

São Tomé e Príncipe 2017	
<b>Appealing Agency</b>	UNDP
<b>Project Title</b>	Strengthening the SME sector to Create Livelihoods for Young Graduates of High School and Third Level Education
<b>Cluster</b>	Governance and Poverty
<b>Objectives</b>	<ol style="list-style-type: none"> <li>1. Provide livelihood support for unemployed graduates</li> <li>2. Create a vibrant small business development environment</li> <li>3. Promote the green economy and the cash crop sector</li> </ol>
<b>Beneficiaries</b>	Young Graduates
<b>Implementing Partners</b>	UNDP
<b>Project Duration</b>	3 Years
<b>Funds Requested</b>	US\$2,000,000
<b>Location</b>	Nationwide
<b>Gender Marker Code</b>	1
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### ***Situational Overview***

The issue of youth unemployment is a critical one for São Tomé and Príncipe (STP). Youth already comprise a considerable proportion of the overall population of STP at 60% and this percentage is certain to increase given the number of young people is growing at a faster rate than that of the overall population (5% against just over 2.5%) At the same time, the National Statistics Institute 2015 publication reveals that the unemployment rate in STP stood at 14.5% in 2015, and youth are highly negatively affected by this situation with 23% of young of 15-24 years old unemployed. Furthermore, the lack of sustainable and reliable, full time employment is a matter of concern. This situation has been aggravated by the government's inability to develop a youth employment policy and generate employment for young people, leaving the youth of STP highly vulnerable, retarding economic prosperity and potentially creating an environment of political instability. Underlining this challenge is the average post-graduation period of inactivity, which is estimated at five years.

It is therefore essential every effort is made to provide the correct incentives to facilitate the entry of these youth into employment so that they can help strengthen the overall economic performance of the country. Two sectors with a high potential to alleviate the problem of young unemployed graduates and where small entrepreneurial ventures might effectively be launched are those of a) the green economy and b) cash crops.

By promoting small business ventures and employment in the green economy, this project will help promote three principles of the United Nations with respect to sustainable development; i) boost local economic recovery especially in more vulnerable regions which have a high unemployment rate, ii) preserve the environment and iii) reduce poverty.

The provision of support to the cash crop sector will also benefit vulnerable regions while at the same time helping to promote a sector that is currently not realising its full potential. By providing young graduate trainees with the opportunity to access credit based on the commercial validity of their business plan, this project will help overcome one of the major problems identified by the Ministry of Agriculture, namely the lack of agricultural credit.

The project will also support the One Programme (2017-2021), which in response to the problem of youth unemployment, stipulated as the most important element for its three outcomes, the need to facilitate greater access to productive resources, especially for young people and women, to reduce their vulnerability. This project will support this aim, the third outcome, by helping to strengthen the Government's efforts to address the structural economic problem of high unemployment amongst qualified youth by providing job opportunities and supporting small-scale entrepreneurial ventures.

This project also supports the 2030 STP's Transformation Agenda a) the creation of a favourable environment for sustainable and integrated economic growth that will permit income distribution and employment creation and b) improving social cohesion and social inclusivity by alleviating poverty. Furthermore, as highlighted in the UN Common Country Assessment for STP, women have benefited less from job opportunities despite the country's commitment to ensuring gender equality. This project will help redress this imbalance by ensuring that women are provided with maximum access to and support to all the project's activities.

