

## INNOVATION ECOSYSTEM FOR YOUTH ENTREPRENEURSHIP

### COUNTRY INVESTMENT FACILITY SUBMISSION

*[All \* fields are mandatory]*

Country Office

Timor-Lest

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The Administrator has decided to establish a new facility that provides a reserved amount of funds for Country Offices to carry out activities in 2018-2019 specifically targeted for catalytic investments in:

1. Areas of growth and business development – such as resource mobilisation activities with non-traditional, diverse, new partners; or formulating new types of partnerships with local and/or national governments and existing donors. These are activities that have a reasonable to high chance of resulting in new/increased programmes at the CO level. The expected outcome is that Country Offices can increase their programmes as a direct result of such funding.
2. Areas of visionary interest and innovation– these activities are targeted for longer term benefits particularly in the areas of innovation, modernization, and/or technology. These activities may not have a short term/immediate benefit, but enable the CO to invest in innovations related to achieving the SDGs; for example, an investment in solar panels, or other alternative forms of energy, or investment in a new digital platform in a CO where other means of communication are challenging. These could be new areas that the CO may not otherwise have the funds or risk appetite to undertake.

Resources from this facility cannot be used for running of the office or any gaps within the operational structure and/or existing projects, nor for scaling up of past projects.

### PURPOSE AND OBJECTIVE

*The submitting CO should outline the purpose and proposed objective(s). First, a clear explanation on how the objective meets the corporate criteria (A and/or B). Second, a clear rationale in support of the regional priority. Third, a total requested amount for 2018-19.*

## **Innovation Ecosystem for Youth Entrepreneurship**

### **Development context:**

Timor-Leste has made great progress in peace and development since it gained independence fifteen years ago. However, Timor-Leste's economy is highly dependent on oil revenues. Moreover, the country is also facing a rapid growth of young population with high unemployment rate. 74% of the country's population below age 35, most of which are not in employment nor education.

The recently launched 4th National Human Development Report (NHDR) found that 80% are not formally employed and 25% are not looking because they are discouraged by the difficulty of finding work. Moreover, one of the main findings is that 45% had basic education as the highest level of education attainment, and 60% aspire to take further studies/training but only 1/3 received any training. Thus, the report calls more investment to provide opportunities for youth in order to thus seize the current youth bulge and transform it into a demographic opportunity.

While the Government has committed to a deconcentrating and decentralization process there is not short-term approach to improve entrepreneurship and import substitution. Despite a large network of youth centers, these facilities have not being able to respond to the needs of the unemployed and inactive youth.

### **Project Objective:**

Building on the success of UNDP's 2 years invention on policy advice and research (Financial Inclusion, Industrial Policy, social business pilots, one-stop youth centre), this "*Building an Innovation Ecosystem for Youth Entrepreneurship in Timor-Leste*" initiative combines a solution-oriented initiative with innovation and service

Purpose

delivery to transform Timorese young people particularly those who are **unemployed and are economically inactive** into 'change makers' or social entrepreneurs creating jobs/livelihoods towards achieving economic transformation. UNDP's solution could play a critical role in addressing growing needs, expectation while informing upstream policy.

**Main Activities:**

This initiative will set-up Maker Hub in at least three municipalities specifically focusing on areas with the highest youth unemployment rate. The hub/project has the following two main components:

**Component 1: Youth 'Change Maker'**

This component will build innovation and entrepreneurship ecosystem by providing infrastructure, technology (including 3D printers and other electronic), and ongoing capacity-building. Young leaders will be taught to be trainers/mentors of their younger peers through improving their 21st century skills – self-efficacy and experimentation, creativity and imagination, collaboration and teamwork, critical thinking, and problem solving, coupled with technology skills such as fabrication, product design, and programming. It aims to develop two generations of youth in Timor-Leste:

- Change Makers – High school and university students
- Trainers/Mentors – Teachers and Young professionals

