

## **Republic of Indonesia**

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### **Youth Entrepreneurship and Employment Support Services Programme (YESS)**

#### **Design completion report**

#### Main report and appendices



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## Currency equivalents

Currency Unit	=	Indonesia Rupiah
US\$1.0	=	IDR 13.541

## Weights and measures

1 kilogram	=	1000 g
1 000 kg	=	2.204 lb.
1 kilometre (km)	=	0.62 mile
1 metre	=	1.09 yards
1 square metre	=	10.76 square feet
1 acre	=	0.405 hectare
1 hectare	=	2.47 acres

## Abbreviations and acronyms

AAEHRD	Agency of Agricultural Extension and Human Resource Development
ABC	Agri-Business Capital Fund
ABDSI	Association of Business Development Service Indonesia
AIF	Agribusiness Impact Fund
APBN	<i>Anggaran Pendapatan dan Belanja Negara</i> Annual State Budget
APINDO	<i>Asosiasi Pengusaha Indonesia</i> Employers' Association of Indonesia
ASBANDA	<i>Asosiasi Bank Pembangunan Daerah</i> Association of Regional Development Banks
AWPB	Annual Work Plan and Budget
BAPPENAS	<i>Badan Perencanaan Pembangunan Nasional</i> National Development Planning Agency
BBPP	<i>Balai Besar Pelatihan Pertanian</i> Agriculture Training Centre (under the Ministry of Agriculture)
BDS	Business Development Services
BDSP	Business Development Service Provider
BLK	<i>Balai Latihan Kerja</i> Training Centre
BLKP	<i>Balai Latihan Kerja Pertanian</i> Agriculture Training Centre (under the Ministry of Manpower)
BMT	<i>Baitul Mal wa Tamwil</i> Islamic microfinance
BNP2TKI	<i>Badan Nasional Penempatan dan Perlindungan Tenaga Kerja Indonesia</i> National Board for the Placement and Protection of Indonesia Overseas Workers
BPD	<i>Bank Pembangunan Daerah</i> Regional Development Bank
BPK	<i>Badan Pemeriksa Keuangan</i> Supreme Audit Agency
BPKP	<i>Badan Pemeriksa Keuangan dan Pembangunan</i> Financial and Development Audit Agency)
BRI	Bank Rakyat Indonesia
CCDP	Coastal Community Development Project
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
DAFEP	Decentralized Agriculture and Forestry Extension Project
DPIU	District Programme Implementation Unit
FFR	Financial Facility for Remittances
FM	Financial Management
FMA	Financial Management Assessment
GDP	Gross Development Product
GESI	Gender Equity and Social Inclusion
GICS	Government Internal Control System
IAAS	International Association of Students in Agricultural and Related Sciences
ICT	Information and Communication Technologies
IFAD	International Fund for Agricultural Development (IFAD)
IFC	International Finance Corporation
IQF	Indonesian Qualifications Framework
IPDMIP	Integrated Participative Development and Management of Irrigation Programme
KADIN	<i>Kamar Dagang dan Industri Indonesia</i> Indonesian Chamber of Commerce and Industry
KM	Knowledge Management
KPA	<i>Kuasa Pengguna Anggaran</i> Proxy of Budget Holder/User
KPPN	<i>Kantor Pelayanan Perbendaharaan Negara</i>

	State Treasury Office
MoA	Ministry of Agriculture
MoCSME	Ministry of Cooperatives and Small and Medium Enterprises
MoEC	Ministry of Education and Culture
M&E	Monitoring and Evaluation
MoF	Ministry of Finance
MoU	Memorandum of Understanding
MSMEs	Micro, Small and Medium Enterprises
MSP	Multi-Stakeholder Platform
MTEF	Medium-Term Expenditure Framework
NAEP	National Agricultural Extension Project
NGO	Non-Governmental Organisation
NPL	National Poverty Line
NPMU	National Programme Management Unit
OJK	<i>Otoritas Jasa Keuangan</i> Financial Services Authority
P4S	<i>Pusat Pelatihan Pertanian dan Perdesaan Swadaya</i> Farmer Agricultural Self-Help Training Centres
PBB	Performance Based Budgeting
PDR	Programme Design Report
PFM	Public Financial Management
PIM	Programme Implementation Manual
PLUT	<i>Pusat Layanan Usaha Terpadu</i> Centres for Integrated Business Services
PPK	<i>Pejabat Pembuat Komitmen</i> Commitment Maker Officer
PPIU	Province Programme Implementation Unit
PSC	Programme Steering Committee
PWMP	Young Agricultural Entrepreneur Development Programme
PY	Programme Year
READ	Rural Empowerment and Agriculture Development Programme
READSI	Rural Empowerment and Agriculture Development Scaling-up Initiative Programme
SA	Special Account
SACCO	Savings and Credit Cooperatives
SAIBA	<i>Sistem Akuntansi Instansi Berbasis Akrua</i> Institution Accrual Accounting System
SDG	Sustainable Development Goals
SLA	Subsidiary Loan Agreement
SME	Small and Micro Enterprises
SMK	<i>Sekolah Menengah Kejuruan</i> Senior Vocational High School
SMKP	<i>Sekolah Menengah Kejuruan Pertanian</i> Senior Vocational Agricultural High School
SMP	<i>Sekolah Tinggi Penyuluhan Pertanian</i> National College of Agriculture Extension
SOE	Statement of Expenditures
SPAN	<i>Sistem Perbendaharaan dan Anggaran Negara</i> Government Treasury and Budget System
STTP	<i>Sekolah Tinggi Penyuluhan Pertanian</i> National college of agriculture extension
ToR	Terms of Reference
ToT	Training of Trainers
TEVT	Technical Education and Vocational Training
TP	<i>Tugas Pembantuan</i> Transfer of tasks and budget from Ministry to district government
TSA	Treasury Single Account
WA	Withdrawal Application
YESS	Youth Entrepreneurship and Employment Support Services Programme

## Map of the programme area

### Indonesia

#### Youth Entrepreneurship and Employment Support Services (YESS) Project

Design report



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.  
Map compiled by IFAD | 29-11-2017



