (Gender Equality), and SDG 8 (Decent Work and Economic Growth). Furthermore, the partnership programme aligns with SDG 17 (Partnerships for the Goals). In spite of various signs of progress, these focus areas continue to pose challenges in the DAPP countries. Youth employment through private sector driven growth is a priority for the governments of all four DAPP countries. The table below provides a brief overview of key priorities in the four partner countries.

Figure 1: Progress on SDGs relevant to the Programme on Youth Employment and Entrepreneurship



2.3.2 Justification based on DAC criteria

The Youth Employment Programme is **relevant** in relation to the situation in Morocco, Tunisia, Egypt, and Jordan as it addresses the root cause of many of the challenges experienced by the growing number of young people in the countries, namely lack of employment opportunities. At the same time, it is relevant in relation to Danish foreign policy as it combines the policy priorities of ensuring a better life for people in Europe's southern neighbourhood countries, promoting partnerships with MENA stakeholders and limiting migration flows.

The challenges related to youth employment in the DAPP countries are widely acknowledged and addressed by other donors such as the EU, the World Bank, and bilateral donors. The UN also runs programmes on empowering youth and promoting youth employment, for example the Regional Youth Empowerment Programme designed by ILO and UNICEF. The Youth Employment Programme will seek strategic **coherence** and alignment with initiatives that are mutually beneficial and reduce duplication. Successful bilateral cooperation with other donors has been prioritised in previous DAPP phases. This will continue and be further enhanced.

In aiming at ensuring that 'no one is left behind', the programme will be **effective** in delivering on its outcomes and objective as it takes a holistic approach to the challenges addressed by applying multiple intervention streams well-suited to each country and its specific target groups. A strong focus on learning and adaptation will further enhance effectiveness.

Cost-efficiency is ensured by working with partners and through interventions with a proven record of accomplishment in delivering on relevant and similar interventions and results envisaged in the Youth Employment Programme. The DAPP context might be different, but partners well known to Danish development cooperation in other contexts – IFU and UNDP Nordic – are selected based on their efficiency, agility, and knowledge of both the region and of Danish development cooperation. For the part of the programme where partners are not yet known (i.e. subject to a tender process), cost-efficiency will be one of the partner selection criteria.

The programme interventions will have great **impact** on ensuring i) employability of young women and men, ii) income and job creation, iii) that young entrepreneurs get the means to explore their productive ideas for further job creation, and iv) that SMEs can grow. Job creation will not only have an impact on economic growth and prosperity in the countries but will also have an impact on the individual young women and men, their self-esteem and outlook.

Capacity strengthening of national partner institutions and organisations will be an integral part of the programme and will help to ensure the **sustainability** of the interventions. After the support from the programme has ended, both the individual youth and the organisations will have improved their capacity, built knowledge and experience, helping them to continue their activities beyond the programme phase.

3 Programme objective and theory of change

3.1 Programme objective

The overall objective of the Youth Employment Programme is **increased employment of young people through entrepreneurship and enterprise development**.

The objective links to DAPP's overall vision of **a better life for young people in the Middle East and North Africa** as young people need to experience opportunities for gaining meaningful employment in order to create a better life for themselves in their home countries.

In order to reach the objective, the programme will work towards obtaining the three following interlinked outcomes that each correspond to a project.

Project 1: Youth Inclusion and Employment Project

Project 1 outcome: Young women and men have enhanced employability and engage in entrepreneurship.

Project 1 focuses on enabling young people to be inspired and included in economic life. Both youth target groups A and B (burgeoning entrepreneurs and youth in search of employment) are targeted. Upcoming entrepreneurs will be supported through the building of life skills and inclusion into relevant business ecosystems in order to establish themselves and make a living by bringing their ideas to life. Youth in search of employment will build technical skills to ensure that they have the qualifications needed in the labour market. All of this will aim at ensuring that their employability is enhanced at the same time as their own capacity to secure a job is enhanced.

Employability is defined by the ILO as: relating to portable competencies and qualifications that enhance an individual's capacity to make use of the education and training opportunities available in order to secure and retain decent work, to progress within the enterprise and between jobs, and to cope with changing technology and labour market conditions. Individuals are most employable when they have broad-based education and training, basic and portable high-level skills, including teamwork, problem solving, information and communications technology (ICT) and communication and language skills.

ILO 2013

Project 2: Green Growth and Job Accelerator Project

Project 2 outcome: SMEs grow and create jobs through development of new innovative solutions or scaling of existing solutions

Project 2 focuses on existing SMEs with job creation potential. In order for youth to get a job, jobs need to be created in enterprises. Therefore, SMEs will be supported to develop new innovative ideas or to scale up existing successful solutions that have brought them success.

Project 3: Sharaka Capital Investment Fund Project

Project 3 outcome: SMEs grow and create jobs through improved access to finance and Technical Assistance

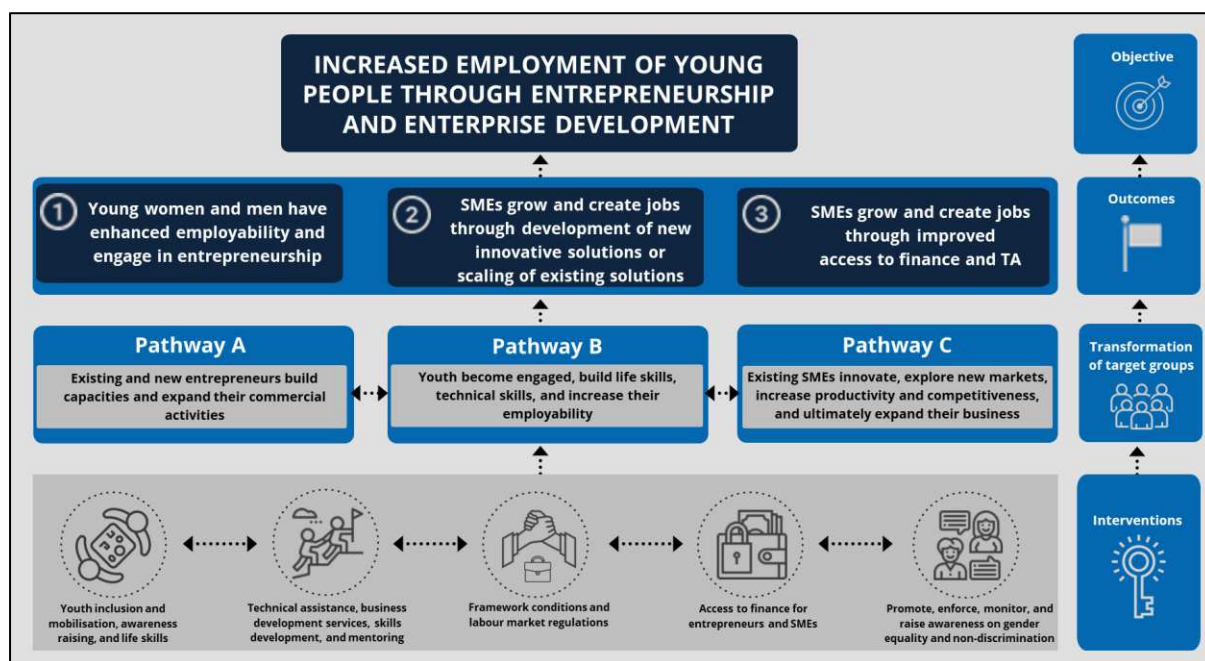
Project 3 is also concerned with enterprise development but focuses on ensuring that access to finance is available for SMEs to facilitate their growth plans, expansion and, ultimately, job creation.

3.2 Theory of Change

There are two main categories of employment in the private sector. The first covers jobs created in enterprises where an employer and an employee enter into an employment relationship. The more a company grows and expands, the more likely it is that more employees, including youth with new and updated skills, are needed in the company. It is therefore important to improve youth's skills to secure an appropriate match between the demand in the labour market and the skill sets possessed by the youth. The second category of employment is self-employment where an individual makes a living by providing for him- or herself.

Both categories of employment can be broken down further. In the first job category, jobs can be more or less stable (seasonal, part-time etc.). In the second category, self-employment can range from successful entrepreneurs to marginalised individuals in the informal economy with highly insecure income who are 'self-employed' driven by necessity rather than an entrepreneurial spirit.

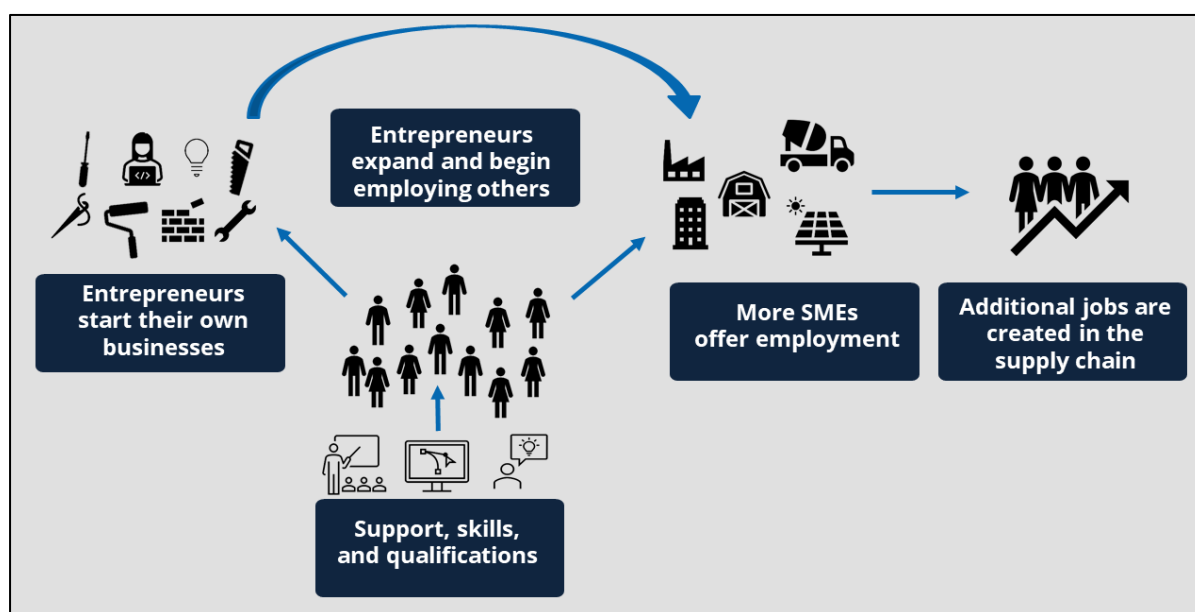
Figure 2: Theory of Change for the Programme on Youth Employment and Entrepreneurship



To reach the programme objective, the Youth Employment Programme will work towards increasing employment in both employment categories. The Youth Inclusion and Employment Project will contribute to employment creation in the self-employment category and will also increase the employability of young people in search of a job in an established company. The Green Growth and Job Accelerator Project and the Sharaka Capital Investment Fund Project will primarily contribute to the first category of employment, i.e. established SMEs employing staff.

The programme envisages three different pathways of transformations to reach the outcomes. The pathways correspond to each of the two target groups and SMEs as defined in Section 2.1. Different interventions are envisaged as contributing to the transformation process.

Figure 3: Target groups and pathways of change for the Programme on Youth Employment and Entrepreneurship



Pathway A: Individuals with an entrepreneurial spirit should be given the opportunity to influence their own future. Some youth will not have any experience in starting a business, while others will already have experience in terms of being self-employed. They might have started a formal business or be working individually in the informal economy but with the ideas and aspiration to take their business one step further. The youth need to acquire better skills, ranging from life skills to more technical skills (depending on their starting point and aspirations). They will receive mentoring services and support to take responsibility for their own career path and to get their commercial/business ideas kick-started, and as such be able to engage actively in society and secure successful self-employment. For those entrepreneurs already established, they will get business development service support, mentoring services, access to finance to invest in their business and will also benefit from interventions that will help to ensure a more conducive business environment in the partner countries. Through these interventions, the individual entrepreneur is expected to have a more stable and possibly higher income but also that he/she might be able to employ others in the business, thereby contributing to job creation.

Pathway B: Not all individuals have entrepreneurial mind-sets, skills, or aspirations and the group of young women and men entering the job market every year in the DAPP partner countries is large and growing. There is a considerable mismatch between demand and supply in the labour markets both in terms of number of jobs and in terms of skills. In order for the youth to be integrated in the labour market, they first need to be engaged and included. For some youth, their starting point will be that they have low capacity, a low level of education, and they have not had

any stable employment before. For others, the starting point might be some level of education and some experience from having different types of employment, but that they have so far been unsuccessful in finding employment where their skills meet the demand of potential employers. The youth need to become more attractive in the labour market and their skills gap needs to be closed. The youth will gain life skills, technical skills and, as such, their employability will increase.

Pathway C: The youth that do not have an entrepreneurial spirit need to find employment either with entrepreneurs expanding their business (those supported through pathway A), or in established enterprises. The Youth Employment Programme will therefore work with established SMEs and support their growth paths in order to stimulate job creation in the enterprises. Technical assistance, business development services, mentoring support, and access to finance specifically targeted towards SMEs will be the primary interventions to ensure that the SMEs are able to innovate, explore new markets, increase their productivity and competitiveness and ultimately expand their business, create jobs and employ more people.

As a cross-cutting issue for pathway A and C, to support the transformation processes, the Youth Employment Programme will work to strengthen a conducive environment for doing business and improving the labour market by engaging a wide range of relevant stakeholders including social partners, building trust and facilitating dialogue. This will relate to capacity building, conducive policy development, social dialogue in the labour market, frameworks for skills development, etc.

The concrete interventions that will contribute to reaching the outcomes and ultimately the programme objective, are described in section 3.3 below. A number of assumptions need to hold true in order for the interventions to lead to the desired transformation in/with the target group:

Key assumptions in pathway A:

- Programme partners are able to identify relevant partner organisations in the countries with interest in engaging with them on skills development and youth employment;
- Youth organisations in the countries have a constituency that see entrepreneurship as a potential career path;
- Young people are interested in, have time and resources, and are allowed to join the activities;
- Young entrepreneurs are willing to take risks and invest their resources to grow;
- The terms for accessing finance are attractive to entrepreneurs;
- Business incubators and other actors in the ecosystem within relevant sectors exist and are interested in joining activities;
- Programme partners are able to mobilise funding from e.g. local financial institutions, impact investors and philanthropic investments through partnerships.