**Key activities under this component**

- Build Maker Labs in at least 3 schools/youth centres across Timor-Leste specifically focusing on areas with the highest youth unemployment

- Train teachers and young professionals to be trainers/mentors in the labs to mentor and interact with students
- Build Maker communities in these Maker Labs through Makerfests and hackathon events, and challenges
- Research the impact of intervention in making skills to academic performance, skills and attitudes toward innovation and entrepreneurship, and community engagement
- Encourage replication and mainstreaming by showcasing impact and results to government, industry, and international organizations

### **Component 2: Youth Startup Accelerator**

Aiming to be the first such entity in the country, the Youth Startup Accelerator will turbocharge the country's start-up ecosystem by supporting youth entrepreneurs. Using Design Thinking (DT) methodology as a core approach, the accelerator will engage youth in creating startup ventures that spawn new products and services in local industries such as tourism, agriculture, fisheries, and sustainable waste management. An approach product designers and innovative businesses use, DT is focused on identifying and developing responsive solutions to unmet human needs in communities befitting 'people and planet'.

#### **Key activities under this component:**

##### **I. Providing support to aspiring youth entrepreneurs in areas such as:**

- Training in applied Design Thinking to identify unmet needs, opportunities, and threats in the community and market
- Bringing the youth, mentors, and industry partners to look beyond current processes and markets to find new opportunities for existing resources
- Customized courses on prototyping, validation, testing, and scaling

- Technical and legal advice on registration of businesses in Timor-Leste

## II. Research

- Track the progress and impact (economic, social, and environmental) of startups in Timor-Leste
- Document stories and share to youth and the larger community to promote a culture of entrepreneurship.

Alignment with facility objectives

This initiative will not only contribute to (A) building a system for long-term benefits in social innovation and entrepreneurship but also (B) has high chance of resulting in new or increased programme at the CO as it is a new initiative that has potential to contribute to job creation and economic diversification, one of the country's priority area.

Alignment with regional priorities

Innovation in programming of operational areas;  Resource mobilization for country programme;  Private sector engagement;

Total amount requested

(cannot exceed \$500k per CO, for the period 2018-19)

### EXPECTED RESULTS

*The submitting CO should list the expected benefits and indicators for success. The CO should enter at least one, up to three.*

Financial Benefits

Result #1

UNDP positioned as the lead partner on youth engagement and development solution by providing value-added, expertise, and best practices on innovation and entrepreneurship development which has potential to generate more funding and increase the CO programme portfolio

Result #2 A cost-effective approach to behaviour change leveraging public-private partnerships through UNDP

Result #3

Technical Benefits

Result #1 National/municipal systems and institutions enabled to provide a wide range of methods and tools to stimulate creativity, guide discussions, moderate collaboration, as well as develop, prototype, and experiment solutions for the ‘unmet human needs’ in the community benefiting ‘people and planet’.

Result #2 Improved skills and knowledge on innovation and entrepreneurship among Timorese young people to become “Change Makers” in the community  
Young people with knowledge and expertise creates ventures that spawn new products and services in local industry such as fishings, agriculture, tourism,

Result #3 waste recycling, and thereby create jobs and livelihoods in the community.

Other Benefits

*List other less tangible benefits*

On the back of the Youth One Stop Shop initiative and the recent launch of a NHDR on Youth, UNDP consolidates its position as an innovative solution provider for Youth initiatives

Indicators for Success

*The submitting CO should identify specific indicators for each result area, being as specific as possible. Each indicator should include a baseline (if available), target, source of data, and timeline. The CO should enter at least one, up to three.*

Indicator #1

Indicator baseline

Indicator 1: Number of new partnership mechanism with funding established to scale-up this innovation initiative to promote social entrepreneurship for jobs and livelihoods creation.