## Executive Summary

1. **Strategic context.** Indonesia is a fast-growing middle-income country with a population of 261 million. Its population is one of the youngest in the world, with a median age of 28 years, and is increasingly urbanized, due to the combined effect of demographic growth and rural-urban migration. Internal migration of rural youth is particularly strong, with more than half of the under 30 living in urban areas in pursuit of education and employment opportunities.
2. Steady economic growth has led to significant poverty reduction, but since 2012 poverty has declined only by an average of 0.3 percentage points per year, and remained more or less steady at around 11% since 2014. Furthermore, another 29% of the population remain vulnerable of falling into poverty, as their income is only marginally above the national poverty line, leaving them extremely vulnerable to shocks, such as illness, extreme weather events or price volatility. Out of a population of 252 million, more than 100 million Indonesians still live in or at risk of poverty. Pronounced regional disparities exist, with the highest poverty rates in Eastern Indonesia. However densely populated Java hosts the largest numbers of poor. Particularly at risk are farming households that are 3.5 times more likely to be poor than non-farming households. Inequality is seen as the key threat to Indonesia's continued development.
3. While agriculture contributes to 13% of the GDP, it has remained the main source of income for one third of the population. However, low proportion of formal employment, low earnings and limited career progressions contribute to the agriculture sector having the lowest rate of youth participation. According to the Ministry of Agriculture (MoA), in 2011, almost 80% of the nation's farmers were aged 45 or older, compared to an average age of 40 just three years earlier. Young women and men wanting to engage in agriculture face the challenges of limited access to land, technical and financial services, vulnerability to environmental risks and price volatility, lack of market information and limited engagement into value chains. At the same time, overall youth unemployment in Indonesia remains higher than the regional average.
4. Youth migration is a common response to poverty and the lack of economic opportunities. The majority of migrants range from 21 to 40 years of age, come from districts where the average poverty rates are higher than the national average and have limited education.
5. **Rationale.** The Government envisions an equitable and sustainable transformation of rural areas along with food security and access to nutritious food for 100% of the population to support long-term economic growth and social welfare. Yet, today, particularly rural young women and men are struggling to build their livelihoods in agriculture and the broader rural economy. Growing cities and the rising urban middle class call for a transformation of the rural sector into a modern, youth-led and growth-oriented economy, not only to meet the increased and diversified food needs through a new generation of farmers, but also to secure the provision of other services and products for urban markets.
6. Further trends and developments in the economic and social sphere create new economic opportunities for rural youth: (i) increased demand for diversified food and changing food systems; (ii) increasing connectivity through ICTs even in the remote areas of the archipelago; (iii) enhanced engagement of the private sector in the agriculture sector; and (iv) increased migrant remittances offering untapped potential for investment in the rural sector. Young rural people in Indonesia, however, have not yet succeeded in leveraging these opportunities. Facilitating youth engagement in the agriculture sector with appropriate incentives would help in triggering rural transformation, by helping young people in introducing modern technologies, promoting farming as a business, creating a more favourable environment to modernise the agriculture sector and the development of a vibrant rural economy. It would also raise youth employment and offer them fulfilling livelihoods. It is therefore not only the agriculture sector that offers untapped potential, but also young people themselves.
7. IFAD in Indonesia has a proven track record in empowering disadvantaged groups, strengthening rural enterprises and developing inclusive value chains. Up until today, IFAD interventions have benefitted 13 million people throughout the country. Since first investing in

Indonesia in 1980, the Fund has developed 17 loan projects, totalling an investment of USD 1 692 million, of which USD 550 million financed by IFAD. In line with the changing expectations by GoI towards its development partners, IFAD focusses on piloting innovative approaches in agricultural and rural development that can be scaled up through national systems, inform policy, and strengthen national capacities.

8. **Theory of change.** YESS' theory of change is that the creation of opportunities for rural youth to build their economic livelihood through entrepreneurship or gainful employment will increase their engagement in the rural sector, contribute to sustainable rural transformation and develop a new generation of farmers, agripreneurs and rural supply chain drivers. The programme's theory of change considers that in order to attract young people to participate effectively in the programme, there is a need to work differently, leveraging technology, modernizing agricultural practices and creating incentives for young people to participate. The design also recognizes that not all young people can be successful entrepreneurs and that the agricultural sector does not have the absorptive capacity to provide meaningful opportunities for all young people, particularly when modernizing. The design therefore envisages providing alternative pathways for creating both on-farm and off-farm opportunities within the broader rural economy.

9. Against this background, YESS' theory of change is oriented by four strategic priorities: (i) increasing young people's work readiness skills so they can take advantage of employment and business opportunities in the rural, agriculture-linked sector; (ii) opening young people's access to markets and services so they can develop profitable farms and enterprises; (iii) facilitating young people's access to adapted financial services and helping young migration returnees and remittance recipient households to leverage their remittances to invest into rural businesses; and (iv) promoting a policy, institutional and media environment that enables youth engagement in the rural sector and supports a more attractive image of the agriculture sector. Finally, the programme will initially pilot approaches in a confined geographic area with a view to developing models for scaling up. The project includes resources to support the project's replication to new geographic areas.

10. **Alignment and harmonization.** YESS will work towards the objectives of key national policies as well as integrate into the global development framework, Sustainable Development Goals and key IFAD priorities, including: (i) the 2015-2019 Medium Term Development Plan, which recognizes young people's role in Indonesia's development and poverty alleviation; (ii) the National Youth Action Plan, which prioritizes youth empowerment, employment and entrepreneurship; (iii) the Sustainable Development Goals (SDGs); (iv) the United Nations Partnership for Development Framework in Indonesia and the newly formed Inter-Agency Network on Youth Development; (v) the Leaders Declaration of the G20 Initiative for Rural Youth Employment; (vi) IFAD11 commitments, particularly related to empowerment of rural youth. YESS is further closely aligned with the 2016-2025 IFAD Strategic Framework and 2016-2019 Country Strategic Opportunities Programme for Indonesia, which both aim at sustainable and inclusive rural transformation. Finally, there is a strong potential to develop linkages with on-going IFAD-supported initiatives as well as programmes by development partners in country. As much as possible, the programme will be linking to national, provincial and village-level initiatives to facilitate sustainability and scaling up.

11. The programme's theory of change and approach of providing youth with on-and-off farm business and employment opportunities, capacity building and access to ICT, agricultural technologies and innovation, is fully aligned with the emerging directive of IFAD's Rural Youth Action plan.. It also builds on recent studies<sup>1</sup> highlighting the need for an integrated approach if aiming to effectively ensure youth economic engagement in rural areas.

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<sup>1</sup> Such as USAID (2017): The evidence is in: How should youth employment programs in low-income countries be designed?

12. **Programme area.** YESS will focus most of its activities on four target provinces: West Java, East Java, South Kalimantan and South Sulawesi. These were selected by Gol in consultation with IFAD, based on population density; poverty and near poverty indicators; agricultural and market growth potential; youth outmigration and immigration; presence of PLUTs and of agriculture TEVT institutions. YESS activities in support of youth farming and entrepreneurship will initially focus on 15 districts, which were selected based on poverty/near poverty rates as well as on the potential for developing market-driven, rural activities. In addition to the majority of activities that will be conducted at the local level, a smaller set of YESS interventions will be benefiting rural youth nationwide to improve the image and social recognition of agriculture, including through web-based information services. It is the aim of YESS to develop a replicable model that can be scaled to other geographical areas in Indonesia.