Key assumptions in pathway B:

- Building of life skills and other more technical skills targeted at specific labour market needs will lead to better employability of youth;
- Local training institutions are able and willing to adjust their training offerings to fit the target group's needs in terms of training approach and course content.

Key assumptions in pathway C:

- Danish companies see the benefit of joining activities to expand their business in the MENA region;
- Partners are able to attract companies from DAPP countries with a solid perspective for growth;

- Enterprises are able to exploit improvements in the environment for doing business to take advantage of new opportunities;
- Enterprises are able to recruit employees with the right qualifications to support their planned expansion;
- Enterprises see green transformation and the SDGs as market opportunities;
- The terms for accessing finance are attractive to SMEs;
- Enterprises see the value and business case in working responsibly and in accordance with responsible business conduct including offering fair and decent working conditions;
- Enterprises with increased competitiveness will expand their business and ultimately employ more people or offer jobs of a better quality.

Assumptions that cut across the interventions in the programme:

- Governments are supportive of the DAPP agenda of focusing on youth as a productive resource
- Social dialogue partners in the countries are committed to and see the value of building capacity on Responsible Business Conduct (RBC)
- Programme partners build relations and trust and are successfully exchanging ideas and collaborate on programme activities;
- Programme partners collaborate constructively with other relevant donors and NGOs;
- Programme partners are able to keep momentum and build on achievements and lessons learned from the previous DAPP phase in terms of youth inclusion, entrepreneurship and facilitating social dialogue;
- Business member organisations are interested in furthering the decent job agenda.

The three project implementers will further elaborate on this indicative Theory of Change (ToC) and will also continuously assess and consider the assumptions. The use of an iterative process is important during programme implementation in conjunction with results measurement. In the spirit of DDD, if results are not emerging as expected, the ToC might need to be revisited and the assumptions more actively addressed.

3.3 Programme interventions

The Youth Employment Programme consists of three projects each corresponding to an outcome. A project document is formulated for each project that details the engagement and agreement between the Danish MFA and the partners of the three projects.

3.3.1 Project 1: Youth Inclusion and Employment Project

Project 1 Outcome: Young women and men have enhanced employability and engage in entrepreneurship

Partners: The Youth Inclusion and Entrepreneurship Project will be implemented by one or a consortium of implementing organisation(s) who will implement activities in close partnership with local partners in each of the four DAPP countries. The implementing partner(s) will be selected through a public tender process. Qualifications needed include knowledge about and experience in the countries, youth inclusion and empowerment, skills development, entrepreneurship and business development, business environment, business and human rights, private sector development, social dialogue, decent jobs, and framework conditions.

The following paragraphs present an outline of the type of activities and results areas, which are expected for the implementing partner(s) to deliver the outcome. In their proposals, the tendering organisation(s) will describe exactly how the activities under this project are to be developed and

implemented. The core output areas are therefore only described in general terms. The outline presented here corresponds to the five outputs presented in the results framework in Annex 2.

Not all proposed activities under the output areas will be implemented in all countries. The tables below constitute a non-exhaustive list of proposed activities and results areas, which the implementing partner(s) will use as inspiration for designing the specific interventions and engagements. When designing the country specific interventions, the implementing partner(s) will take into consideration sectors and value chains that are likely to yield the greatest possible employment creation effect. Many of the suggested activities below have been applied successfully elsewhere by both Danida and Danish partner organisations and will include relevant lessons learned from past implementation.

Inclusion of youth to engage productively in society: The programme will reach out to young people to create awareness, hope, and inspiration and it will support the targeted youth to change their own future by engaging productively in society. Partners will empower young women and men and create awareness of opportunities for self-realization in their home countries either as self-employed entrepreneurs (pathway A) or as well-trained employees in SMEs (pathway B). Interventions will aim to ensure an even interest from, and hence participation of, young women and young men in the target groups. Partners will work with a range of youth organisations and support them to reach out to young men and women and address their concrete needs. Lessons learned from DAPP 2017-2022 will be harnessed for the design of interventions. National partners are supported to offer different training and networking opportunities for enabling young people to start their own businesses.

	Proposed activities	Expected result areas
Output 1.1: Inclusion of youth to engage productively in society	<ul style="list-style-type: none"> - Build capacity of youth organisations to create outreach and build capacity of youth; - Outreach to and awareness creation of youth via information and communication campaigns; - Larger inspirational events (e.g. youth summits); - Life skills training for both young women and young men and partnerships with training institutions; - Improve digital skills; - Training on rights and responsibilities in the labour market. 	<ul style="list-style-type: none"> - Inclusion of young women and men as engaged and productive contributors in society; - Empowerment and inspiration of youth; - Increased awareness about opportunities as entrepreneurs of both young women and men; - Youth with life skills and greater employability; - Enhanced awareness of rights and responsibilities.

Technical skills development for capacity building and increased employability: The needs for skills development are substantial at all levels as there is a serious skills mismatch in the labour market. The individual young person needs life skills as well as upgrading of technical skills. This would include basic education, skills training and more specialised vocational and technical training. The enterprises need access to employees with the required skills and mind-sets. In the interventions, the DAPP partners will work with different training providers and companies to map out the need for skills and to aim at ensuring that the right courses are developed and offered to the youth. A particular focus will be on skills needed in private companies to contribute to the green transition in the partner countries. Young people with adequate skills can get jobs with a higher degree of job security, better working conditions, better pay and hence hopes for creating a decent life for themselves and their families. Skills interventions will aim at equal enrolment rates of young men and young women. Gender analyses should be applied to map out what type of skills development are of particular interest for young women.

In the design and implementation of skills development activities, the implementing partner(s) should take into account the White Paper on Skills Development and Job Creation and the related

recommendation catalogue launched by the MFA, and coordinate with other initiatives launched to support this agenda. Activities will focus on competencies required in particularly promising sectors and will also include digital skills as digital competences are essential for most jobs and to run a business.

	Proposed activities	Expected result areas
Output 1.2: Technical skills development for capacity building and increased employability	<ul style="list-style-type: none"> - National skills championships with a particular focus on gender equality in the trades included; - Informal economy skills development initiatives; - Online training opportunities; - Outreach to youth via information and communication campaigns; - Partnerships with training institutions, business incubators, and other relevant stakeholders; - Promote green technical knowledge and skills that can unleash the economic potential in the green transition. 	<ul style="list-style-type: none"> - Life and technical skills for young women and men to actively engage in society; - Enterprises have access to female and male employees with relevant technical expertise within the focus sectors; - Increased awareness of benefits of improved skills; - Increase of young women and men enrolled in various training courses (short and longer); - Young people have improved their job-related skills.

Access to business development services and mentoring for entrepreneurs: The project will have a strong focus on young entrepreneurs and start-ups in the partner countries. This segment of the private sector is very important for directly engaging with the youth who are often the drivers of new businesses and ideas. This is important to nourish to ensure that the young people see potential in creating businesses in their home countries. Business ideas that are combined with the right business skills and an improved business environment can grow into well-functioning enterprises and thereby create more employment opportunities. The project will support a range of activities to inspire and support existing entrepreneurs or entrepreneurs in the making, to mature and realise their ideas. Support will be provided in the form of business development services, mentoring, business skills training, and establishment of challenge funds for innovative ideas. Where relevant, the interventions developed will have a specific focus on green technologies and solutions.

	Proposed activities	Expected result areas
Output 1.3: Access to business development services and mentoring for entrepreneurs	<ul style="list-style-type: none"> - Entrepreneurship training, incubators, mentorships (by youth organisations, enterprises, etc.); - Support to set up a business (business plans etc.) including specific support focusing on the challenges faced by women; - Support to market access; - Facilitation of networking opportunities, including specific women's networks; - Youth group organised entrepreneurship activities; - Business plan competitions; - Establishment of challenge funds for attracting projects with innovative ideas for job creation; - Communication through multiple channels incl. media coverage to inspire burgeoning entrepreneurs; - Business development services. 	<ul style="list-style-type: none"> - Organisational capacity of private sector, entrepreneurs and communities for support to young women and men enhanced through partnerships; - Increased opportunities and capacity for young female and male entrepreneurs to grow existing businesses and/or start new businesses; - Entrepreneurs inspired.

Better access to finance for entrepreneurs: Accessing finance is an essential element of enabling young entrepreneurs to develop and mature their ideas and start-up their enterprises. Interventions will be designed to support start-ups and entrepreneurs in accessing finance e.g. by establishing or linking to seed capital facilities, small grant opportunities and facilitating linkages with financial institutions. The programme interventions will place a particular focus on addressing the challenges faced by women related to starting up own business and accessing finance.

	Proposed activities	Expected result areas
Output 1.4: Better access to finance for entrepreneurs	<ul style="list-style-type: none"> - Linking entrepreneurs and start-ups with commercial banks and micro-finance institutions; - Facilitating access to seed capital or grant opportunities for start-ups in partner countries; - Targeted efforts to address the particular constraints faced by young female entrepreneurs in accessing finance; - Establishment of entrepreneurship awards with grant prizes. 	<ul style="list-style-type: none"> - Improved access to finance for young female and male entrepreneurs and start-ups; - Strengthened eco-system for start-up financing.

Improved business environment for entrepreneurs and SMEs: If the regulatory framework and business environment is improved, the risks and costs related to establishing and running a business are reduced. The reduction of risks and costs will lower entry barriers for new enterprises and increase the competitiveness of existing ones. This will likely lead to the establishment of new enterprises and the expansion of activities and growth of already established enterprises, who will need to employ more qualified staff.

The implementing partner(s) will work with sector stakeholders, labour market partners and authorities to identify constraining factors and develop feasible policy responses. **A gender lens** will be applied to the work on improving the business environment for both start-ups and established enterprises to facilitate access for women. Furthermore, where relevant, the interventions will target business environment challenges within ‘green sectors’, e.g. energy, water and food security.

There are obvious opportunities for synergy between the Human Rights Programme and the Youth Employment Programme in relation to addressing working conditions and duty bearers’ responsibility. The tendering organisation(s) should address this in their proposals.

	Proposed activities	Expected result areas
Improved business environment for entrepreneurs and SMEs	<ul style="list-style-type: none"> - Dedicated initiatives to enabling legal frameworks and environments for women’s participation in the labour market; - Promotion of responsible business conduct, rights and responsibilities at policy level; - Technical inputs, advocacy and promotion of relevant policies for SME growth; - Platforms for dialogue between private sector and training institutions at national and local level; - Public-private-partnerships on TVET and skills development. 	<ul style="list-style-type: none"> - Improved framework conditions for starting new businesses (registration etc.) leading to increased number of start-ups; - Increased level of formalisation of SMEs currently working in the informal sector improving employment conditions; - Improved framework conditions for doing business leading to improved enterprise competitiveness and growth; - Better functioning labour market with a particular focus on inclusion of young women.

Impact: Project 1 have a direct impact on the youth with whom they are engaging. In accordance with the submitted proposal, the implementing partner(s) will be responsible for developing the implementation design as well as a detailed results framework. Two key outcome level results (at least) should be included in the design:

- It is expected that 100,000 young people (at least 50% young women) will have benefitted from engagement with the programme and have increased awareness of opportunities, improved life-skills, entrepreneurship- and technical skills, and as such have improved their employability. The project cannot guarantee that all young people engaged through the interventions will succeed in finding employment. However, the project will still have an impact on the total number of youths reached in terms of an improved awareness of their rights in the labour market. Furthermore, as the project will coordinate efforts and seek alignment with programmes implemented by other donors, there is potential for upscaling and multiplication of efforts, creating greater impact.
- The primary aim of including and engaging young people is to ensure that they enter productive employment. Impact of the project will therefore be measured by the implementing partners and DAPP's overall MEAL system in terms of the number of young women and men who get employment. It is foreseen that at least 20,000 young people (minimum 50% young women) out of the larger target group of 100,000 get a job or establish themselves as entrepreneurs.

3.3.2 Project 2: Green Growth and Job Accelerator Project

Project 2 Outcome: SMEs grow and create jobs through development of new innovative solutions or scaling of existing solutions.

Partner: To address the challenges related to lack of opportunities for already established entrepreneurs and SMEs in scaling up their business, 'SDG Accelerators for Job Creation' facilities will be established in the countries. The Accelerator facilities will be based on the proven concept by UNDP's Nordic representation office (UNDP Nordic). The UNDP Accelerators will engage local as well as Danish companies, work with them, and – based on principles of sustainability and responsibility – support their efforts to innovate and grow through tailored support in targeted time bound 'business innovation journeys'. UNDP Nordic has developed an innovative and adaptable methodology and has been implementing similar Accelerator concepts in a range of other countries and contexts.

UNDP Nordic will engage closely with UNDP country and regional offices as well as private service providers in the four countries. A key element and value-driver of the proposed initiative is that it harnesses the various innovation and growth ecosystems in Denmark, the MENA region and globally, and feeds them into the Accelerators.

Core Activities: SMEs will be enrolled in Accelerators that offer a structured support process, which enables participating companies to innovate and develop new sustainable business solutions, and to grow and scale existing solutions while also seeking to make the companies attractive for potential investors. Youth-led and women-led enterprises will be specifically targeted. The Accelerators will bring together a broad circle of innovation ecosystems at the global (including those in Denmark), regional and local levels as well as experts and relevant stakeholders around the businesses to provide sparring, network, mentoring, and potential opportunities for collaboration on their solution. Progress, results, and cases created by the SMEs in the initiative are shared and communicated through the press and social media in order to inspire others.

Each of the DAPP countries will have dedicated Accelerators that draw on different actors, networks (such as local chambers of commerce) and relevant ongoing initiatives. There are also opportunities for online cross-country Accelerators. The target group and focus of the Accelerators will vary depending on the country and the context it targets. Potential target groups include i) Local SMEs in DAPP countries; ii) Danish SMEs that are already present in DAPP countries or looking to establish themselves in one or more of the four countries; and iii) local SMEs that are suppliers to Danish Multinational Companies (MNCs) operating in the DAPP

countries and potentially MNCs with other origins. The Accelerators will not provide support for establishing new companies but works with existing companies on accelerating the development of new solutions and innovation that can drive growth in the business, which in turn can increase employment.