Indicator target

Baseline: 0 (Currently there is no partnership mechanism with funding between CO and partners/donors focusing on innovation and entrepreneurship)

Source of data

Target: at least 1 partnership with funding; Sources of data: Project report

Timeline for target

by the end June 2019

*(not to go beyond June 2019)*

#### Indicator #2

Indicator baseline

Indicator 2: Number of youth with improved skills and knowledge on innovation and entrepreneurship

Indicator target

Baseline: Not available

Source of data

Target: At least 80% of the total beneficiaries; Sources of data: Project report

Timeline for target

Timeline: By the end of June 2019

*(not to go beyond June 2019)*

#### Indicator #3

Indicator baseline

Indicator 3: Number of youth who created ventures that spawn new products and services in local industry such as fishing, agriculture, tourism, waste recycling, and thereby create jobs and livelihoods in the community.

Indicator target

Baseline: Not available

Source of data

Target: at least 20% of the total project beneficiaries; Sources of data: Project report

Timeline for target

Timeline: by the end of June 2019

*(not to go beyond June 2019)*

## IMPLEMENTATION

### Budget Details

*The submitting CO should identify the implementation plan during 2018-19. The plan should include description, account code and estimated costs (total limit is \$500k). Funds requested through these proposals cannot be used for the following:*

- Running of the office or any gaps within the operational structure and/or existing projects, nor for scaling up of past projects.

Description

Account

Budget

Amount

1. 3D printers and other equipment and materials for the Makers Lab		72200 - Eq	\$30,000.00
2. International Experts to develop methodology and tools, as well as provide training to young professionals to be trainers/mentors		71200 - Int	\$80,000.00
3. National young specialist/professionals to provide training, mentoring, as well as technical and advisory support		71300 - Na	\$143,000.00
4. Premises rental and maintenance	73100 - Re		\$30,000.00
5. Communication materials to disseminate project results/impact to promote discussion and debates to encourage replication and mainstreaming		71200 - Int	\$20,000.00
6. Training of young professionals		75700 - Tra	\$52,000.00
		<b>Total Amount:</b>	<b>\$355,000.00</b>

### Key Partners

*The submitting CO should identify the key government partners and/or other development partners, along with a description on the role of the partner in the activities and if/how they will contribute to the project.*

The following are key government and private sector partners: (i) the Secretary of State for Youth and Sports as a government institution responsible for youth empowerment and employment; (ii) National Institute for Entrepreneurship Development (IADE); (iii) Telemor, telecommunication company that can provide youth, access to ICT and online research; (iv) ConocoPhillips, an oil company that has CSR commitment for skills and capacity development that could be explored to engaged in project implementation and establish partnership with funding for scaling up; (v) Asia School of Business (ASB), Kuala Lumpur, Malaysia in collaboration with MIT Sloan, developing fledgling entrepreneurship communities in Malaysia and the greater ASEAN region. Therefore, bringing it closer to youth in Timor-Leste is expected to create entrepreneurs from the capable untapped majority in the community.

UNDP Timor-Leste in partnership with ASB has tested the methodology during a one week MakerFest event in 2017 to influence innovation and entrepreneurship attitudes of young students through hands-on exposure to art,



ideation & fabrication processes, as well as design tools for mechanical, electronics and coding, and digital fabrication to create prototypes of products for solving a problem in the community. Products developed during this event were presented to development partners at the product demonstration and pitching session at the end of the MakerFest. Having such activities regularly in the capital city as well as other municipalities will support local industries, particularly tourism and agriculture sector which are areas of development focus and need in Timor-Leste. Therefore, increasing youth employment and accelerate development growth.

#### Risks

*The submitting CO should identify the risks associated with the project. This could include the risks associated with key partners, factors that may contribute to achievement of results, availability of data, and any other relevant factors.*

There is no medium or high-level risks identified. However, a political impasses after the parliament elections might affect UNDP's capacity to engage additional GCS. With regular communication activities targeting traditional donors and private sectors this initiative will generate funding for replication to other municipalities.

CO Focal Point

Claudio Providas

#### Comments

Bureau Comments  CO Comments (optional)

Comments by:  Comments by:

Submitted to Bureau on