This project will contribute to the implementation and achievement of the Sustainable Development Goals (SDGs) outlined in Table 1 below:

**Table 1: Project Support to MDG Attainment**

Sustainable Development Goals	
<b>SDG 8</b>	<p><b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</b></p> <p>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>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>8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training</p>

**Project Objectives**

- Provide livelihood support for unemployed graduates
- Create a vibrant small business development environment
- Promote the green economy and the cash crop sector

**Anticipated Outcomes**

- The current high level of youth unemployment and vulnerability amongst young graduates will have been tackled
- Direction and business development assistance will have been provided to young graduates so that they can contribute to the economic development of STP, particularly in the area of a) green jobs and b) cash crops
- By encouraging and supporting the participation of young graduates in economic activities, this project will have helped to ensure the youth of STP do not engage in anti-social activities
- Much needed capital will have been injected into local communities and critical sectors (cash crops and the green economy) to generate cash flow and provide stimulus to local businesses and community development
- Young graduates who successfully complete their capacity building training in business management and who developed a viable business plan will have received business development support
- Business development capacity building support will have been delivered to the project's local counterparts in the Department of Labour, Ministry of Health and Social Affairs
- The project will have provided much needed support to particular economic areas of concern for STP in a) the marketing and development of cash crops and b) creation of green jobs and c) in providing development opportunities and support to vulnerable regions and districts nationwide

**Project Strategy**

Youth who have successfully completed their education but who have been unable to obtain regular or sustained employment since will be the specific target group for this project. The project will also give priority to small scale business initiatives on the part of the youth participants that a) help to improve the growth and marketing of cash crops b) that promote and/or create green jobs and c) that are located and/or assist in the development and regeneration of vulnerable regions and districts

The youth who participate in this stage will benefit from two separate but intrinsically linked stages namely, a) Business Development and Management Training and b) Provision of Support to Develop their Own Small Scale Enterprise

a) Business Development and Management Training

To be eligible to proceed to the second stage of this project and be considered for business development support each youth participant must first complete a business development and management training course. This training course will provide instruction on a variety of critical areas essential to support the development of a new business including, *inter alia*, business plan preparation, basic finance and accounting, market need assessment, assessing the availability of local resources required to establish a business and pricing. Each of the modules presented as part of this course will conclude with an assessment to ensure the participants have a sound comprehension of what has been taught. Furthermore, trainees will receive an overview of the current economic situation in STP as well as training in market gap analysis. Special attention will be paid to a) green jobs and b) cash crops. Each trainee will prepare a business plan, with the project's support, for submission to the Central Bank to be assessed on a standard commercial basis as to its viability. Preference will be awarded to business plans that promote a) green jobs, b) cash crops and c) contribute to economically underdeveloped and vulnerable regions and communities.

b) Support to Develop Small Scale Enterprise

Business plans deemed financially viable by the Central Bank will receive funding at a preferable rate of interest to the successful youth participant. The extended loans will be guaranteed by the project through a reserve of US\$1,500,000 that will be deposited as a surety with the Central Bank. In addition, the recipients of funding will receive further training over a two-month period on micro-finance management as well as targeted assistance in the initial stages of launching their business. Furthermore, all youth participants launching a new business will be entitled to seek counselling on business issues either without payment or, in the case of a lengthy consultation, at a subsidised rate.

To assist the project's local counterparts, employees at the Department of Labour will receive capacity building training on how to support local small-scale businesses in the development and assessment of business plans, effective financial management, marketing and areas of particular economic importance such as green jobs and developing the cash crop sector. This will ensure sustainability of the project's achievements by providing the Department of Labour with personnel who will be equipped to undertake similar initiatives in the future as well as to cultivate and foster small-scale indigenous enterprises in general.

Monitoring and Evaluation (M & E) of project progress will be carried out by the WFP in close cooperation with senior personnel assigned by the STP Department of Labour and the Army. Upon identification of any problem areas impacting negatively upon project activities during the M & E process, immediate corrective measures will be identified and implemented. The project will also be audited by an independent local company.

This project will make use of the resources of São Tomé e Príncipe to ensure project costs are kept to a minimum while also developing local capacity that can be utilised in the future to replicate similar interventions at an optimal cost.

**Project Funding**

This project will have a total cost of US\$2,000,000 including the reserve fund lodged with the Central Bank as a guarantee for the credit to be issued to the young graduates preparing successful business plans.

UNDP will absorb the cost of provision of support services to the project from its office in São Tomé e Príncipe.