Depending on the specific context in the respective countries, the Green Growth and Job Accelerator Project can have varying focus in terms of target groups and sectors. In their selection of enterprises, the Accelerators will give priority to business cases that have a particular relevance for the **green transition** in priority sectors such as water, energy, food safety and security, ICT, and digitalisation. The Accelerators will support innovative enterprises to introduce new approaches and technologies, which will support the green transition in the partner countries, and as such the SDG Accelerator will contribute to creation of 'green jobs'. Other sectors that are either labour-intensive or showing signs of fast growth will also be targeted, e.g. construction, horticulture, agriculture, and agro-processing. UNDP will also function as a 'broker' and connector between the SMEs and the existing financial institutions and venture capital platforms inside and outside the region and will help to bring impact investors and other types of investors into the DAPP countries.

Impact: UNDP will use its tested and scalable methodology for innovation to harness the spirit of entrepreneurship in SMEs and to support them in developing scalable and market-ready products and services that can drive growth and create jobs for youth. When SMEs successfully innovate and develop new business and revenue streams, and when they grow and scale, they create new jobs. It is estimated that 800 SMEs will be enrolled in an Accelerator process and 5,000 SMEs will benefit from an online learning modality on innovation and digital transformation, which will also be established. In the selection of SMEs, a criterion will be the extent to which the new business solution to be developed has potential to create broader multiplier effects in the sector or region.

Key results from the SDG Accelerator for SMEs, Denmark

- Increased growth in participating companies;
- New employment and job growth created in the companies;
- Strengthened corporate competitiveness in national and international markets;
- Support for scaling business to new markets or adjacent domains;
- Support for establishing new national and international partnerships that enable growth, innovation and job creation;
- Roll out of new innovations; products, services or business models;
- Acceleration of green technologies and businesses and support for retrofitting more traditional businesses;
- At project finalisation, 1/3 of the companies had developed a prototype and sold it, 1/3 had developed a prototype and 1/3 had developed a solid business plan ready for implementation.

Based on an assumption that the SMEs enrolled in an Accelerator create an average of five jobs, a target of 4,000 new jobs has been defined for this project.¹² Through its communication, outreach and networking efforts, the project will systematically work to ensure that positive cases of innovation and growth in local companies will serve as inspiration to new dynamic entrepreneurs and enterprises. This will contribute to creating stronger business networks in the countries.

The Green Growth and Job Accelerator will work with SMEs and, if successful, they will employ more staff. The SMEs will search for candidates with the right qualifications rather than a strict focus on age. The Youth Employment Programme will work to increase the number and quality

¹² IFU and UNDP Nordic's approach to measuring jobs differ. A harmonised approach will be agreed prior to submitting the final project document. It is anticipated that IFU's methodology for defining jobs will be applied across the two projects.

of jobs offered as well as the qualifications of the young candidates, but ultimately it will be the enterprises that decide who they will employ. However, it is assumed that skills acquired during this process will make young women and men attractive candidates in innovative SMEs supported by the SDG Accelerator. A target of 70% and 40% jobs for youth and women, respectively. Furthermore, growth in SMEs can create positive ripple effects in the sectors in which they operate and thus the impact that DAPP will contribute to in terms of job creation is even higher. MEAL efforts will seek to capture and measure these ripple effects.

3.3.3 Project 3: Sharaka Capital Investment Fund Project

Project 3 outcome: SMEs grow and create jobs through improved access to finance and Technical Assistance.

Partner: DAPP will engage with the Investment Fund for Developing Countries (IFU), to strengthen access to finance for SMEs in the DAPP countries. IFU will contribute by capitalising on the Sharaka Capital Fund (Sharaka) established by the Middle East Investment Initiative (MEII), a US-based NGO.¹³ Sharaka will provide loan capital to SMEs combined with Technical Assistance. Sharaka is IFU's selected capital fund mechanism for the MENA region.

Additionality: Sharaka is foreseen to start out with an initial USD 50 million in capital and reach a total fund size of USD 250 million. Other investors are thus to be mobilised. However, Sharaka is not a traditional private equity fund. In its current design, Sharaka is less attractive to Development Finance Institutions (DFIs) such as IFU, due to its low returns and relatively high risk.

Subject to DAPP's contribution, IFU foresees an investment of USD 10 million in Sharaka. It is assumed that this joint commitment will be sufficient for Sharaka to attract further investments from other DFIs and investors. As such, there is a high level of additionality to the DAPP funds as these will contribute to unleashing an IFU investment into Sharaka and subsequently other impact investors seeking market conform returns. The DAPP contribution will be an essential factor in the mobilisation of investments and establishment of a first mezzanine fund in the MENA region.

Core Activities: The principal rationale for Sharaka will be to address a market failure: the absence of adequate and appropriate finance to contribute to growth in MENA's SME sectors. As mentioned in section 2, it is challenging for SMEs to obtain loans in commercial banks to grow their business, and Sharaka will offer a financial product¹⁴ that is particularly adapted to the needs of SMEs, and addresses the challenges of e.g. collateral requirements and high interest rates.

Beyond making capital available, Sharaka will establish and operate a separate Technical Assistance (TA) Fund, which will assist the SMEs who will obtain financing from Sharaka. The TA funds will be used in various fields, e.g. to secure improved standards of inter alia occupational health and safety, environmental and climate impact, governance, and financial management in the companies. When relevant, the TA facility will fund activities aimed at enhancing the development impact of targeted SMEs, such as skills development of employees and training of supply chain actors.

¹³ In parallel with the Youth Employment Programme entering the approval system in the MFA, it is also entering the approval system in IFU. The support to Sharaka has been discussed in great detail in IFU also at top level, who express keen interest in the partnership. It is considered highly unlikely that IFU's investment in Sharaka will not materialise. IFU's due diligence process may lead to minor adjustments in the proposed set-up, which would have to be agreed with the MENA DAPP Team.

¹⁴ Partly or non-secured local currency loans at an average size of USD 0.5 million with a loan tenor of 4-7 years including 1 to 1.5 years grace period.

Sharaka will be open to investments in SMEs in all economic sectors. Though Sharaka will be demand driven, it is foreseen to give particular attention to certain types of SMEs such as women-led and/or export-oriented businesses. Climate change and new green technologies are slowly being recognised as new areas for competitive advantage and market access. Investments in green technology that improve SME competitiveness and revenue will be in line with DAPP's priorities. These are also likely to be very attractive for Sharaka and will thus contribute to the creation of 'green jobs'. Sharaka is expected to cover Morocco, Tunisia, Egypt, Jordan, and Palestine. Based on its internal assessments, Sharaka expects to start out in Egypt and Jordan and subsequently scale up in Morocco, Tunisia and Palestine. IFU will explore how to ensure that a proportionate share of the investments are in SMEs in the four DAPP countries.

The operations and strategies of the Sharaka Fund will be aligned to the United Nations Global Compact and their ten universally accepted principles in the areas of human rights, labour, environment, and anti-corruption. This will guide the selection of SMEs to invest in and the Technical Assistance provided.

Impact: Sharaka will have a significant social impact by filling a gap in the financial markets and providing finance to growth-oriented SMEs in the target countries leading to job creation and income. If fully capitalized, it is foreseen that Sharaka will invest in approximately 1400 SMEs over the course of ten years for a total amount near USD 850 million (~600 SMEs for USD 350 million during the lifetime of DAPP). Characteristics that will be tracked include geographic location (e.g., urban, rural, semi-rural), sector (e.g., manufacturing, services, tourism, agriculture), use of investment proceeds, amount of each investment, portfolio at risk, amongst others. As with the SDG accelerator for job creation, a selection criterion will be whether the successfully growing SME has the potential to create broader multiplier effects in the sector or region.

Based on previous experience of the MEII from financing over 2,400 SMEs in the region, one job is facilitated (sustained or created) for ~USD 11,000 of investment.¹⁵ Based on this benchmark, it is estimated that 75,000 jobs will be created or sustained over 10 years (~30,000 jobs during investments made within the lifetime of the Youth Employment Programme). Building a viable investment pipeline and realising the investments across the four DAPP countries takes time, and as such, the job creation impact is expected to accelerate in the second half of the programme implementation period.

As with the SDG Accelerator, it is up to the enterprises to decide who they will employ but there is a strong anticipation that they will also employ young people. In order to keep abreast of this, jobs will be tracked by gender and age as well as type (e.g., full time/seasonal, indirect). For the same reasons as with the Job Accelerator, it is expected that a large share of the jobs will be for young people, including women.

As IFU – through its engagement via the Youth Employment Programme – will not be the only funders/investors in Sharaka, the results in terms of job creation that Sharaka will achieve cannot be attributed solely to the Danish engagement. However, the DAPP funding will play an important role in kick-starting Sharaka and mobilising the required investment capital. Hence, DAPP will have a key and significant contribution to results obtained.

3.3.4 Complementarities between the three projects – one programme

There are complementarities between the three projects that will be nurtured actively by the programme Secretariat (see below) during the implementation period in order to ensure the greatest possible impact.

¹⁵ IFU/Sharaka apply the HIPS0 standard "Number of full-time equivalent employees as per local definition working for the client company or project at the end of the reporting period."

The groups of youth that have gained improved skills will be able to find employment in the types of enterprises supported by the UNDP Accelerators and Sharaka. The entrepreneurs engaged by the Contractor under the Youth Inclusion and Employment Project who have the capacity to take their business one level further could be candidates for enrolment in an Accelerator. As mentioned, the Accelerator will also offer an online learning modality on innovation and digital transformation, which will target different sizes and types of businesses, and businesses working in different sectors, including those engaged under the Youth Inclusion and Employment Project and the Sharaka Capital Investment Fund Project. The tendering organisation(s) for the Youth Inclusion and Employment Project should present reflections on how complementarity and, where possible, direct linkages with the two other projects can be achieved.

Some of the SMEs that have been through the Accelerator programme will need to raise financial resources for bringing their ideas to life and could be potential clients of Sharaka. Under Sharaka, the SMEs will also get access to TA for the development of business plans, sound financial management etc. As such, the Accelerator could help build up a potential portfolio for Sharaka. On the other hand, SMEs in which Sharaka are investing might have new innovative ideas that they are interested in developing further, which could be under the auspices of the Accelerators. The support they will get from joining the Accelerator would be fundamentally different from the TA component in Sharaka. As such, there are complementarity opportunities in the programme. To have a formalised working relation between Sharaka and the Accelerator, a MoU will be signed between IFU and UNDP Nordic prior to the signing of their respective agreements with MFA.

4 Summary of the results framework

The results framework below presents the programme objective and the three programme outcomes. The detailed results framework is included in Annex 2.

For the tendered Youth Inclusion and Employment Project, the tendering organisation(s) will prepare a results framework as part of the tender process in which the Tenderer will specify activities at output level and include SMART outcome and output indicators, Means of Verification as well as detailed baselines and targets at the country level. Indicators in the proposed results framework should be disaggregated in terms of gender, age, and various youth target groups. It is anticipated that the Tenderer will be able to clearly demonstrate the added value of its expertise, document how it will transmit this expertise to local partners, and prepare the detailed results framework based on its key competencies and opportunities to deliver in the DAPP countries. The final results framework will be approved by the MENA DAPP Team and be part of the agreement with the winning partner or consortium of partners.

For the Green Growth and Job Accelerator Project and the Sharaka Capital Investment Fund Project, the results framework will be detailed by UNDP Nordic and IFU, respectively, and will be approved by the MENA DAPP Team before the signing of agreements and implementation. All baseline values and targets will be disaggregated into Morocco, Tunisia, Egypt, and Jordan in order to track the results at country level.

Even though young people are at the core of the programme, jobs created will not only be for them. All job-related indicators will therefore be disaggregated into above/below 35 years and into number of jobs created for women and men, respectively. The target is that young people will benefit from 70% of the jobs created under the programme. Similarly, it is expected that an ambitious target of at least 40-50% for inclusion of and job creation for women will be set. The implementing partners will be responsible for verifying and possibly adjusting these targets during the inception phase.

The SDG Accelerators and Sharaka will engage in green sectors and with enterprises that work with green transition. It is therefore expected that a considerable share of jobs created, in the range of 20-25%, will be ‘green jobs’ according to the ILO’s generic definition.¹⁶ The tender proposal for the Youth Inclusion and Employment Project and the final project documents for the Green Growth and Job Accelerator Project and the Sharaka Capital Investment Fund SDG Project will further specify criteria for delivering green jobs. To monitor and measure the green job effects, a definition of green jobs will be agreed upon during the inception phase across the three projects. The results will be monitored and documented through targeted impact studies rather than via the regular monitoring systems.

Programme	Youth Employment and Entrepreneurship
Programme Objective	Increased employment of young people through entrepreneurship and enterprise development
Impact Indicators	SDG 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship SDG 5.1 End all forms of discrimination against all women and girls everywhere SDG 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services SDG 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value SDG 8.6 (By 2020) substantially reduce the proportion of youth not in employment, education or training

Project 1 Title (Tender)	Youth Inclusion and Employment Project
Project 1 Outcome	Young women and men have enhanced employability and engage in entrepreneurship
Outcome indicators	a) Number of young women and men who become employed or have established themselves as entrepreneurs b) Number of young people who have enhanced their employability
Baseline	Year 2022 a) 0 b) 0
Target	Year 2027 a) 20,000 young people are employed or have established themselves as entrepreneurs (minimum 50% young women) b) 100,000 young people have enhanced employability (minimum 50% young women)

Project 2 Title (UNDP)	Green Growth and Job Accelerator Project
Project Outcome	SMEs grow and create jobs through development of new innovative solutions or scaling of existing solutions
Outcome indicators	a) No. of new jobs created by entrepreneurs and SMEs that have been part of the SDG Accelerator for Job Creation <ul style="list-style-type: none"> • Proportion of new jobs created for women • Proportion of new jobs created for youth (up to 35 years) b) Proportion of entrepreneurs and SMEs who report an increase in employment as an effect of the SDG Accelerator for Job Creation (disaggregated by gender and age) c) Proportion of entrepreneurs and SMEs who report an increase in turnover as an effect of the SDG Accelerator for Job Creation
Baseline	Year 2022 a) 0 b) - c) -
Target	Year 2027 a) 4,000 new jobs created in the targeted 800 companies <ul style="list-style-type: none"> • 40% of jobs created for women • 70% of jobs created for youth (up to 35 years)

¹⁶ https://www.ilo.org/global/topics/green-jobs/news/WCMS_220248/lang-en/index.htm

		b) 70% experience an increase in company employment as an effect of the SDG Accelerator for Job Creation c) 50% experience an increase in company turnover the following years as an effect of the SDG Accelerator for Job Creation
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Project 3 Title (IFU)		Sharaka Capital Investment Fund Project
Project Outcome		SMEs grow and create jobs through improved access to finance and Technical Assistance
Outcome indicators		a) Number of new jobs created or jobs improved (sustained) in targeted SMEs (disaggregated on gender and age) b) Average Revenue Growth in SMEs
Baseline	Year 2022	a) 0 b) -
Target	Year 2027	a) 30,000 new jobs created or improved (sustained) in targeted SMEs (disaggregated on women and youth) b) Average growth rate of 20%

5 Budget

The budget for each project is presented in the table below.