13. **Target group.** The Programme will directly benefit a total of 320,000 households. The main target group will include poor and vulnerable youth, i.e. young people (from 16 to 30 years of age as per the Indonesian Law on Youth) below the National Poverty Line as well as young people that remain vulnerable to poverty and are living on less than USD 3.1 a day. YESS will leverage entrepreneurs from agri-based SMEs and larger enterprises to broaden the range of options available to youth to make a living in the rural areas. It will also include TEVT institutions and financial service providers, who will extend vocational training packages and financial services to the target group.

14. Whilst poverty levels define the main target group typology, and support to build capacity and generate economic livelihoods requires intertwined responses, the target group is diverse. Different age groups, social factors and current livelihoods occupations will have an important influence on how target sub-groups are best supported. A Gender Equality and Social Inclusion (GESI) Strategy will be developed at programme outset with a view to ensure that the main target group, as well as women, disabled and indigenous people access programme benefits.

15. **Development objective.** The programme development objective is that rural young men and women are engaged in the agri-based sector through employment and entrepreneurship. Main indicators are: (i) 32,500 young people finding employment in the agri-based sector; (ii) 33,500 YESS-supported young farmers/rural entrepreneurs report a profit; (iii) 50,600 young women and men gain a job in new enterprises; (v) an additional 100,000 rural youth use financial services, of which 4,300 young migrant's households; and (vi) an additional 120,000 youth will receive financial education at community level.

16. **Components.** YESS activities are clustered in four interlinked and complementary components: Components 1 and 2 focus on building the skills-sets of the rural youth and business development services, and creating employment opportunities; Component 3 links the capacitated youth to financial institutions; Component 4 aims to build a conducive policy environment where the young rural workers and entrepreneurs can thrive:

- **Component 1 – Rural Youth Transition to Work:** in the four target provinces, YESS will promote interventions aimed at improving employability skills of young students of agriculture schools and unemployed rural youth and facilitating their transition to work. This will be achieved in partnership with about 30 Technical Education and Vocational Training (TEVT) institutions, which will be assisted to improve their capacities to deliver education and training services that better match the demand of job markets. Furthermore, YESS will support the extension of the national apprenticeship programme to selected agriculture and agribusiness occupations, through a Memorandum of Understanding (MoU) with the Ministry of Manpower (MoM). The programme will further support the scaling up of apprenticeships by agribusiness and modern farms, to benefit unemployed youth and school drop-outs in the target districts. Component 1 is structured in two sub-components: 1.1 Linking Education and Training to Jobs; and 1.2 Apprenticeship.
- **Component 2 – Rural Youth Entrepreneurship:** the programme will promote inclusive youth farming and agri-business by facilitating the access of young farmers and small-scale, off-farm entrepreneurs to responsive and sustainable support services, so that they are able to identify business opportunities, access land and modern technologies, connect to buyers and service

providers, and develop profitable and sustainable businesses. This will be achieved by the Ministry of Cooperatives and SMEs (MoCSME), in partnership with district-based Business Development Centres (PLUTs), which will receive capacity building to improve young people's access to their services, including by setting up a Mobilisation and Outreach Network that will build on district resources to reach out to poor and vulnerable youth. Furthermore, YESS will support the development of an investment-ready pipeline of SMEs and tech companies willing to grow and offer new jobs, markets and services to young farmers and entrepreneurs, so they could become eligible for investment by investment funds and other financial institutions. Component 2 comprises two sub-components: 2.1 Institution and capacity building; and 2.2 Services to young farmers and entrepreneurs.

- Component 3 – Investing for Rural Youth complements Component 2 interventions by supporting the financial education of young people as well as the expansion of financial services currently available to rural youth, particularly to those excluded from the formal financial sector for lack of experience and to young migrants and their families. It will also facilitate the expansion of SMEs and Fintech/AgriTech companies willing to expand and create new jobs for young people or open new agriculture markets for young farmers, by supporting them in gaining investment readiness and connecting them to impact investment funds. Migrant remittances will be leveraged by promoting migrant savings and investment into rural business. Component 3 includes two sub-components: 3.1 Capacity Building for Financial Inclusion; and 3.2 Access to Financing.
- Component 4 – Enabling Environment for Rural Youth includes activities aimed at creating an enabling environment and supportive institutions for rural youth. This will be achieved by: (i) promoting partnerships between public, private and civil society stakeholders to foster youth engagement in agriculture in the target areas; (ii) building on innovative business models achieved in the target provinces to enhance the policy and regulatory environment in key priority areas required to promote inclusive youth engagement in the agriculture-based sector; and (iii) strengthening youth organisations' capacities to participate in policy dialogue. Furthermore, YESS will improve agriculture attractiveness to youth, by demonstrating that it is possible to earn gainful wages and develop profitable enterprises in the farming and agribusiness sector, as well as by 'telling a different story' and showcasing new ways and models through social marketing campaigns. Component 4 includes three sub-components: (i) Partnerships Building; (ii) Rural Youth Mobilization; and (iii) Policies for Youth in Agriculture.

17. **Implementation.** YESS implementation arrangements reflect the programme's multi-sectoral nature and ensure that activities will build on existing organizations and consolidate them, rather than creating new, project-driven structures. This is aimed at supporting sustainability and ensuring that programme approaches and successful practices can be mainstreamed into the country's institutional framework and scaled up. The programme is expected to start early 2019 and will be implemented over six years with a phasing of activities and in-province scale up.

18. The organizational structure will be as follows:

- A *National Steering Committee* will provide overall guidance and oversight. A Youth Advisory Committee composed of youth leaders and representatives will have an advisory role;
- MoA is the Executing Agency and the MoA's Agency of Agricultural Extension and Human Resource Development (AAEHRD) will have overall responsibility for programme implementation;
- A *National Programme Management Unit (NPMU)* established in AAEHRD will assist MoA/MoCSMEs in carrying out programme implementation responsibilities;
- A *Provincial Programme Implementation Unit (PPIU)* will be established in every target province to support the implementation of programme activities at the provincial level, provide technical assistance to PLUT-based district units and ensure knowledge management across the region;
- A *District Programme Implementation Unit* will be established in every target district, and will be responsible for facilitating access to services for young entrepreneurs and farmers, for increasing PLUT outreach and inclusiveness of YESS target groups and for mainstreaming successful approaches into PLUT regular operations;

- *Multi-Stakeholder Platforms* will be established at the provincial and district levels, and will provide a venue for stakeholders involved in the promotion of youth engagement in agriculture to agree on objectives, review progress and seek measures for addressing challenges;
- *MoCSME* will be associated to the implementation of activities to be executed at district level through PLUTs (Component 2);
- *OJK (Otoritas Jasa Keuangan)*, the Indonesia Financial Services Authority, will be responsible for implementing activities related to financial inclusion (Component 3).

19. While the NPMU has overall responsibility for programme delivery, each of the Components has specifically defined implementation arrangements, drawing on the most suited capacities in the Government system.