Projects	MFA budget (DKK million)						TOTAL
	2022	2023	2024	2025	2026	2027	
Project 1: Youth Inclusion and Employment Project	21	41	42	42	38	21	205
Project 2: Green Growth and job Accelerator Project	10	10	15	10	10	10	65
Project 3: Sharaka Capital Investment Fund Project	25	25	25				75
Acceleration Funds (including pilot activities in Algeria, if feasible)		15	20	25	25		75
Programme Secretariat	2	3	3	3	2	2	15
TOTAL	65	75	105	85	74	31	435

For the Youth Inclusion and Employment Project, the tendering organisation(s) will propose a more detailed budget determining the allocations at the output level. These will have to be approved by the MENA DAPP Team before signing of agreement. Similarly, detailed cash flow projections will be agreed with UNDP Nordic and IFU during the inception phase.

In line with the adaptive approach of DDD, DKK 75 million have been allocated to an **Acceleration Fund**. Successful engagements under the three projects with potential for scaling will benefit from this allocation. During the programme inception phase, the MENA DAPP Team will decide on the final criteria for how partners can access the acceleration funds. During the programme implementation phase, it is foreseen that programme reviews will provide input to specific decisions by the MENA DAPP Team on the allocation of acceleration funds. Activities in Algeria may also be considered for acceleration funding.

The budget in the table above shows the DKK 75 million allocated under DAPP to the Sharaka Fund. Beyond the DAPP contribution, IFU expects to also invest DKK 62 million in the Sharaka Fund so that the total Danish contribution will be DKK 137 million. Furthermore, it is foreseen that other Development Financing Institutions will invest up to USD 228 million in the Sharaka Fund.

The **Programme Secretariat** (see section 6.2) will support the financial management of the Programme according to MFA guidelines as well as be responsible for programme monitoring, reporting, and communication. The budget for the Programme Secretariat will cover salaries, office space, IT, travel, etc.

Annex 3 includes the outcome-based budget. A detailed output-based budget will be prepared by the tendering partner(s). It is foreseen that the budget allocated to the respective four DAPP countries will vary. All budgets prepared by the three projects will include a split between the four DAPP countries for approval by the MENA DAPP Team. Options for a potential expansion of activities to Algeria will be decided during the inception phase. A maximum of 10% of the budget may be earmarked for regional activities.

Beyond the budget available at programme level, a budget line for innovation is available at DAPP level. Detailed procedures for how these funds will be activated are to be developed in the inception phase.

6 Implementation and management arrangements

6.1 Programme partners

6.1.1 Contractor for the Youth Inclusion and Employment Project

The partner arrangement will be determined by a public tender. It can be an individual organisation or a consortium of organisations consisting of e.g. NGOs, business member organisations, trade unions, private consulting companies, etc. The consortium could ideally be led by an organisation with strong competencies in youth mobilisation, entrepreneurship creation and skills development as the cornerstone of the Youth Employment and Entrepreneurship Programme.

Organisations should have well-established and strong linkages to the Danish resource base to facilitate the Danish Arab Partnership notion of mobilising Danish expertise and knowhow of relevance for the MENA region. Organisations should be carriers of Danish value policy, innovation and know-how, and be able to convey these in the context of the established partnerships.

6.1.2 UNDP Nordic Representation Office

As the UN's largest development organisations, UNDP works to eradicate poverty, reduce inequalities and build resilience so countries can sustain progress. UNDP works in 170 countries and territories and partners with all sectors of society to strengthen policies, leadership skills, partnerships, innovation and institutional capacity to help countries achieve the SDGs and set a path to a sustainable future for people and planet.

UNDP's Nordic Representative Office will host the Accelerator Learning Hub. UNDP's SDG Accelerator work has been developed and anchored in UNDP Nordic, meaning that the strategy, coordination, and quality assurance functions will reside here. The team will include the Project Manager and supporting coordination, knowledge management, communication, training/learning and operations functions.

UNDP Country Offices (CO) in DAPP countries will lead the country engagement at the output level under direction and coordination of UNDP Nordic. The UNDP COs will be responsible for the implementation of the country-specific Green Growth and Job Accelerator Project and other country-specific activities. Each UNDP CO will recruit a project manager, who will be part of the overall project management group together with UNDP Nordic.

The UNDP Regional Bureau of Arab States and North Africa (RBAS) serves as headquarter for UNDP regional programmes and country offices in the Arab countries. RBAS has deep knowledge and insights into all programmes and activities implemented in the region and will play a central role as a knowledge partner in this initiative. Specifically, this initiative will explore the relevant interfaces with the regional youth programming, employment generation initiatives, and other synergies. RBAS will also play a key role in supporting and advocating for the initiative vis-à-vis national governments.

A capacity assessment of UNDP will be carried out before the agreement between UNDP and MFA is signed. This will include an assessment of the capacity of UNDP Nordic to manage a project of this size, as well as an assessment of the regional UNDP set-up in the MENA countries, including the interlinkages between UNDP Nordic, RBAS and the country offices. Proposals for increasing efficiency in delivering the Accelerators should be included in this assessment.

6.1.3 Investment Fund for Developing Countries

IFU and IFU-managed funds have co-invested directly in 1,300 companies in 100 countries across the world. Committed investments in these companies total DKK 209 billion, of which IFU has contributed DKK 23 billion. IFU is an independent government-owned fund offering advisory services and risk capital to companies wishing to do business in developing countries and emerging markets. IFU works on a commercial basis, based on the logic that a business investment is a good way to create lasting economic improvement and thus development. Beyond investing directly in enterprises, IFU is fund manager of a number of other investment funds, including the Danish SDG Investment Fund. IFU makes risk capital available in the form of equity, loans or guarantees for project companies in the 146 countries worldwide eligible for IFU investment.

IFU will invest in the Sharaka Capital Fund (Sharaka). IFU will follow its own well-established procedures for assessing and approving their engagement in Sharaka including due diligence of MEII as the owner of Sharaka. This will take place prior to signing of agreement between IFU and MFA. The fund's investors will enter into a Limited Partnership Agreement which will follow best international practice and include clauses that will commit Sharaka to live up to international best practice and standards for business and human rights, environment, labour and other social standards, including IFU's tax policy. Sharaka will have credit policies and systems in place to manage risk. The decision to invest in an SME will be taken by an investment committee consisting of experienced people from MEII and the region. IFU is expected to take a seat in the Advisory Committee of the Sharaka Fund, which will be the body monitoring the fund's activities.

6.2 Organisational set-up

A lesson from DAPP 2017-2022 is a need for better coordination among involved partners in the management of a programme with multiple stakeholders. In the design of the new programme, steps have been taken to strengthen coordination.

The Youth Inclusion and Employment Project will be managed and implemented by a single partner or a consortium of partners winning the tender.

All single tenderers shall propose a suitable management set-up in Denmark as well as in the four countries in their tender proposal.

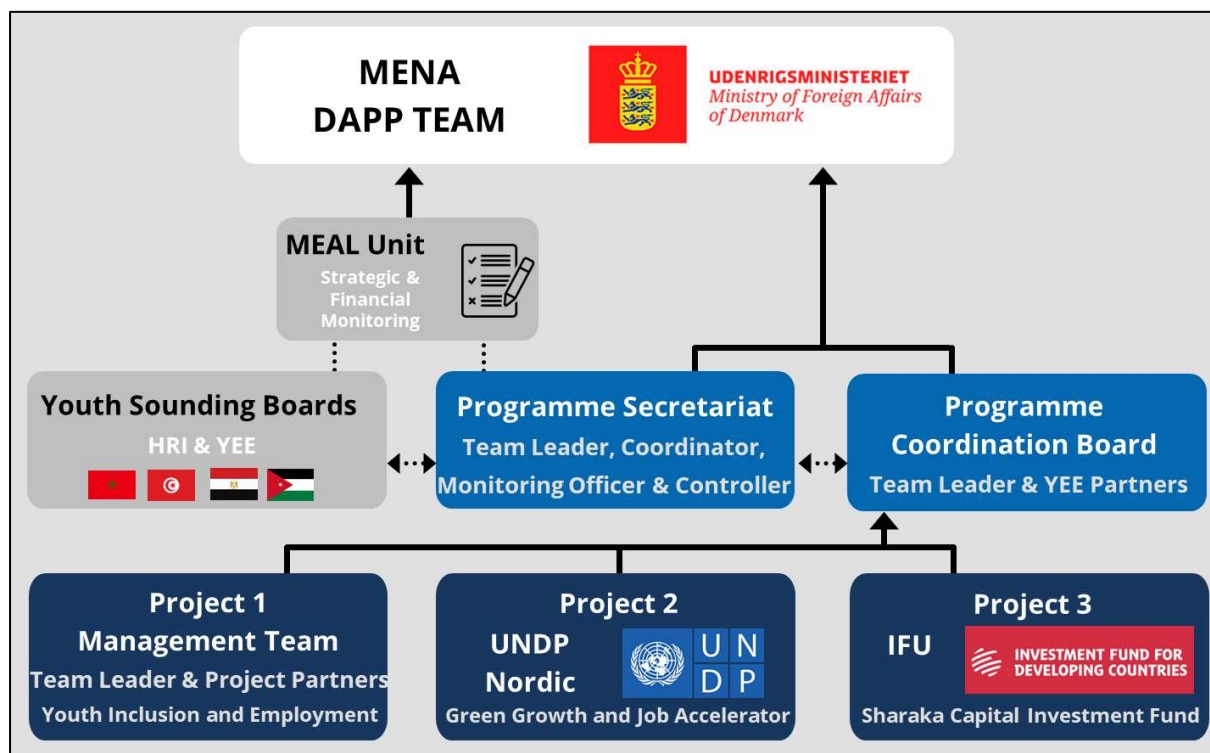
All tendering Consortia shall propose a suitable management set-up in Denmark as well as in the four countries in their tender proposal based on the following guiding principles:

A **Consortium Agreement** will formalise cooperation between the participating organisational entities and is to be included in the tender proposal. The agreement shall outline the mutual obligations and decision-making structure between the Consortium partners. They are expected to establish a **Project Management Team** (or similar) with representatives from each organisational entity and headed by a Team Leader, appointed by the implementing partner(s) for the Youth Inclusion and Employment Project.

It further is foreseen that the three partners, the implementing partner(s) for the Youth Inclusion and Employment Project, UNDP Nordic, and IFU will sign a MoU establishing that they will ensure overall coordination and will work together towards meeting the outcomes of the Youth Employment Programme. This will be operationalised through a **Programme Coordination Board**. The partner(s) of the Youth Inclusion and Employment Project and UNDP Nordic will

also coordinate more directly in terms of the interfaces between their engagements, as will UNDP Nordic and IFU. In addition to the coordination meetings at management level, there will be coordination mechanisms at regional and country level.

Figure 4: Programme organisation for the Programme on Youth Employment and Entrepreneurship



To further support coordination and a uniform approach to MEAL, the implementing partner(s) for the Youth Inclusion and Employment Project will be expected to establish a **Programme Secretariat** supporting the Youth Inclusion and Employment Project as well as the two other projects implemented by UNDP Nordic and IFU.

The Programme Secretariat will be led by the **Team Leader**, who will represent the partner of the Youth Inclusion and Employment Project in all operational relations and contractual obligations to MENA including compliance with MFA rules and procedures on e.g. financial management, anti-corruption, safety and safeguarding, PSEAH, etc. UNDP Nordic and IFU will carry the same responsibilities in respect to their own agreements with the MFA.

The implementing partner(s) the Youth Inclusion and Employment Project must further appoint or recruit a Programme Coordinator (subject to a no-objection from MENA), a Monitoring Officer, and a Controller as Programme Secretariat staff.

The **Programme Coordinator** will facilitate and coordinate the overall programme management and ensure that the Programme partners prepare and plan, implement, and report against the same formats and procedures. She/he will ensure collaboration between Programme partners, facilitate learning, synergy, and adaptive management and be responsible for compiling and managing all required reporting to MFA. The **Monitoring Officer** will be responsible for i) the programme monitoring system with inputs to be provided by the Programme partners; and ii) liaising with the MEAL Unit. The **Controller** will be in charge of i) financial management and accounting of the Programme, including the Acceleration Budget, according to MFA Guidelines; and ii) liaising with controllers from the Programme partners and facilitating joint annual financial reports to MENA.

Besides ensuring proper management of the implementation of the Youth Inclusion and Employment Project itself, the Secretariat will also assist the Programme Coordination Board and serve as a link between the implementing partners and the third party monitoring (MEAL Unit) to be engaged directly under the MENA DAPP Team, cf. Section 6.3.

As such key tasks of the Secretariat will be:

- Harmonisation and streamlining of the monitoring set-up between the three projects;
- Coordinating M&E data collection between the three projects;
- Linkages to the strategic MEAL Unit (c.f. section 6.3);
- Streamline reporting to MENA DAPP Team;
- Dialogue with MENA DAPP Team and Embassies;
- Secretariat for the Programme Coordination Board;
- Advise and support to streamline financial management arrangements to MFA requirements;
- Convene space for coordination across countries.

The implementing partner(s) for the Youth Inclusion and Employment Project will be responsible for staffing the Secretariat appropriately and will propose a suitable management set-up in the tender proposal. The Secretariat will be in Copenhagen while the implementing partner(s) awarded the tender for the Youth Inclusion and Employment Project will have a physical presence in each of the four DAPP countries.

The budget includes **Acceleration funds** to support the upscaling and acceleration of successful initiatives and activities under all three projects. During the programme inception phase, the MENA DAPP Team will decide on the final criteria for how partners can access the acceleration funds. The funds will be allocated based on decisions made by the MENA DAPP Team after an annual stocktaking in 2023 and a mid-term review in 2024. To qualify as a recipient of acceleration funds, the programme partners must provide an initial justification that demonstrates the success of the initiative and why it is likely to benefit from the acceleration funding. The proposal should be backed up by an adjustment of the results framework and Theory of Change of the programme to accommodate the effects of upscaling and acceleration at the output level. Furthermore, the programme partners must submit a brief project description with a budget to qualify for a 'no objection' from the MENA DAPP Team. The no objection will consider the partner level of financial execution, progress in terms of results, and overall absorption and financial management capacity.

A **Youth Sounding Board (YSB)** will be established in each of the four DAPP countries. The YSB is a group of young people who will function as a consultative group with the purpose of safeguarding and strengthening young people's voice and perspective in relation to policy, implementation, monitoring, and evaluation. The YSBs will provide their views on the design of specific interventions to ultimately ensure a better programme. During the inception phase, the MENA DAPP Team will in consultations with the Embassies and the MEAL Unit facilitate the set-up of YSBs and identification of relevant candidates.

6.3 Monitoring, evaluation, accountability, and learning

DAPP will be monitored according to Monitoring, Evaluation, Accountability, and Learning (MEAL) principles,¹⁷ and the MENA DAPP Team will have the overall responsibility for

¹⁷ These five principles include (1) tracking real-time progress, (2) continuous learning and identifying needs for adjustments, (3) ensuring the information exists for adaptive management, (4) documenting unintended effects, both positive and negative, and (5) assessing real impact on the ground.

maintaining a comprehensive overview of the progress towards achieving outcomes and impacts of DAPP.

Monitoring at the Youth Employment Programme level

Results-based monitoring at programme level will provide the information needed to assess whether programme performance is as expected. It entails measuring progress towards achieving outputs and outcomes as specified in the results framework. It will include the compilation, assessment, and presentation of monitoring information according to the agreed results-based frameworks and SMART indicators defined for the programmes.

The DDD approach entails a programme design with space for adaptive and iterative learning processes leading to adjustment of the intervention logic over time. A fundamental basis for succeeding with this approach is that implementing partners have analytical capacity and a strong and well-functioning MEAL system capable of collecting data, tracking results and accumulate learning. The detailed methodologies for implementing MEAL by partner organisations at the programme level (programme results-based monitoring) will be developed as part of either tender proposals (Project 1) or in dialogue with MENA DAPP Team (Projects 2 and 3) and further refined during the six months inception phase. The programme partner(s) will be responsible for compliance of all MFA strategies and requirements on fraud and anti-corruption, safety and safeguarding, PSEAH, etc. The level and quality of all reporting to MFA will follow the requirements outlined in the AMG and follow the DDD principles.

Programme results-based monitoring will be implemented by the Programme Secretariat. Each programme partner is responsible for reporting on the results frameworks of their respective projects based on collecting, validating, analysing, and reporting data and evidence of results from their partnerships and activities in the DAPP countries. The Programme Secretariat will ensure that each programme partner prepares plans, implements and reports against the same monitoring and reporting formats. The Programme Secretariat will also facilitate and coordinate the collaboration between the partners and act as secretary of the Programme Coordination Board. The Monitoring officer in the Programme Secretariat will be responsible for compiling and formatting inputs from all programme partners' monitoring officers. The Programme Secretariat will facilitate consolidated annual programme progress reports, work plans, and other relevant reporting to the MENA DAPP Team.

Job creation is one of the key indicators in the Youth Employment Programme. It is generally acknowledged that it is challenging to measure the impact of employment creation interventions. If only new jobs created directly in the enterprises are measured, there is a risk of not sufficiently capturing the effects of the programme. In cases where a job or an employment situation has significantly improved (e.g. through better working conditions, higher wage and/or more secure markets) due to the interventions such improvements should also be included in the results reporting. Furthermore, according to UN research, every direct job created creates 1-2 additional jobs in for example local supply chains or service companies. Hence, underreporting of results is a risk that needs to be carefully considered by the project partners and discussed with the MEAL Unit.

Another dimension of measuring job effects in the Youth Employment Programme is the risk of double-counting part of the employment effects. As mentioned above, DAPP partners will be working actively to harness complementarity between the interventions. Therefore, some of the same individuals might benefit from both being involved in the youth entrepreneurship activities and the Green Growth and Job Accelerator while some SMEs might be enrolled in both an Accelerator and receive investment by Sharaka. The results of the individual interventions vis-à-vis the individual or the SME obviously merits to be counted and reported on its own, but this ultimately means that the same job effect might be counted twice. The DAPP partners should

address these dilemmas during the inception phase of the Programme. The MEAL Unit will also address the issue.

The partner(s) will also prepare a plan for the communication of results including to a broader audience.

MEAL at the strategic DAPP level

The MENA DAPP Team and an externally recruited MEAL Unit will together be responsible for MEAL at the strategic DAPP level. The MEAL Unit will be a crucial link between the implementation level on the ground by partner organisations and the DAPP MENA Team's oversight function. It will have a full-time presence in the region, with two field offices, in Amman (Jordan) and Tunis (Tunisia) to undertake third party monitoring in all DAPP countries, focusing on quality assurance as well as strategic and impact monitoring for both programmes (Youth Employment and Human Rights). The MEAL Unit will also provide relevant input in terms of the adaptive approach of the programme as the MEAL Unit will have a more holistic overview of the programme and can provide input in terms of how the different interventions might be adjusted for better results or greater impact. Further details on the MEAL Unit are provided in Strategic Framework Document (section 5.2).

7 Financial management, planning, and reporting

7.1 Financial management

Management of the Danish funds will be undertaken by the partners in accordance with MFA's Financial Management Guideline for Development Cooperation:

<https://amg.um.dk/en/tools/financial-management/accounting-and-auditing/>

Both UNDP Nordic and IFU have past engagements with the MFA and are assessed to have sufficiently solid guidelines and procedures for financial administration and management. For the Youth Inclusion and Employment Project Contractor it will be a criterion of the evaluation of tenders to assess their capacity to manage the funds in line with MFA requirements.

IFU: The MFA commitment will be allocated as earmarked funding to IFU. IFU will invest the funds in accordance with its investment mandate and procedures. Financial reporting on the initiative will be integrated into IFU's overall financial reporting. It is agreed that IFU contributes to the initiative with own resources. Reflow of funds from the investments will be an integrated part of IFU's capital and business activities in line with the investment mandate. The specific procedures for the operation of the Sharaka initiative incl. financial management will be elaborated during start-up and detailed in the agreement between IFU and MEII.

7.1.1 Disbursement & accounting

Funds will be disbursed by MFA directly to the three partners on the basis of annual budgets and work plans. Funding requests will be in accordance with the MFA guidelines and will be submitted before any disbursements are carried out.

Partners will establish designated bank accounts for the MFA funds. Procedures regarding cash handling, approval of expenditures, reporting, budget control and other internal controls, including control of assets (fixed assets, stores, debtors and cash) shall be based on sound financial management procedures and International Accepted Accounting Standards.

7.1.2 Audits

The partners are audited on an annual basis. The audit period follows the calendar year. For the Contractor the audits are carried out as a stand-alone or special purpose audit, i.e. covering only

income and expenditure for the particular activities funded through DAPP. For UNDP, audits will be carried out in accordance with the internal and external procedures provided for in the financial regulations of the organisations, as agreed in the Partner-Specific Financing Agreement between UNDP and the Government of Denmark, negotiated in March 2018. For IFU financial reporting and audit on the initiative will be integrated into IFU's overall financial reporting. The audits will be conducted in accordance with International Standards of Auditing (ISA) and should include elements of compliance and performance audit. The audit report shall include a management letter/report.

It is the responsibility of the partners to ensure that any sub-grantees and sub-contractors are audited on an annual basis, that the audit reports are received timely and that these reports are consolidated into the overall audit reports. The partners shall ensure that any material issues raised in the auditor's report is appropriately and timely followed up and appropriate actions taken. The MENA DAPP Team reserves the right to claim full reimbursement of expenditure regarded as ineligible according to the agreement between the parties. The accounting documentation shall at any time be available for scrutiny by the MFA and the Danish Auditor General.

7.1.3 Anti-corruption

Upon suspicion or awareness of specific cases of corruption involving staff members and/or implementing partners, the implementing partner is obliged to notify the lead Team Leader, who is obliged to immediately notify the MFA's MENA Department in accordance with the Anti-Corruption Policy of the Danish Ministry for Foreign Affairs ("Zero tolerance").

The below standard corruption clause applies between the parties of this Programme and should be inserted in agreements signed with sub-partners:

Corruption Clause: *No offer, payment, consideration or benefit of any kind, which could be regarded as an illegal or corrupt practise, shall be made, promised, sought or accepted – neither directly nor indirectly – as an inducement or reward in relation to activities funded under this agreement, incl. tendering, award or execution of contracts. Any such practise will be grounds for the immediate cancellation of this agreement and for such additional action, civil and/ or criminal, as may be appropriate. At the discretion of the Danish Ministry of Foreign Affairs, a further consequence of any such practise can be the definite exclusion from any tendering for projects or other funding from the Danish Ministry of Foreign Affairs.*

7.2 Reporting

The partners will produce yearly progress reports (narrative and financial). The reports will be submitted to the MENA DAPP Team. The following shall be addressed in the narrative reporting:

- An assessment of developments in the contextual framework during the past year and how the partners have reacted to contextual changes;
- Implementation of the work plan and budget based on output targets for the reporting period, including brief explanations of challenges encountered and deviations from targets/milestones and how these have been assessed and handled;
- Progress to date compared to output and outcome targets for the entire programme period as stipulated in the results framework (mainly annual reports);
- An analysis of risks, including both reflection on the reporting period and the upcoming reporting period;
- Challenges encountered and specification of recommended changes and adjustments (including budget re-allocations) for approval by the relevant authorities;
- Update on implementation of decisions; follow up on recommendations from reviews, audits, monitoring visits etc.

Financial reporting shall as a minimum include:

- The financial reporting shall be drawn up to the same level of detail as the approved detailed and output-based budget;
- Include budget figures, actual spending and variance for the period under reporting and for the entire engagement period;
- Funds received during the period and accumulated.
- Deviations should be explained and any budget reallocations within the period should be noted and include details on the written approval of the reallocation/adjustment.

Monitoring, meetings and reviews: The MFA is entitled to carry out technical and/or financial missions, reviews, evaluations and audits during the grant period either themselves or through the third-party monitoring contract. The annual progress reporting and documentation on monitoring and evaluation will be the basis for continued support and development of new work plans, as well as for continuous assessment of and adjustments to risks. Through the MEAL Unit, the MENA DAPP Team will facilitate coordination, learning and synergies across the programmes. A number of reviews are foreseen as input to the management of the programme:

- An inception review after six months to assess the start-up process and the result frameworks established and to possibly adjust indicators, baseline values etc.;
- An annual stocktaking in 2023 and in 2026 to assess progress. The annual stocktaking in 2023 will furthermore provide recommendations related to the potential use of the Acceleration Funds.
- A mid-term review (MTR) in 2024 to assist in planning the second half of the programme period and adapt the programme to changing circumstances. The MTR will have a particular focus on emerging opportunities for scaling synergies on human rights and business interventions between the Youth Employment Programme and the Human Rights Programme, and provide recommendations related to the potential use of the Acceleration Funds.

8 Risk management

DAPP operates in a high-risk environment and implementation is likely to be affected by the fragile political, security, and economic situation in the region.

The worldwide COVID-19 pandemic will most likely continue affecting countries, societies, and communities in the near future, including the DAPP countries. The pandemic will constitute a risk factor for the overall implementation of the programme. However, the current DAPP 2017-2022 has demonstrated flexibility and capacity to adapt and address such risk factors.

The partners for the new programme will provide an overall risk management framework for all risk management and mitigation measures including how the partners will address current and possible new risks that have emerged after the tender.

Despite differences in the level of risk in the DAPP countries, main contextual, programmatic, and institutional risks – some of which are naturally interlinked – include the following:

Contextual risks: Contextual risks include worsening economic situation and political destabilization in one or more DAPP countries. In addition, the COVID-19 pandemic represents a significant contextual risk as it is leading to economic recession, causing higher levels of unemployment and consequently increasing the likelihood for unrest.

The risk that a worsening economic situation and further polarisation of wealth will lead to increased poverty and migration is present in all four DAPP countries. Economic crisis will make the prospect for private sector-led growth and entrepreneurship difficult. Politically, the risk for decreasing political stability and the increasing spread of corruption, in the private and public sector is considered likely. While the overall political context is relatively stable, all four DAPP countries can be considered as prone to destabilisation. Worst-case scenarios could lead to a phase out of a DAPP focus country, although this is considered unlikely. Corruption is pervasive in the focus countries, thus hampering the business climate for start-ups and SMEs.

Programmatic risks: Key risks at the programmatic level relate to securing an enabling environment for private sector growth. Although the focus countries have improved elements in terms of the climate for doing business, hindrances to private sector growth persist. Another risk is related to insufficient engagement from duty bearers to secure an enabling environment. As experienced in the DAPP 2017-2022, there is also the risk that cumbersome administrative procedures, make it difficult for start-ups to operate.

Institutional risks: A likely institutional risk is the loss of human resource capacities following a high turnover of partner organisations' key staff, which has been experienced in earlier programme phases. Earlier phases have also experienced challenges related to the effective cooperation among consortium partners, which has hampered an efficient programme implementation. A repetition of this scenario is considered unlikely, as there is a strong focus on ensuring an appropriate organisational set-up in the new management structure.

Partners are expected to present a detailed Risk Management Framework. The risk matrix in Annex 5 further details risks and mitigating measures.

9 Closure

Overall, a key feature of DAPP is the facilitation of partnerships between implementing partners and organisations in the DAPP countries. Lasting partnerships are expected to be built and contribute to strengthened capacity to continue activities post-DAPP.

The activities of the Green Growth and Job Accelerator will have demonstrated the importance of innovation and support to SMEs for their growth, and eventually job creation. The Green Growth and Job Accelerator will contribute to developing an eco-system in support of SMEs with the participation of governments, donors, incubators etc. that is expected to be sustained post DAPP. Lastly, the SDG Accelerator for Job Creation will have supported 800 enterprises that are on a growth path that lives up to higher standards.

At the time of closure of DAPP, the Sharaka Capital Fund will be up and running and being a 10-year fund, Sharaka will operate for at least another five years. Nevertheless, more importantly, Sharaka will have demonstrated and proved the concept of providing SME finance in the region, which can be replicated and further scaled.