20. **Programme cost and financing.** The total programme costs, including physical and price contingencies, duties and taxes, are estimated at USD 72.97 million over a six-year implementation period. Programme investments are organized into three major components: (i) Rural Youth Transition to Work (14.4% of the costs); (ii) Rural Youth Entrepreneurship (36.5%); (iii) Investing for Rural Youth (22.2% of the costs); and (iii) Enabling Environments for Rural Youth (26.9% of the costs).

21. IFAD will finance 78.6% of the total programme costs, of which USD 55.3 million will be financed through a loan, and USD 2.1 million through grants. The GoI will contribute 17%, and beneficiaries 4.3%.

22. **Risks and mitigation.** A number of key risks have been identified and mitigation measures designed. These will be monitored through the continuous supervision process and include: (i) limited implementation capacity; (ii) management challenge deriving from geographical area; (iii) limited interest of private sector partners and financial institutions to engage in rural areas; (iv) drop out and failure of entrepreneurs; (v) elite capture of programme benefits; (vi) difficulty access to land; (vii) limited synergies between ministries involved in the promotion of youth employment and entrepreneurship.

23. **Benefits.** The programme is expected to generate direct benefits for 197,000 rural households in the programme area, accruing from: (i) increased access to finance for farm and off-farm productive use; (ii) diversification of productive activities and sources of income; (iii) increased food availability for rural poor, (iv) increased value-added of agricultural outputs; (v) increased employment either for hired or family labour, for both on-farm and off-farm activities; and (vi) tax revenues as a result of increased volume of taxable production.

24. **Sustainability.** All activities have been designed in order to establish sustainable mechanisms to ensure continued access and benefits for rural youth following programme completion. Main features of the programme approach that will contribute to this include:

- Programme implementation set-up builds on existing organisations and initiatives. YESS consolidates them, rather than setting up parallel structures, supporting sustainability and mainstreaming and scaling up of successful activities through the country's institutional framework.
- Financial sustainability through the development of sound business plans with incentives to support start-up, capacity building of key players, linkages to performing financial service providers and the promotion of district-based business mentors.
- Outreach and Mobilisation Networks ensuring youth representation and participation.
- Capacity building to ensure that stakeholders have the right mix of technical and management competences to carry on activities beyond programme completion.
- Partnerships with and integration of the private sector to take over from programme financing and support youth access to employment, youth entrepreneurship and the financing of agribusinesses.

- Innovative business models and knowledge management will generate a knowledge basis for sustaining programme achievements, as well as to promote further public and private sector engagement in up-scaling most promising and commercially viable mechanisms, particularly with regard to the development of a new market of remittance-related services.

25. **Scaling up.** Given the high priority – and need – for youth engagement in the agricultural sector, the programme is expected to meet conducive political and institutional spaces and supportive drivers ranging from government to private sector to, most importantly, young people themselves. Key elements to facilitate replication and scaling up will include: (i) a solid M&E and KM system allowing to track achievements, document approaches and outcomes and disseminate them to relevant stakeholders, based on Annual Plans for Inclusive Innovation, Communication and Scaling Up; (ii) support for the project to identify potential opportunities to scale up in new geographic areas; (iii) implementation through existing organisations that will mainstream successful instruments into their regular systems and operations; (iv) involvement of key policy makers at national and provincial levels in implementation and through evidence-based policy dialogue; (v) multi-stakeholder partnerships at the provincial and national level, which will disseminate knowledge on programme achievements and advocate central and local authorities for policy changes; (vi) strengthening national and provincial capacities; and (vii) building young rural people as champions for scaling up.

## Logical Framework

Results Hierarchy	Indicators <sup>2</sup>				Means of Verification			Assumptions (A) / Risks (R)
	Name	Base line	Mid-Term (early PY3)	End Target	Source	Frequency	Responsibility	
<b>Outreach<sup>3</sup></b>	<ul style="list-style-type: none"> <li>▪ Number of persons receiving services promoted or supported by the programme (CI1)</li> <li>▪ Corresponding number of households reached (CI1a)</li> </ul>	0  0	127,672  127,672	320,000  320,000	Programme reports	Annual	NPMU with MoA, MoCSME, OJK and service providers	
<b>Goal</b> Young men and women contribute to rural transformation and inclusive rural growth	Number of beneficiaries (corresponding number of HH/HH members) receiving services promoted by YESS that report an increase in HH asset ownership index <sup>2</sup>	<sup>4</sup>	0	197,000	Programme survey	Mid-term review and programme end	NPMU with MoA and MoCSME	Continued Gol commitment to promote youth employment and youth entrepreneurship (National Youth Action Plan)
<b>Outcome 1</b> Young people take advantage of employment and business opportunities	Number of young women and men finding employment in the agri-based sector <sup>2</sup>	0	8,000	32,500	School reports Graduate tracer studies MoM reports	Semi-annual reports	NPMU with MoA, partner schools and MoM	Young people enrol in agriculture schools  Farms/enterprises interested in receiving apprentices
<b>Outcome 2</b> Young small farmers, rural entrepreneurs and SMEs access markets and services in the target value chains and sub-sectors	<ul style="list-style-type: none"> <li>▪ Number (and %) of supported young farmers/entrepreneurs reporting increase in earnings (CI2.2.2)</li> <li>▪ Number jobs are created for rural young people through new enterprises and SMEs benefitting from programme services</li> </ul>	0  0	3,100  5,800	33,800  50,600	PLUT reports	Semi-annual reports	NPMU with MoA, MoCSME and PLUTs	Agribusiness interested in partnering with young people

<sup>2</sup> Indicators will be disaggregated by gender and age where relevant.

<sup>3</sup> Following the recommendation of the external reviewers and considering that this programme aims at reaching young people who likely have not yet started their own household, the outreach indicator 3 on estimated total number of people reached has not been included.

<sup>4</sup> Will be established based on the baseline study to be carried out at project start.

Results Hierarchy	Indicators <sup>2</sup>				Means of Verification			Assumptions (A) / Risks (R)
	Name	Base line	Mid-Term (early PY3)	End Target	Source	Frequency	Responsibility	
<b>Outcome 3</b> Young women and men have increased access to inclusive financial services	Number of rural youth accessing financial services (CI1.2.5)	<sup>2</sup>	+4,800	+60,250	Reports from financial institutions	Semi-annual reports	NPMU with OJK and service provider	Partner banks willing to adapt their products and services to the agriculture-based sector
<b>Outcome 4</b> Supportive policy, institutional and media environment for youth engagement in the rural economy	Number of policy/regulatory instruments proposed to policy makers for approval, ratification or amendment (CI Policy 3)	0	0	4	Reports from programme partners	Annual	NPMU with programme partners	
<b>Outputs for Outcome 1</b>	Number of TVET institutions running programmes facilitating youth transition to work	0	15	30				
<b>Outputs for Outcome 2</b>	▪Number of rural enterprises accessing BDS (CI 2.1.1)	<sup>2</sup>	4,800	62,500				
	▪Number of persons trained in business management (CI 2.1.2)	0	4,800	62,500				
<b>Outputs for Outcome 3</b>	▪Number of persons accessing financial services (CI 1.1.5)	<sup>2</sup>	+ 40,000	+100,000				
	▪Number of persons trained in financial literacy (CI 1.17)	0	50,000	120,000				
<b>Outputs for Outcome 4</b>	▪Number of functioning multi-stakeholder platforms supported (CI Policy 2)	0	14	19	PMU reports and policy documents			Continued Gol commitment to promote youth employment and youth entrepreneurship
	▪Number of visitors of Rural Youth Online Platform	0	20,000/month	100,000/month				



## I. Strategic context and rationale

### A. Country and rural development context

1. **Fast-growing, young population.** A member of the G-20, Indonesia is a fast-growing, ambitious middle-income country. Its population of 261 million is one of the youngest globally and grows at a rate of 1.18% or 3 million a year. Youth make up 65 million or 26% of the total population, resulting in a median age of 28 years. The overall population is largely concentrated in the western part of the country (around 80% live on the islands of Java and Sumatra) and increasingly urbanized: 53% of Indonesians live in urban centers, due to the combined effect of demographic growth and rural-urban migration. Internal migration of rural youth is particularly strong, with more than half of the under 30 living in urban areas, in pursuit of education and employment opportunities.

2. **Stagnating poverty and rising inequalities.** Between 2000 and 2017, the national economy grew at an average annual rate of 5.28%, boosted by a rapidly growing middle class driving domestic consumption, strong investment flows and a boom in commodity exports. Steady economic growth has led to significant poverty reduction, with the number of poor dropping from 24% of the population in 1999 to 11% in 2014. However, despite economic growth slowing down slightly since 2013, while the poverty rate declined by 1% annually from 2007 to 2011, since 2012 poverty has declined only by an average of 0.3 % per year and has remained at around 11%. Furthermore, another 29% of the population remain vulnerable to falling into poverty, as their income is only marginally above the national poverty line, leaving them extremely vulnerable to shocks, such as illness, extreme weather events or price volatility. Out of a population of 252 million, more than 100 million Indonesians still live in or at risk of poverty, and many frequently drop below the poverty line. Rising inequality, reflected also in an increase in the Gini Coefficient from 0.36 in 2005 to 0.41 in 2014, is threatening to roll back progress made in poverty reduction and further entrench poverty. Pronounced regional disparities exist, with the highest poverty rates in Eastern Indonesia. However densely populated Java hosts the largest numbers of poor. Particularly at risk are farming households that are 3.5 times more likely to be poor than non-farming households. Indonesia's Human Development Index of 0.684 remains below the average for the East Asia and Pacific Region, and inequality is regarded as the key threat to Indonesia's continued development.

3. **Youth unemployment.** Access to meaningful employment is a challenge for young Indonesians and particularly for the 1.7 million youth who enter the workforce every year. Although youth unemployment has declined from 30% in 2006 to around 18.6% in 2015, it remains higher than regional averages. Youth account for over 50% of the total unemployed population. Further, approximately one in three employed youth is underemployed and young women are three times more likely than men to be inactive. High unemployment among educated youth suggests the need to improve the relevance of education and vocational training institutions in order to better meet labor market requirements. The slower pace of job creation is another challenge to efforts at reducing poverty - employment growth is now slower than population growth.

4. **Agricultural employment.** While agriculture only contributes to 13% of the GDP (2016), it remains the main source of income and employment for one third of the population. Most agriculture employment is informal on small family-owned farms, where people (mainly women) work as own account workers, casual workers or unpaid family workers. Most agriculture workers have limited education - primary school is the highest level of education attainment for 70%. Low education and informal employment lead to lower average earnings than in other sectors of the economy. As most households in Indonesia derive their household income from employment, the low earnings of those employed in agriculture, and the declining earnings trend for those that work informally, is a key challenge. Improving conditions in the agriculture sector for formal employment is therefore critical for improving the livelihoods of Indonesia's rural poor and is crucial for making further progress on poverty reduction and food security.

5. **Ageing farming sector.** Low proportion of formal employment, low earnings and limited career progressions contribute to the agriculture sector having the lowest rate of youth participation: only 17% employed in the sector are in the 20-29-year age group. In 2016, only one in four youth entered employment in agriculture. According to the Ministry of Agriculture (MoA), in 2011, almost 80% of the nation's farmers were aged 45 or older, compared to an average age of 40 just three years earlier. While agriculture vocational schools deliver about 10,000 trained young men and women per year, few join the agriculture sector. Key informant interviews conducted during the programme design in the rural areas of target provinces showed that less than 25% of young people were engaged in the agriculture sector. In addition, the national apprenticeship system, while open to young people with limited education, does not cover the agriculture sector.

6. Access to land constitutes a major barrier for youth engagement in agriculture, because of declining land area (68% of farmers are smallholders operating on less than 1 hectare), widespread landlessness and increased competition for land driven by large-scale conversion of farming land every year. Young people have little chances to inherit land and buying land is increasingly difficult. Lack of access to finance further restricts access to land. Other barriers are those that constrain productivity gains and contribute to low returns in the agriculture sector: limited access to advisory and financial services, lack of practical training and support services for farming enterprises, vulnerability to environmental risks and price volatility, lack of market information and limited engagement with agricultural supply chains. As a part of the country's structural transformation efforts, the agriculture sector is expected to continue to expand, but at a slower pace than the industrial and services sectors. As urban centers grow, an ageing and declining population of farmers will have to produce more food on less land. It has been estimated that to meet the fast-growing domestic demand, the productivity of Indonesian farmers needs to increase by more than 60% within the next fifteen years. A failure to attract young people into the sector will likely lead to labor shortages and hamper technological innovation and institutional change, which are vital for future agricultural productivity and rural transformation. Furthermore, a failure to provide alternative employment opportunities for youth in rural areas creates potential political and developmental risks, including unemployment and migration.

7. **Migration.** Migration is a common response to rural poverty and the lack of economic opportunities. More than 9 million Indonesians, or almost 7% of Indonesia's total workforce work overseas. Migrant workers' households represent, respectively, 13%, 11% and 9% of the total number of households of East Java, West Java and South Sulawesi. The majority of migrants come from districts where average poverty rates are higher than the national average, range from 21 to 40 years of age and have limited education (junior high school or less). Women constitute 62% of documented workers and half the number of undocumented migrant workers. Internal mobility is also high - it has been estimated that one in two people migrated at least once across the archipelago.