Annex 1 – Programme context

Reference is made to Annex 1 in the Strategic Framework Document for the Danish Arab Partnership, which includes a full standard Annex 1 with a detailed context analysis. Here, only key information related to the job and entrepreneurship agenda in the four countries is included.

In Morocco, COVID-19 has led the economy into recession for the first time in 25 years. GDP is expected to contract by 6.3% in 2020 with a return to pre-COVID-19 levels in 2022. The unemployment rate has increased from 9.2% in 2019 to 11.9% in 2020 and has disproportionately affected youth (15-24 years) with an increase from 24.9% in 2019 to 31.2% in 2020. The Moroccan economy relies on the performance of the agricultural sector, which accounts for nearly 15% of GDP and employs around 40% of the workforce. Efforts have been made to attract FDIs and to diversify the economy by supporting industries such as the automotive and aeronautics sectors. The industrial sector now accounts for approximately 25% of GDP.

The private sector does not act as an engine of job creation and remains dominated by a few large companies and a multitude of MSMEs (formal or informal) ranging from modern ICT start-ups to household enterprises. According to the World Bank, Morocco is behind other countries concerning anti-monopoly policies and market competition regulations. Policy weaknesses are having a negative impact on companies entering the economy and their ability to grow and create jobs. Limited educational outcomes and labour force skills that are not aligned with the labour market's demands and the business climate has deteriorated in the past five years due to labour regulations, lack of access to credit, and corruption.

Much like other countries in the MENA region, Morocco belongs to one of the most water scarce environments in the world, making it vulnerable to climate change and to desertification. Morocco's economic performance is dependent on rainfall, given that its economic growth is highly dependent on the performance of the agricultural sector, which uses 80% of the country's water resources. Water scarcity is also closely linked to potential social tensions, which became apparent through protests a few years ago in southern Morocco due to lack of access to water. Furthermore, Morocco is importing approximately 95% of its energy. The government has thus taken important steps to reduce this dependency and move towards energy transition. A number of green economy initiatives have been rolled out, which has allowed Morocco to top the Germanwatch' Climate Change Performance Index. There are many opportunities to create links between DAPP's job creation for youth and Morocco's ambitious programs regarding green and sustainable growth.

Morocco's gender gap is significant, which is reflected in its ranking as 148th out of 156 countries in the Global Gender Gap Report 2021. Despite increasing trends worldwide and improving educational attainments of Moroccan women, female labour force participation has declined over the last two decades. In 2021, only 23.4% Moroccan women were in the labour force. Such figures are further exacerbated by a strong rural-urban divide, meaning that more women are employed in rural areas and many of them in precarious and informal jobs, mostly in the agricultural sector. While unemployment affects many segments of the population, the disproportionately higher share of unemployed women partly stems from persisting social norms that limit their options on the labour market.

In Tunisia, where youth have the least positive perception on their economic situation of the four DAPP focus countries, the already fragile economic situation has further deteriorated and affected many sectors. GDP contracted by 7% in 2020 and is estimated to bounce back by (only) 4% in 2021. As such, the pandemic has further catalysed existing weaknesses of the Tunisian private sector, which, particularly since 2013, has been in a steady decline. According to the World Bank, both SMEs and larger enterprises are investing less, they are less innovative, less export oriented

and therefore, less productive. Net job creation is low and a majority of newly created jobs have not corresponded to the areas with highest unemployment levels, both in terms of economic sectors and geographical areas. This is leading to an increased frustration in the population, especially among youth. When compared the MENA region as such, its youth unemployment at 36.6% (15-24 years, against a general unemployment of 14.9%) is among the highest in the region.

Tunisia is home to an increasingly flourishing, yet still nascent, start-up and entrepreneurship sector. Though many international donors are engaged with large-scale programmes, access to funding and liquidity remains a constraint for growth. Tunisia has a weak ability to nourish so-called 'green shots' (i.e. the most promising start-ups), exposing the need for further supporting innovation measures such as increasing the supply of specialised skills, supporting accreditation, encouraging infrastructure/equipment upgrading, and attracting FDI to promote global value chain linkages.

Green growth is a key aspect of Tunisia's future, not least because of the country's significant exposure to climate threats. Among various areas of intervention, Tunisia will particularly require improved integrated water resources management, including in the agribusiness sector. Tunisia relies heavily on imported fossil energy resources, yet energy subsidies and constraints to third-party access continue to pose key obstacles to mitigate its foreign energy dependency, only aggravated by the fact that its primary energy consumption has more than doubled from 1990 to 2015. Even if it ranks as one of the region's least energy and carbon intensive economies, only 1/10 of its primary energy supply comes from renewable sources. Tunisia remains ambitious in transforming its energy in a green direction, though requirements for FDI to advance this process have yet to be met. Both before and after the revolution of 2011, Tunisian governments have had a strong focus on creating 'green jobs'. The 'National Strategy on the Green Economy' from 2014 served as a recent attempt to create linkages and synergies between various interventions in this field. Interests from both national and international stakeholders have centred around investments in sustainable construction, agriculture, energy, and water management, all of which could potentially present useful links to DAPP's objectives on employment creation for youth.

Even if it is less visible than in other MENA countries, the Tunisian labour market is characterised by a significant gender gap. Unemployment is more widespread among women (24.9%) than men (14.4%). Women often have less skilled jobs, are more exposed to informal working conditions, and are more prone to living in poverty. According to the 2021 Global Gender Gap report, Tunisia is ranked 126 out of 156 countries and has closed 64.9% of its overall gender gap. In the field of entrepreneurship, the gender gap is particularly significant. ILO has found that only 7.6% of women in rural areas consider themselves as entrepreneurs or independent workers (compared to 28.1% among men), a discrepancy particularly fuelled by the persistence of strong gender based norms and attitudes. Such norms are also seen as a main factor behind the paradox between low female labour market participation and the fact that Tunisian women and men have similar education levels.

In Egypt, the disruptions caused by the COVID-19 pandemic interrupted a period of macroeconomic stability. Growth declined from 5.6% in 2019 to 3.5% in 2020 and is projected to decline further to 2.3% in 2021 before rebounding in 2022. While the average real growth remained positive over the course of 2020 and foreign reserves continue to be sufficient, the COVID-19 pandemic has inevitably caused job and income losses. Yet, the pandemic also hit as longstanding challenges continued to persist, notably Egypt's elevated debt-to-GDP ratio, slow revenue mobilisation and a below-potential performance of non-oil merchandise exports and non-oil FDI. This has exacerbated existing challenges of job creation for youth, notably in the formal private sector. The unemployment rate was 30% in 2020 for youth aged 15-24. Employment remains concentrated in low value-added sectors such as private sector agriculture (including subsistence)

and public social services while shifting away from opportunities in higher-value added sectors. Few companies are in a position to offer employment to youth that is attractive in terms of remuneration, working conditions and employee relations. There is currently a negative correlation between productivity and employment. The sectors that have shown the largest shares of employment increases have seen only limited growth in productivity such as in private sector construction and ICT, which constrains their ability to expand and create more jobs for Egypt's large youth demographic. There is currently little technology transfer and established companies, particularly SMEs, have limited capacity for innovation. Business start-up owners are often innovative but they must contend with a state and private sector support system that is unconsolidated and largely inadequate while processes for setting up new companies are cumbersome and lack transparency.

Egypt is the most populous country in the MENA region. High population growth rates and densities impose huge pressures on the economic, social, and environmental dimensions of sustainable development. Because rainfall is scarce in much of the country, the population and economy rely on the Nile River for about 95% of all water needs. There is significant uncertainty regarding the anticipated impacts of climate change on the flow of the Nile River. Projected increases in temperature and potential decreases in rainfall throughout Egypt will likely increase water demand, particularly by the agricultural sector, which consumes about 80% of all freshwater resources. Agriculture accounts for 12% of the GDP and around 30% of employment in Egypt, with many more engaged in informal or unpaid agriculture work, particularly women. The increased water demand combined with increased variability and potential overall decreased flow of the Nile River leave agriculture particularly vulnerable to changing climate conditions. Egypt's national development strategy "Egypt Vision 2030" envisions a range of projects and programmes to support the creation of green jobs and jobs in the agricultural sector, including the development of agricultural areas and support to agro-industry, development of fisheries and the establishment of national programmes for livestock and poultry.

According to the 2021 Global Gender Gap report, Egypt is ranked 146 out of 156 countries in terms of "Economic Participation and Opportunity". Only 20% of women are in the labour force, corresponding to a gap of 73.4% that Egypt still has to close and which ranks Egypt 150th globally on this indicator. According to the Egyptian Financial Supervisory Authority (EFSA) the percentage of enterprises owned and managed by women is 23%, and most (18%) are found in the micro sector. Access to finance is the main challenge for female entrepreneurs for a multitude of reasons, not least because banks impose stringent collateral requirements.

In Jordan, efforts to contain the spread of COVID-19 have reaffirmed structural weaknesses, led to production disruptions and forced enterprises to suspend or scale down operations, with negative consequences for the economy and for job creation for youth. Unemployment in Jordan in 2020 reached 38.4% for youth aged 15-24. The World Bank has forecast a -3.5% GDP growth rate in 2020. With a saturated public sector, the private sector constitutes the main opportunity for enhancing growth and innovation. Jordan's vocational training system, a potentially significant factor in increasing youth employability, is poorly aligned with the needs of the economy while on-the-job training by private sector enterprises remains limited. Sectors such as food processing, which is highly diversified, has forward and backward linkages in the economy and a relatively high degree of integration, are more promising in terms of youth employment. Likewise, the ICT sector in Jordan accounts for 2.5% of GDP, with a total annual revenue of USD 682 million, employs over 16,000 people and involves 928 companies. Furthermore, the sector has a higher rate of employment of women than any other sector, at 29% of the ICT labour force.

Jordan is beset by a scarcity of natural resources (in particular water) and a small industrial base within the service sector, which contributes around 70% of GDP and dominates the economy. The rapid growth in economic activity and population as well as successive influxes of refugees

over the last decade have imposed additional demands on energy and water resources. The country's infrastructure is overstretched to the point where drinking water is in short supply and unemployment is high in many of the communities hosting refugees. Furthermore, Jordan imports about 97% of its energy requirements, and local sources cover the remaining 3% of requirements, with renewable energy contributing only a small proportion to this mix. The import of energy accounts for almost 20% of the GDP, which makes the country completely reliable on and vulnerable to the global energy market. Climate change is expected to negatively affect economic growth in Jordan and scarcity of water resources is one of the major barriers facing sustainable development. Jordan's Green Growth National Action Plan prioritises the promotion of green jobs coupled with GHG emission reductions and climate adaptation, among other areas. The National Action Plan has a particular focus on the water, tourism, agriculture, transport and waste sectors. At present, Jordan faces challenges in relation to green finance. Although several green financing mechanisms have been established that can support small scale projects, these mechanisms do not have sufficient financial resources or technical capability to support country priorities and high-level development projects.

Women's labour force participation in Jordan was the lowest in the region prior to the COVID-19 pandemic and the impact of the crisis will create additional barriers to women's retention and entry to the labour force. The 2021 Global Gender Gap report ranked Jordan 131 out of 156 countries in "Economic Participation and Opportunity" and noted that Jordan was an extreme example of low female participation in the labour market with only 15.6% of women in the labour force. Only 19% of businesses in Jordan are co-owned by women and less than 3% of firms has a woman as the top manager. In 2018, only 4% of working women were employers or own account workers compared to 13% of working men. Overall, businesses owned by women tend to be rare, small, seasonal, informal and home-based, confined to low productivity activities and with limited access to markets.

List the key documentation and sources used for the analysis:

- Sustainable Development Report 2020: <https://dashboards.sdindex.org/>
- IMF World Economic Outlook: <https://www.imf.org/external/datamapper/profile>
- Morocco Economic Monitor, Fall 2020: From relief to recovery (worldbank.org)
- Note d'information du Haut-Commissariat au Plan sur les principales caractéristiques du chômage et du sous-emploi en 2020 (hcp.ma)
- OECD Review of Foreign Direct Investment Statistics for Jordan: <https://www.oecd.org/investment/OECD-Review-of-Foreign-Direct-Investment-Statistics-Jordan.pdf>
- World Bank. Overview of the World Bank in Jordan: <https://www.worldbank.org/en/country/jordan/overview>
- Danish Trade Union Development Agency – Labour Market Reports: <https://www.ulandssekretariatet.dk/materialedatabase/#mtt-search-labor-reports>
- Morocco Economy, Politics and GDP Growth Summary - The Economist Intelligence Unit (eiu.com)
- World Bank - The Unfinished Revolution: Bringing Opportunity, Good jobs and Greater Wealth to all Tunisians: <https://www.worldbank.org/en/country/tunisia/publication/unfinished-revolution>
- EBRD - Tunisia Diagnostic paper: Assessing Progress and Challenges in Unlocking the Private Sector's Potential and Developing a Sustainable Market Economy: <https://www.ebrd.com/publications/country-diagnostics>
- EBRD – Transition Report Tunisia 2019-2020: <http://www.ebrd.com/documents/occe/transition-report-201920-tunisia.pdf>
- Carnegie Papers. Rethinking Economic Reform in Jordan: https://carnegieendowment.org/files/cmec4_alissa_jordan_final.pdf
- Climate Change Performance Index: Still no country good enough; EU stands at a crossroads | Germanwatch.
- ECFR – Power Surge: How the European Green Deal can Succeed in Morocco and Tunisia: <https://ecfr.eu/publication/power-surge-how-the-european-green-deal-can-succeed-in-morocco-and-tunisia/>
- World Bank – Tunisia Economic Monitor: Rebuilding the Potential of Tunisian Firms: <https://www.worldbank.org/en/country/tunisia/publication/tunisia-economic-monitor-december-2020-rebuilding-the-potential-of-tunisian-firms>
- UNFCCC. Egyptian Intended Nationally Determined Contribution: <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Egypt%20First/Egyptian%20INDC.pdf>
- USAID. Climate Risk Profile for Egypt: https://www.climate-links.org/sites/default/files/asset/document/2018_USAID-ATLAS-Project_Climate-Risk-Profile-Egypt.pdf
- Hashemite Kingdom of Jordan Intended Nationally Determined Contribution (INDC): <https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Jordan%20First/Jordan%20INDCs%20Final.pdf>

Annex 1a – Update on the context in Tunisia

Tunisia’s political situation as of September 2021 and its impact on DAPP

On 25 July 2021, widespread demonstrations took place across Tunisia to protest against the government’s poor handling of the COVID-19 crisis as well as the dire economic situation. The protests called for the government to be dissolved. Tunisia’s President Saied invoked Article 80 of the Constitution and took executive control, citing an imminent threat to the Tunisian State. He dismissed the Prime Minister (supported by the Islamist Ennahdha party), suspended the parliament, and lifted immunity for all parliamentarians, citing the need to address widespread corruption amongst MPs. In September, the President further suspended certain parts of the Constitution. To underpin his executive control, the President appointed himself head of Public Prosecution, a former national security advisor as new Minister of Interior and the head of the presidential guard as the Acting Minister of Interior. In achieving and maintaining this temporary political arrangement, the President is heavily reliant on the police and the military. Although the President has not made an official statement on the length of such emergency measures, the Office of the President has informed that the current arrangement will last until further notice. A road map towards either new elections and a new parliament or a proposal to revise the Constitution may then emerge, although it is also possible that the current arrangement will be prolonged.