8. **Youth entrepreneurship.** Micro, small and medium enterprises (MSMEs) are a major contributor to job creation and growth in Indonesia. There are currently, around 49 million MSMEs operating in Indonesia, contributing 60% of the gross domestic product in 2016 and employing a large segment of the Indonesian labour force. Almost half of MSMEs operate in the agriculture sector. Entrepreneurship is an attractive path for many youth. The typical young entrepreneur runs a micro business, usually has a higher education background and chooses to operate in the urban areas. Those remaining in rural areas and wanting to work in the agri-business sector are challenged by the absence of structured value chains, limited linkages between economic players (buyers, suppliers, service providers, entrepreneurs) and low access to business development services. Another major constraint affecting MSME development is the low access to financial services: it is estimated that more than 60% of small businesses in Indonesia are not served by the country's banking system because of a lack of awareness, lack of suitable financial products, and absence of loan collateral. In addition, financial institutions require 6-24 months of experience in the respective sector for enterprise loans, which is a particular challenge for young people wanting to start a business. Poor access to business development services for would-be entrepreneurs, also hampers business creation along

with a complex environment, as reflected in Indonesia's rank of 151 out of 190 countries of the World Bank Ease of Starting a Business Index.

9. **National development priorities and strategies.** The current 2015-2019 Medium Term National Development Plan sets ambitious objectives to achieve equitable growth and poverty reduction, including reduction of the poverty rate from 11 to 7-8%, access to nutritious food for 100% of the population, and development of rural and remote areas. The Plan highlights the important role youth is to play in Indonesia's development. The Government's priority of engaging youth is further defined in the recently adopted 2016-2019 National Youth Action Plan, which aims at: (i) fostering awareness of youth potential and challenges in supporting national development; (ii) improving the coordination of the programmes and budgets specifically targeting youth; (iii) support youth empowerment; and (iv) promoting youth employment and youth entrepreneurship.

10. Ministry of Agriculture. The Ministry of Agriculture (MoA) does not have a specific policy for promoting youth participation in agriculture. However, the 2015-2019 Education Strategy for Agriculture aims at improving the quality of the vocational education system and developing the linkages between vocational schools and agribusiness, and extension and research institutions. The Young Agricultural Entrepreneur Development Programme (PWMP) is one of the measures taken to implement the Education Strategy. Launched in 2016, PWMP aims at retaining graduates of agricultural vocational schools and university faculties in the agriculture sector by providing practical experience. Small groups of young students or graduates receive technical guidance that is matched by a small financial incentive to develop small on- and off-farm business projects. While still in its infancy, PWMP has generated interest among both rural and urban youth. A rapid assessment carried out through focus group discussions with PWMP participants in three provinces showed that areas of improvement of the PWMP could include: information on business opportunities and linkages with markets; mentor selection; access to business development and financial services; innovation; and business viability and sustainability.

11. A total of 387,000 students are currently enrolled in agriculture vocational structures and universities faculties across the country. Common challenges faced by agriculture TVET institutions and their students include the following: (i) lack of information on local labor market demand, resulting in poor matching between training programmes and market requirements; (ii) teacher-centered training methodologies and normative assessments; (iii) limited career guidance and counselling; and (v) low transition rates between basic and senior secondary education, which particularly for disadvantaged youth results in low access to further education and training for agriculture-based activities.

12. National MSME Strategy and Centers for Integrated Business Services. The National MSME Strategy aims at increasing the competitiveness of MSMEs (including cooperatives) to grow into sustainable businesses that can support national economic independence. To promote MSMEs, the Government is setting up Centers for Integrated Business Services (*Pusat Layanan Usaha Terpadu*, PLUT) to promote SMEs and innovation across the country<sup>5</sup>. Services are provided both online and offline and include: business planning and support to enterprise creation; registration; technical and management skills development; market linkages; standards and certification; business linkages and intermediation to link entrepreneurs with business development and financial service providers; using digital services. PLUTs mobilize skilled professionals from academic institutions, local government departments and the business community to provide specialized trainings, including through cost-sharing agreements. At the national level, the PLUT network has a partnership with the Financial Services Authority (*Otoritas Jasa Keuangan*, OJK) to provide online access to financial and business education for micro-enterprises. At district level, PLUTs form various partnerships, including with local KADINs (Chamber of Commerce and Industry, also covering agriculture) and the private sector. The Ministry of Cooperatives and Small and Medium Enterprises' (MoCSME) objective is to create 258 PLUTs by 2020, of which 51 have already been established.

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<sup>5</sup> See map in Appendix 1, Attachment 2. A detailed description of the PLUT programme is in Appendix 1.

## B. Rationale

13. **Strategic Focus.** In pursuit of the Sustainable Development Goals, the Government, through its national development strategies, and IFAD, particularly through its IFAD11 commitments, have made the empowerment and economic integration of rural youth a strategic priority.

14. **IFAD Country Programme.** Since first investing in Indonesia in 1980, the Fund has developed 17 loan projects, totaling an investment of USD 1 692 million, of which USD 550 million were financed by IFAD. In line with the Indonesia's evolving needs as an ambitious lower middle income country, IFAD primarily focusses on piloting innovative approaches in agricultural and rural development that can be scaled up and inform policy. The Government recognizes a number of innovative models developed with IFAD support, ranging from private sector collaboration to community empowerment, as good practice and has linked them to national programmes and policies.

15. IFAD has a proven track record in Indonesia in empowering disadvantaged groups, strengthening rural enterprises and developing inclusive value chains. To date, IFAD supported interventions have benefitted 13 million rural people throughout Indonesia. While in previous investments, rural youth were not a dedicated target group, IFAD's approach of combining advisory services with access to finance and markets in particular has supported young, innovative and business oriented rural women and men to start up small rural enterprises and engage in partnership with the private sector. For example, the Rural Empowerment and Agricultural Development Programme (READ), which is now being scaled up through the Rural Empowerment and Agricultural Development Scaling up Initiative (READSI), piloted a private sector collaboration with MARS. Through a *cocoa doctor programme*, selected farmers received technical and business training to run cocoa development centres as one-stop-shops for all cocoa farmers in the area – and businesses for them. Under this model, 83% of beneficiaries reported an increased income, cocoa yields increased by 193% and 91% of beneficiaries indicated an improved access to markets. Further, the Coastal Community Development Project (CCDP) is invigorating coastal economies by combining natural resource management with coastal value chain development, starting from sustainable sourcing to processing and marketing. Over 100 public and private partnerships have been signed for input provision and off-take. This has contributed to increasing beneficiary income by 4 times. Women, who were traditionally marginalized, are now emerging as entrepreneurs with project support. They are now processing and adding value to marine and fishery products, which they sell in domestic markets at higher prices, and in some cases to export markets as far away as Japan and the United States. The design also draws on global IFAD experiences in empowering rural youth. Recognizing the opportunities of a burgeoning young population, and the challenges in ensuring that young people have incentives to invest in rural areas, the Government of Indonesia has requested IFAD partnership on a programme that creates economic opportunities for rural youth and supports the overall transformation of the rural areas into vibrant economic centres. These initiatives provide valuable learnings for future programming. The Youth Entrepreneurship and Employment Support Services Programme (YESS) is included in the Gol key-planning document for investments financed by external development partners.