The debates regarding the constitutionality and legitimacy of the invocation of the Constitution’s Article 80 are ongoing at the time of writing. Some foreign commentators describe the President’s decisions as a coup while Tunisian commentators for the most part are describing it as a necessary measure to end the political bottleneck that prevented the government from functioning. Analysts also describe the situation as the result of the long-standing political feud between secular-oriented and Islamic-oriented political groupings in Tunisia. The political situation may have an impact on the on-going negotiations with the International Monetary Fund, although the extent and nature hereof remains to be seen. In addition, there are emerging geopolitical factors at play.

Since his decisions of 25 July, the President has consulted with civil society and labour unions. While some decisions taken in the aftermath of the 25 July emergency pointed to an apparent crackdown on freedom of expression, these were met with a swift and harsh backlash from civil society, resulting for instance in the President calling for a reversal of the arrest warrants issued against two Islamist MPs. These efforts by civil society, including the Ordre National des Avocats Tunisien (ONAT), the Syndicat National des Journalistes Tunisien (SNJT), and the Instance National pour la Prevention de la Torture (INPT) are encouraging signs that Tunisian civil society is strong and capable of defending human rights and liberties gained in the 2011 revolution. It also demonstrates that the democratic foundation at the level of civil society and dialogue between civil society and the state remains intact as one of the key democratic outcomes of the 2011 revolution.

Tunisian civil society remains vigilant, watching the developments closely and with the freedom to speak out critically and effectively against infringements of rights and liberties. Many organisations have pledged their commitment to continue playing this watchdog role, while at the same time contributing to the democratic process. There do not appear to be any current concerns with continuing to work on the protection and promotion of human rights in Tunisia for national and international organisations, including those related to DAPP. However, the situation is still unsettled and the new DAPP will have to adjust to one or a combination of the following scenarios: a prolonged status quo of the current situation, a return to full parliamentary democracy or a more volatile situation with incursions on democratic freedoms. DAPP is designed to navigate under any of these circumstances.

Annex 2 – Detailed results framework

Strategic level	Danish Arab Partnership Programme 2022-2027
Vision statement	<i>A better life for young people in the Middle East and North Africa</i>

Programme	Youth Employment and Entrepreneurship
Programme Objective	Increased employment of young people through entrepreneurship and enterprise development
Impact Indicators	<p>SDG 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship</p> <p>SDG 5.1 End all forms of discrimination against all women and girls everywhere</p> <p>SDG 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p> <p>SDG 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>SDG 8.6 (By 2020) substantially reduce the proportion of youth not in employment, education or training</p>

Project 1 Title (Tender)		Youth Inclusion and Employment Project
Project 1 Outcome		Young women and men have enhanced employability and engage in entrepreneurship
Outcome indicators		<p>a) Number of young women and men who become employed or have established themselves as entrepreneurs</p> <p>b) Number of young people who have been reached by the project and enhanced their employability</p>
Baseline	Year 2022	<p>a) 0</p> <p>b) 0</p>
Target	Year 2027	<p>a) 20,000 young people are employed or have established themselves as entrepreneurs (minimum 50% young women)</p> <p>b) 100,000 young people (minimum 50% young women)</p>

Output 1.1 – Inclusion		Inclusion of youth to engage productively in society	
Output indicators		<p>Number of young people who have benefitted from engagement with the programme and have increased awareness of labour market rights, job opportunities, and improved life-skills</p> <p>Number of youth organisations engaged and with increased capacity</p>	
Baseline	Year		
Target	Year 1		
Target	Year 3		
Target	Year 5		

Output 1.2 – Skills development		Technical skills development for increased capacity and employability	
Output indicators		<p>Number of young people benefitting from skills development</p> <p>Training offered better adapted to the needs of the private sector</p>	
Baseline	Year		
Target	Year 1		
Target	Year 3		
Target	Year 5		

Output 1.3 – Enabling entrepreneurs		Access to business development services and mentoring for entrepreneurs	
Output indicators		<p>Number of young entrepreneurs who are supported</p> <p>Indicator on increased capacity (specific indicator TBD in tender)</p>	

Baseline	Year		
Target	Year 1		
Target	Year 3		
Target	Year 5		

Output 1.4 – Access to finance		Better access to finance for entrepreneurs	
Output indicators		Number of entrepreneurs who access finance through the intervention (seed capital, grant funding, small loans, etc.) Number of finance institutions engaged with who see youth as interesting clients	
Baseline	Year		
Target	Year 1		
Target	Year 3		
Target	Year 5		

Output 1.5 – Business environment		Improved business environment for entrepreneurs and SMEs	
Output indicators		Strengthened policy framework (and enforcement) for doing business (specific indicator TBD in tender) Social dialogue and labour rights strengthened (specific indicator TBD in tender) Framework for skills development strengthened (specific indicator TBD in tender)	
Baseline	Year		
Target	Year 1		
Target	Year 3		
Target	Year 5		

Project 2 Title (UNDP)		Green Growth and Job Accelerator Project	
Project 2 Outcome		SMEs grow and create jobs through development of new innovative solutions or scaling of existing solutions	
Outcome indicators		a) No. of new jobs created by entrepreneurs and SMEs that have been part of the SDG Accelerator for Job Creation <ul style="list-style-type: none"> • Proportion of new jobs created for women • Proportion of new jobs created for youth (up to 35 years) b) Proportion of entrepreneurs and SMEs who report an increase in employment as an effect of the Green Growth and Job Accelerator Project (disaggregated by gender and age) c) Proportion of entrepreneurs and SMEs who report an increase in turnover as an effect of the Green Growth and Job Accelerator Project	
Baseline	Year 2022	a) 0 b) - c) -	
Target	Year 2027	a) 4,000 new jobs created in the targeted 800 companies <ul style="list-style-type: none"> • 40% of jobs created for women • 70% of jobs created for youth (up to 35 years) b) 70% experience an increase in company employment as an effect of the Green Growth and Job Accelerator c) 50% experience an increase in company turnover the following years as an effect of the Green Growth and Job Accelerator	

Output 2.1 – Job Accelerators		Innovative Job Accelerators for SMEs are implemented	
Output indicators		Number of Job Accelerators implemented	
Baseline	Year		0
Target	Year 1		
Target	Year 3		
Target	Year 5		35

Output 2.2 – Exposure to investors		Job-rich, sustainable business solutions get increased exposure to venture capital and other forms of investments to support growth.	
Output indicators		Proportion of entrepreneurs and SMEs who have been part of an Accelerator and voice investment needs, who enters discussions with capital providers about financing for further growth	
Baseline	Year		Companies with investment needs for growth identified during Accelerator implementation
Target	Year 1		
Target	Year 3		
Target	Year 5		90% of entrepreneurs and SMEs with finance and investment needs enter discussions with investors or financial institutions

Output 2.3 – learning modality		Enhanced innovation, e-commerce, and digital transformation capacity of entrepreneurs and SMEs to grow their business	
Output indicators		No. of entrepreneurs and SMEs benefit from learning modality on innovation, e-commerce, and digital transformation critical to grow a business	
Baseline	Year		
Target	Year 1		
Target	Year 3		
Target	Year 5		5,000 entrepreneurs and SMEs benefit from critical learning on innovation, e-commerce, and digital transformation (by gender and age of company-lead)

Output 2.4 – External communication		Youth view entrepreneurship and SMEs as positive means for youth employment, contributing to a positive mind-set change on future opportunities	
Output indicators		Positive job and SDG impact opportunities in entrepreneurship and SMEs promoted at local and regional level through media and partners	
Baseline	Year		Opportunities for synergies identified in inception phase
Target	Year 1		At least 100 media promotion and social media pieces each year
Target	Year 3		
Target	Year 5		At least 100 media promotion and social media pieces each year

Project 3 Title (IFU)		Sharaka Capital Investment Fund	
Project 3 Outcome		SMEs grow and create jobs through improved access to finance and Technical Assistance	
Outcome indicators		a) Number of new jobs created or improved (sustained) in targeted SMEs (disaggregated on gender and age) b) Average Revenue Growth in SMEs	
Baseline	Year 2022	a) 0 b) -	
Target	Year 2027	a) 30,000 new jobs created or improved (sustained) in targeted SMEs (disaggregated on women and youth) b) Average growth rate of 20%	

Output 3.1 - Finance		A non-traditional financial service provider is established and invests in SMEs	
Output indicators		a) USD Amount of approved investments b) Number of investments in SMEs, disaggregated into <ul style="list-style-type: none"> • Size of investment (USD100,000-300,000, USD300-000-600,000, USD 600,000-1,500,000, USD 1,500,000-3,000,000) • Sector (energy, water, agribusiness/food, industry/manufacturing, other) • Youth-led enterprises (is the manager/CEO below 35 years?) • Women-led enterprises • Export oriented enterprises 	
Baseline	Year		
Target	Year 1		
Target	Year 3		

Target	Year 5		a) USD 350 million before 2027 and USD 850 million in a ten-year horizon b) 600 SMEs before 2027 and 1400 SMEs in a ten-year horizon with (targets) monitoring of share of benefitting SMEs that are: <ul style="list-style-type: none"> • in the USD 100,000-300,000 bracket • investments in green technologies • investments in youth-led enterprises • investments in female owned enterprises • investments in export-oriented enterprises • broken down in % of investments by sectors
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Output 3.2 – Technical assistance	Technical assistance is provided to support the capacity of SMEs with growth and job creation potential		
Output indicators	a) Number of SME owners who report that the Sharaka TA has given them better opportunities for growing their business b) Support from TA facility encourages investment in environmental and occupational, health and safety improvements (ESG).		
Baseline	Year		
Target	Year 1		
Target	Year 2		
Target	Year 3		a) 75% of TA Facility beneficiaries b) 100% of investments consider ESG factors

Annex 3 – Budget

Projects	Budget (DKK mio)						TOTAL	In %
	2022	2023	2024	2025	2026	2027		
Project 1: Youth Inclusion and Employment Project (Tender)	21	41	42	42	38	21	205	47.1
- Output 1.1: Inclusion of youth to engage productively in society	5	9	9	9	9	4	45	10.3
- Output 1.2: Technical skills development for capacity building and increased employability	5	10	10	10	10	5	50	11.5
- Output 1.3: Access to business development services and mentoring for entrepreneurs	5	12	12	12	9	5	55	12.6
- Output 1.4: Better access to finance for entrepreneurs	2	4	4	4	4	2	20	4.6
- Output 1.5: Improved business environment for entrepreneurs and SMEs	4	6	7	7	6	5	35	8.0
Project 2: Green Growth and Job Accelerator Project (UNDP Nordic)	10	10	15	10	10	10	65	14.9
Project 3: Sharaka Capital Investment Fund Project (IFU)	25	25	25				75	17.2
Acceleration Funds (including pilot activities in Algeria, if feasible)		5	20	25	25		75	17.2
Programme Secretariat	2	3	3	3	2	2	15	3.4
TOTAL	58	84	105	80	75	33	435	

Annex 4 – Partner assessment

1. Brief presentation of partners

Contractor for the Youth Inclusion and Employment Project

The partner arrangement for **the Youth Inclusion and Employment Project** will be determined by a public tender. It can be an individual organisation or a consortium of organisations consisting of e.g. NGOs, business member organisations, trade unions, private consulting companies, etc. The consortium could ideally be led by an organisations with strong competencies in youth mobilisation, entrepreneurship creation and skills development as the cornerstone of the Youth Employment and Entrepreneurship Programme.

Organisations should have well-established and strong linkages to the Danish resource base in order to facilitate the Danish Arab Partnership notion of mobilising Danish expertise and knowhow of relevance for the MENA region. Organisations should be carriers of Danish value policy, innovation and know-how, and be able to convey these in the context of the established partnerships.

UNDP Nordic Representation Office

As the UN's largest multilateral development organisations, the United Nations Development Programme (UNDP) works to eradicate poverty, reduce inequalities and build resilience so countries can sustain progress. UNDP works in 170 countries and territories and partners with all sectors of society to strengthen policies, leadership skills, partnerships, innovation and institutional capacity to help countries achieve the Sustainable Development Goals and set path to a sustainable future for people and planet.

UNDP's Nordic Representative Office will host the Accelerator Learning Hub, which will be established as a central anchor point for physical and digital learning, training, ongoing support and supervision of implementation, collection of lessons learned and improvement feedback that can be looped back into the program and its deliverables. UNDP's SDG Accelerator work has been developed and anchored in UNDP Nordic and thus the strategy, coordination, and quality assurance functions will reside here. The team will include the Project Manager and supporting coordination, knowledge management, communication, training/learning and operations functions.

UNDP Country Offices (CO) in DAPP countries will lead the country engagement at the output level under direction and coordination of UNDP Nordic. The UNDP CO's will be responsible for the implementation of the country-specific SDG Accelerators for Jobs and other country-specific activities. Each UNDP CO will recruit an overall project manager, who will be part of the overall project management group together with UNDP Nordic.

The UNDP Regional Bureau of Arab States and North Africa (RBAS) serves as the headquarters for UNDP regional programmes and country offices in the Arab countries. RBAS has deep knowledge and insights into all programmes and activities implemented in the region and will play a central role as a knowledge partner in this initiative. Specifically, this initiative will explore the relevant interfaces with the regional youth programming, employment

generation initiatives, and other synergies. RBAS will also play a key role in supporting and advocating for the initiative vis-à-vis national government leaders.

The Investment Fund for Developing Countries (IFU)

The Investment Fund for Developing Countries (IFU) and IFU managed funds have co-invested in 1,300 companies in 100 countries in Africa, Asia, Latin America and parts of Europe. Committed investments total DKK 209 billion, of which IFU has contributed DKK 23 billion. IFU is an independent government-owned fund offering risk capital and advice to companies that want to invest in commercial investment activities in developing countries. IFU works on a commercial basis, based on the logic that a business investment is a good way to create lasting economic improvement. Beyond investment directly in enterprises, IFU is the fund manager of a number of other investment funds, including the Danish SDG Investment Fund. IFU makes risk capital available in the form of equity, loans or guarantees for project companies in one of the 146 countries eligible for IFU investment. IFU has over the years been an important executor for the private sector component in Denmark's strategy for development cooperation.

IFU will invest in the Sharaka Capital Fund, which is being set up by the Middle East Investment initiative (MEII). MEII is a U.S. non-profit corporation whose mission is to stimulate sustainable economic activity and long-lasting job creation in the Middle East and North Africa (MENA). For over a decade, MEII has been making the case that formal and informal SMEs are both credit worthy and net contributors to job creation in the MENA region. Starting in Palestine in 2008 and expanding to Tunisia (2015), Jordan (2015) and Egypt (2019), MEII is currently managing three multi-million-dollar loan guarantee facilities and has financed over US\$345 million in lending to more than 2,600 businesses with a cumulative loss rate of less than 2%. Over this period, more than 30,370 jobs have been created and sustained in the region.

2. Summary of partner capacity assessment

Contractor for the Youth Inclusion and Employment Project: The capacity of the implementing partner(s) will be a key aspect of the evaluation of the tender proposal.

UNDP is a well reputed multilateral organisations with solid financial management systems. A capacity assessment of UNDP will be carried out before the agreement between UNDP and MFA is signed.

IFU has built up a strong experience with investments in developing countries including low-income countries, and IFU has the required capacity and networks to develop and implement the new instrument. No additional capacity analysis has been conducted due to the fact that IFU is a well-established organisations, and the planned commitment to the new instrument will only to a minor extent affect IFU's current governance procedures and business activities.

3. Summary of key partner features

Name of Partner	Core business	Importance	Influence	Contribution	Capacity	Exit strategy
Implementing partner(s) for the Youth Inclusion and Employment Project	An organisation or consortium of organisations will implement the youth inclusion and entrepreneurship project, in close partnership with organisations in the four countries.	N/A	The tender proposal has a strong influence on how the activities under the Youth Inclusion and Employment Project are to be developed.	Capacity and network	N/A	Partnerships and capacity built in organisations in partner countries.
UNDP Nordic Office	Multilateral development organisations collaborating with all sectors of society in 170 countries to eradicate poverty, reducing inequalities and building resilience. UNDP Nordic Office will implement an SDG Accelerator for job creation, together with UNDP's country offices in the four countries.	The programme has high importance for the UNDP Nordic Office, but for UNDP globally it has low importance. Moreover, the programme has high importance for the development of the SDG Accelerator for Jobs project.	UNDP Nordic has been central in the development of the Green Growth and Job Accelerator Project. All approaches and methodologies are based on experiences from the current SDG accelerator projects in Denmark and Eastern Europe.	Use its tested and scalable methodology for innovation to drive growth and create jobs for youth Well established network in MENA region through UNDP country offices, regional hub in Jordan and regional office.	Importance of identifying staff with the proper private sector skills and mind-set.	Local start-up and business support ecosystem strengthened.
IFU	IFU will as an independent gov. owned fund, invest in Sharaka Capital Fund. IFU has built up a strong experience with investments in developing countries including low-income countries, and IFU has the required capacity to develop and implement the new instrument.	The programme is of medium importance for the partner's activity level in the MENA region and with SMEs. At IFUs overall activity level the programme is of low importance.	IFU has had a high level of influence in the design of the Sharaka Investment Capital Fund Project.	IFU will invest USD 10 million (DKK 62 million) in Sharaka There is a high level of additionally to the DAPP funds as these will contribute to unleashing an IFU investment into Sharaka and subsequently other impact investors seeking market conform returns.	Agreement on management set-up and reporting structures.	Return flow of funds will go into IFUs overall portfolio.

Annex 5 – Risk management

Contextual risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Overall risk factor					
Worldwide pandemic or health crisis.	Likely – Almost Certain	Significant	Activities carried out digitally or with few participants respecting sanitary measures.	Short-term risks are reduced substantially due to commitment to health and safety measures. However, general risk of curbing of rights and potential unrest prevails if crisis is prolonged.	The COVID-19 pandemic is leading to economic recession and causes higher levels of unemployment, potential unrest, and limitation of rights and liberties. Governments have enforced full or partial lockdown, impeding and delaying activities.
Bilateral/diplomatic relations between Denmark and DAPP countries worsen.	Very unlikely	Major	Danish government and representatives to ensure and foster bilateral relations with all DAPP countries.	The risk is minor and actions can be taken by Denmark to mitigate the situation.	Denmark has longstanding relations with all DAPP focus countries.
Political					
Increasing political instability with potential for civil unrest.	Likely	Major	Significant deterioration could lead to a reduced scope of activities in affected countries.	Risk continues to be substantial. The situation will be carefully monitored and appropriate actions taken as needed in close collaboration with other development partners.	Risk varies considerably from country to country, but overall political context remains prone to destabilisation.
Increasing authoritarian rule, repression of minorities, and abuse of power by security apparatus.	Likely	Major	The Human Rights and Inclusion Programme aims to address these issues through collaboration with duty bearers and right holders.	Risk remains but varies among the DAPP countries. Mitigation through the programme is limited to engagement of government stakeholders on specific human rights and youth employment issues.	Affects possibilities of strategic partners to collaborate with most critical parts of civil society and may deter new potential local partners from civic engagement.

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Continued presence of private and public sector corruption.	Likely	Major	Difficult to mitigate through instruments available to the programme.	Short- and long-term risks remain.	Corruption is pervasive in focus countries and affects many sectors, including hampering the business environment.
Economic					
Potential international economic crisis affects main trading partners (such as the EU) and has a negative impact on trade, remittances and FDI to the focus countries.	Likely	Major	DAPP aims to improve economic conditions, especially for youth. However, difficult to mitigate this risk solely through DAPP.	Residual risk remains. However, actions taken by programme and other donors can mitigate the situation.	The economic downturn in the EU following the financial crisis had a direct impact on the DAPP partner countries.
Worsening economic situation and further polarization of wealth is leading to increased poverty, potential societal and political unrest and migration.	Almost certain	Major	DAPP aims to mitigate economic and social exclusion of youth.	Risk not substantially reduced by DAPP alone. However, actions taken by programme and other donors can mitigate the situation.	Risk in all focus countries. Bleak outlook for economic growth and redistribution of wealth. However, IMF programmes under the Extended Fund Facility (EFF) provide incentives to ensure that macro-economic and financial policies remain sound, reforms on track and that fiscal buffers and reserves remain adequate.
Partial or complete breakdown of financial institutions and banking systems or impediment of cross-border financial transactions.	Unlikely	Major	While DAPP aims at improving economic condition in its focus countries, developments in currency and financial markets are difficult to mitigate.	Short- and long-term risks remain but are unlikely.	DAPP focus countries have varying degrees of stable financial infrastructures and access to international credit markets. The MENA region has in recent years witnessed either severe depreciation or near collapse of national currencies and rising inflation, all of which puts pressure on the livelihood and wealth of their respective populations.
Societal					
Increasing conflict between population groups; social and religious tension.	Unlikely	Major	DAPP is sensitive towards the inclusion of various social /urban/rural (youth) groups and minorities. The programme has an inclusive approach to	The short-term residual risk is not reduced. However, DAPP aims at including youth and minorities and will in the medium and long-term contribute to bridging	Social tension and unrest already seen in several focus countries. High risk of persecution of religious and other minorities.

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
			various population groups, but cannot mitigate these risks through tools available to the programme.	divides between urban/rural groups and minorities.	
Generational gap widens with a growing youth population that rejects tribal/communal/age hierarchies leading to less social cohesion and possible youth-led protests.	Likely	Major	DAPP aims to promote the inclusion of youth – socially, politically and economically by addressing their specific challenges and needs.	Residual risk is not reduced in the short term. However, DAPP will address youth needs and challenges and in the long term contributing to reduce youth frustration.	Youth are not included and experience a growing frustration and lack of trust in institutions.
Environment					
Environmental degradation, increased water scarcity, etc. might lead to internal migration e.g. rural exodus which puts pressure on large cities.	Likely	Minor	DAPP will support job creation and growth in the green sector and seek to address root causes of migration.	The short-term risk is minor and can be mitigated by the inclusive approach of DAP.	All focus countries are considerably prone to water scarcity and vulnerable to climate change.
Security					
Deterioration of domestic security context and occurrence of terrorist acts.	Likely	Major	DAPP and partners to have strong focus on safety, maintain situational awareness, prepare contingency plans, and ultimately phase out projects.	Short term risk is reduced due to safety measures and contingency plans, but overall risk prevails.	Terrorist attacks against public experienced in several focus countries. Extremist tendencies might be catalysed through spill over from regional conflicts in e.g. Syria, Iraq, and Libya.
Increased instability in border regions due to violent conflicts in neighbouring countries.	Unlikely	Major	DAPP and partners to maintain situational awareness, prepare contingency plans, and ultimately phase out projects. Projects to be	Residual risks reduced by selecting safe areas. However, the risk is outside the sphere of influence of DAPP.	Conflicts in neighbouring countries to DAPP focus countries, such as Syria, Iraq, and Libya, create regional instabilities. While border regions to these countries might experience spill-over by conflict and violence, borders are likely to remain intact.

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
			implemented in geographical areas deemed as relatively safe.		

Programmatic risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Narrowing space for civil society and continued tightening of control due to security concerns and public discontent.	Likely	Minor	Engagement in civil society donor groups and policy dialogue with bilateral and multilateral partners.	The risk remains likely and cannot be mitigated solely through DAPP. Impact on job creation remains minor.	The programme does not solely rely on civil society organisations and job creation remains top priority for governments in all focus countries.
Foreign NGOs denied authorisation, banned or harassed, e.g. by money transfer controls.	Likely	Major	Engagement in civil society donor groups and policy dialogue with bilateral and multilateral partners.	The residual risk is likely to remain high for NGOs in general, yet lower for those working on job creation as this is a political priority of all focus countries.	The risk varies from country to country, but is significant in Egypt and is increasing in Jordan. However, job creation remains a top priority for governments and CSOs working on these topics are less likely to be affected.
Financial mismanagement and misappropriation of funds.	Likely	Major	Strict financial management requirements and vetting of partners imposed on both strategic and local partners. No tolerance policy implies phase out in serious cases of corruption.	Significant reduction of the risk given the strict control mechanisms in place.	Potentially damaging but limited evidence of mismanagement and misappropriation of funds in the past.
Conflicting/non-aligned/duplicated development efforts.	Likely	Minor	Increased efforts towards strategic coordination, collaboration, and joint	The residual risk is reduced. In general, donors have a common interest and obligation to	Coordination remains challenging but efforts to align in the preparation of DAPP and established donor coordination platforms reduces risk of duplication.

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
			programming with other donors, CSOs, and key stakeholders.	align activities and avoid duplication.	
Insufficient engagement from duty bearers to secure an enabling environment.	Likely	Major	Increased dialogue with duty bearers and support to right holders on advocacy for reform.	The residual risk remains high in the short term, as these processes take time and cannot be addressed solely by DAPP.	Focus countries have improved elements in the doing business climate, but hindrances to private sector growth persist.
Disappointment, lack of interest, possible drop-out of youth participating in the programme.	Likely	Major	In the preparation of DAPP, research will be conducted on youth challenges and needs and a rigorous selection of beneficiaries will be carried out	The residual risk is significantly reduced, as the programme will be demand-driven and tailored to needs.	This has occurred in the current DAPP phase, especially in the entrepreneurship support programme.
Cumbersome administrative procedures making it difficult for start-ups to operate.	Likely	Major	DAPP aims to support start-ups and entrepreneurs to navigate the administrative system.	The support from DAPP is likely to reduce the risk significantly for entrepreneurs supported by the programme.	Experienced in DAPP phase in the entrepreneurship support programme.
Lack of training and experience of start-ups to run their business, lack of funding. Difficulty in managing their venture, day-to-day operations.	Likely	Major	Rigorous participant selection, which includes testing motivation and entrepreneurship skills. The use of capacity building, coaching and mentoring programmes specifically designed to meet the needs of participants strengthens capacities and helps mitigating this risk.	The residual risk is significantly reduced. DAPP specifically targets these issues.	Experienced in DAPP phase in the entrepreneurship support programme.
Sharaka is unable in due time to raise the necessary investment capital from other DFIs which jeopardizes the ability to	Unlikely	Major	Sharaka is in close dialogue with a range of potential investors. IFU will activate its network. If challenges occur, it is	The residual risk is significantly reduced given the large network of IFU.	Discussions with partners.

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
reach the employment targets within the lifetime of DAPP.			an option to either delay the start-up slightly or start-up prior to having mobilised the full targeted capital. In a worst-case scenario an alternative partner should be identified.		
Inability of IFU and UNDP Nordic to attract relevant enterprises.	Unlikely	Major	Outreach and conditions key to project design.	Residual risk reduced by the response.	Both projects are based on well tested concepts.

Institutional risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Lack of coordination and synergy between programme partners and intervention areas.	Unlikely	Major	Strong focus on effective organisational set-up in management structure. Integrative approach to outcomes.	The risk response is based on lessons learned from the current DAPP and is likely to significantly reduce the residual risk	Consortium partners in earlier programme phases have struggled to cooperate effectively, hampering efficient programme implementation.
Loss of human capacities due to frequent turnover of staff in country offices and headquarters.	Likely	Minor	Emphasis on the need for partners to monitor Human Resource developments and react adequately and quickly to changes in personnel.	The risk for loss of institutional memory and unfilled positions remains but is reduced.	Earlier programme phases have experienced high turnover of key staff in partner organisations.
Insufficient contextual understanding affecting the quality of intervention.	Likely	Major	Partners to ensure equal distribution of local staff across countries and to ensure frequent consultations with key local and international stakeholders, if there is no representation/staff in the focus countries.	The risk is significantly reduced through regular and broad consultations with key stakeholders.	Earlier programme phases have experienced inadequate use of partners' contextual insights in order to inform and adapt programming..