16. **Rural transformation. The Government of Indonesia envisions an sustainable and equitable** transformation of rural areas that promotes food and nutrition security and supports long-term economic growth and social welfare. Yet, today, particularly rural young women and men are struggling to build their livelihoods in agriculture and the broader rural economy. Growing cities and a rising urban middle class, provide opportunities for the transformation of the rural sector into a modern, youth-led and growth-oriented economy, not only to meet the increased and diversified food needs through a new generation of farmers, but also to secure the provision of other services and products for urban markets and the overall economy.

17. Facilitating youth engagement in the agriculture sector with appropriate incentives would help in facilitating rural transformation, through introducing modern technologies, promoting farming as a business, creating a more favourable environment to modernize the agriculture sector and the development of a vibrant rural economy. It would also contribute to raising youth employment and

improving livelihoods. It is therefore not only the agriculture sector that offers untapped potential, but also young people themselves<sup>6</sup>.

18. **Engaging rural youth.** A number of trends and developments create new economic opportunities for rural youth:

- *Demand for food and changing food systems.* A growing consumer class and the resulting demand for more and diversified food products open new opportunities in the agriculture and food sector with the prospect of improved returns and technological innovation. To meet the food needs of the fast-growing population, a substantial increase in smallholders' productivity and market integration is required, which can only be achieved with skilled farmers and the transformation of traditional agriculture into a modern, growth-oriented sector. The transformation of food systems also has the potential to generate formal employment and business opportunities for young people beyond the farm, with the share of food manufacturing and services jobs tending to grow more than in the farming sector.
- *Increasing connectivity.* In Indonesia more than 80% of young people aged 20 to 29 are internet users. Increasing penetration of Information and Communication Technologies (ICTs), enables young people to participate in social networks<sup>7</sup> and to engage with global ideas and youth lifestyles. Innovative, mobile-based technologies improving the access to agriculture support services are developing. FinTech and AgriTech companies connect farmers to retail markets and supply financing and technical support services enabling smallholders to produce in line with the requirements of retail markets. BRI<sup>8</sup> and many provincial financial institutions have developed mobile phone banking, allowing users to transfer money, pay bills, and manage their bank accounts. Mobile-based access to agriculture insurance is in a nascent stage. Young people are best placed to adopt innovative service modalities and to make use of the growing supply of digital services, as they are much more open to innovation and modern technologies than their parents or grandparents.
- *Private sector engagement.* The formal private sector is increasingly engaged in the agricultural sector and is recognizing the need to develop future supply chain partners and commodity suppliers. This opens potential for business partnerships offering access to markets and support services (including within the IFAD country programme) within agricultural value chains.
- *Remittances.* While financial outreach remains limited in the rural areas, migrants' remittances may offer a formidable yet underexploited opportunity to promote rural financial inclusion and investment. Net remittances to Indonesia reached an estimated USD 8.97 billion in 2016, equivalent to 1% of Indonesia's total GDP, excluding informal channels. This is in addition to domestic remittance flows, which are more difficult to quantify. Domestic workers, mainly low-skilled and poorly educated women, contribute about 51% of total remittances sent by migrant workers annually. Research shows that remittances reduce the probability of Indonesian households being poor by 28%. While Indonesia has substantially reduced the cost of remitting, migrants and their families still have limited access to formal financial channels because of remoteness and financial illiteracy. The lack of business development services and adapted financial services further constrains migrants' investment, particularly in the rural areas.

19. **Key challenges.** Young rural people in Indonesia, however, have not yet succeeded in leveraging these opportunities. High unemployment particularly affects young people in the rural areas, contributing to migration to urban areas or abroad in search of gainful employment, rather than engaging into low input-low output traditional agriculture. Landlessness, lack of information on remunerative urban markets, low access to modern technologies and support services, lack of access to financial services, further deter young people from choosing farming or rural-based entrepreneurship to build a successful life for themselves. Agriculture schools, while having the potential to build a new generation of modern farmers, fail to retain graduates in the agriculture sector

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<sup>6</sup> FAO/CTA/IFAD, Youth and agriculture, Key challenges and concrete solutions, FAO, 2014.

<sup>7</sup> Indonesia has the highest per capita use of social media platforms.

<sup>8</sup> Bank Rakyat Indonesia, major state-owned bank.

because of limited connections with the agricultural industry and employment markets. Apprenticeships may provide options for young people to gain experience and interest, especially for young drop-outs in the rural areas, but the national apprenticeship system does not cover the agriculture-based sector.

20. **Theory of change.** YESS aims at creating opportunities for rural youth to build their economic livelihoods through entrepreneurship or gainful employment thereby increasing their contribution to sustainable and inclusive rural transformation. This is expected to assist in incentivizing a new generation of farmers, agripreneurs and rural supply chain players that will drive a modernization of agriculture and ensure that, through improved rural livelihoods, migration is a livelihood option rather than a necessity.

21. Given the range of diverse challenges simultaneously affecting youth engagement in the agri-based sector, as well as the heterogeneity of rural youth and their aspirations, the theory of change for the YESS adopts a multi-dimensional approach oriented by four strategic priorities, as presented in Figure 1:

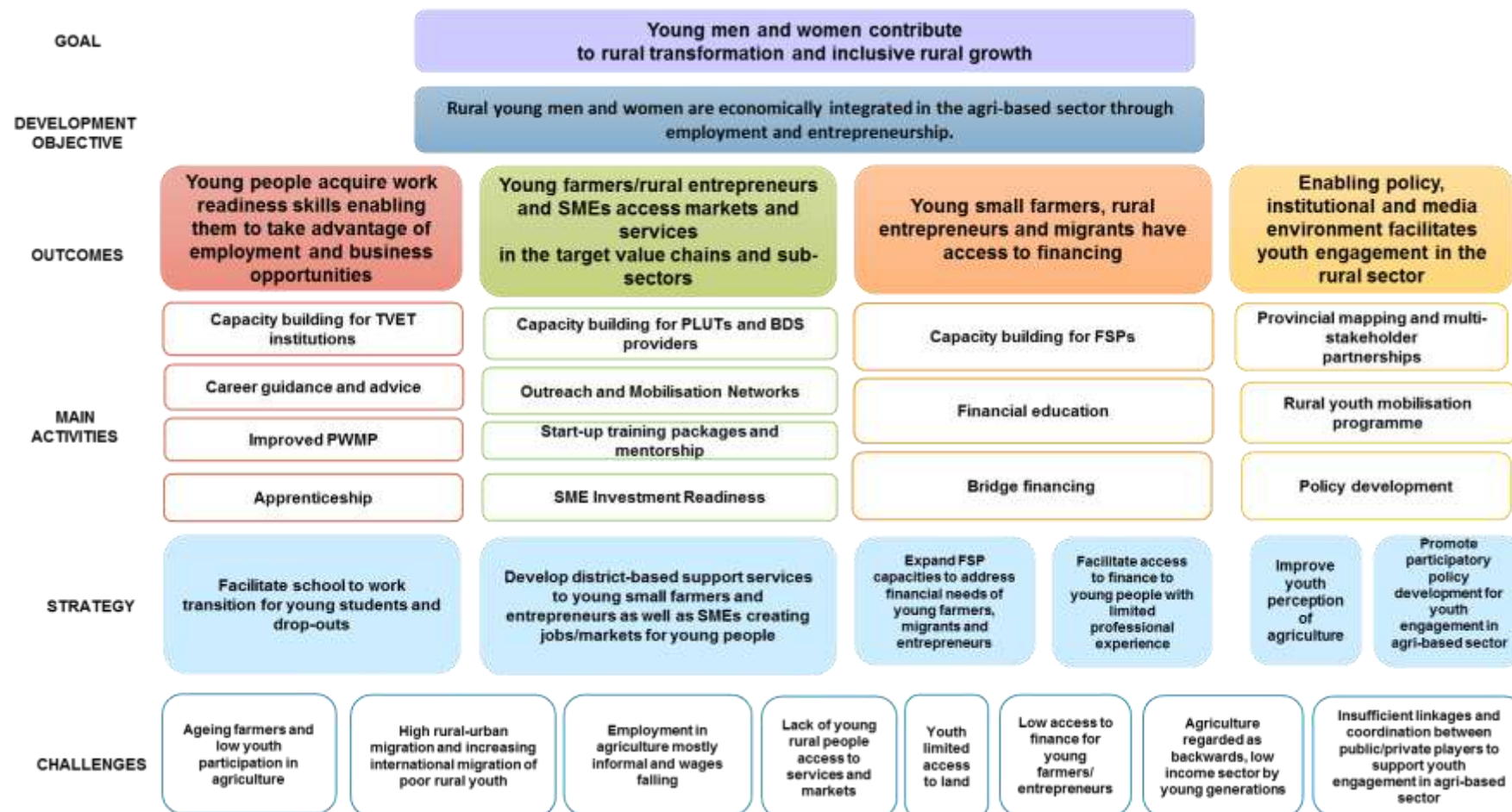
- *Increasing young people's employment skills to capitalize on employment and business opportunities within the agriculture-based sector:* YESS interventions aim at improving young people's vocational skills and employability, whether they are engaged or about to engage in an agricultural vocational high school or college, in an agriculture training centre or are unemployed in the rural areas. The gap between aspirations of young people and the opportunities offered by the labour market will be reduced through local labour market assessments, capacity building of TVET institutions, such as agriculture schools, agriculture training centres and farmer-owned training centres, and career counselling services. Work experience, including for school drop-outs, will be facilitated by extending the national apprenticeship scheme to priority occupations in farming and agribusiness, as well as by improving and scaling-up of the PWMP. Building the capacities of schools and training centres to better prepare students to work in the agri-based sector is the objective of Component 1 – Rural Youth Transition to Work;
- *Facilitating young people's access to markets and services to develop profitable farms and enterprises:* YESS will assist young people to start and grow businesses in the agri-based sector, both on-farm and off-farm, through better access to business development services (BDS) and modern markets, modern technologies and improved remuneration. The programme will leverage a network of PLUTs, whose capacities will be strengthened to better serve the agriculture-based sector and to increase outreach to youth and rural areas. YESS will support the access of would-be or existing young farmers and small-scale, off-farm entrepreneurs to support services enabling them to identify market and business opportunities, access modern and climate-resilient technologies and improve their skills, and develop linkages to buyers and service providers. Furthermore, YESS will support the development of an investment-ready pipeline of SMEs and tech companies so they could become eligible for investment by financial institutions and offer new jobs as well as expanded markets and services to young farmers and entrepreneurs. Ensuring the access of youth to services and market information in the target districts is the objective of Component 2 – Rural Youth Entrepreneurship;
- *Facilitating young people's access to financial services:* better access to BDS and markets must be complemented by enhanced access financial services, in particular for young farmers and entrepreneurs with limited experience, who are prevented from accessing loans by current bank regulations. Lack of access to credit inhibits them from accessing land and modern technologies, which are motivating factors for young people to find agriculture attractive. YESS will expand the range of financial services currently available to rural youth, by building the capacities of banks to better respond to their needs and by promoting a graduation pathway for young people to access credit and build their credit-worthiness. Improved access to services will also enable young migration returnees and remittance recipient households to leverage their remittances to invest into rural businesses. Giving access to finance to young people starting up a business and changing banks' negative perception of the agricultural sector are the main objectives of Component 3 – Investing for Rural Youth;

- *Promoting a favourable policy, institutional and media environment that enables youth engagement in the rural sector:* lessons learned in Indonesia<sup>9</sup> shows that successful youth entrepreneurship development and gainful job placement are based on synergies between public institutions (delivering public goods and securing an enabling environment), private sector stakeholders (providing access to markets and services), and youth organizations (voicing the aspirations and concerns of young women and men). YESS will therefore forge multi-stakeholder partnerships, that will: (i) bring together government departments, agriculture education and training structures, agribusiness, business development and financial service providers, as well as youth organizations; (ii) facilitate their collaboration to achieve shared objectives in promoting inclusive youth employment and entrepreneurship; and (iii) provide them with enabling instruments and capacity building to meet such objectives. Provincial multi-stakeholders' platforms will also support the development of national policy instruments specifically targeting rural youth and pave the way to replication and national scaling up, building on lessons learnt from innovation carried out at the provincial and district level. Youth access to land will constitute a priority policy area. Finally, YESS will seek to change young people's perception that agriculture is an underdeveloped and backward sector, and to contribute to making the agriculture a modern and attractive sector to young people. This will be achieved by demonstrating that it is possible to earn gainful wages and develop profitable enterprises in the farming and agribusiness sector, but also by 'telling a different story' and showcasing new ways and models. Social marketing campaigns will be developed, building on Young Ambassadors and using digital social media that are appealing to young people. Promoting participatory policy development for youth engagement in the agri-based sector and improving youth perceptions of agriculture are the main objectives of *Component 4 – Enabling Environment for Rural Youth*.

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<sup>9</sup> Including from the Professional Skills Development Sector Project (ADB), the Education and Skills Training for Youth Employment in Indonesia (ILO-Netherlands), Sustainable Economic Development through Technical and Vocational Education and Training (GIZ) and various initiatives of Save the Children Indonesia.

Figure 1: YESS Theory of Change





22. **Farming, agribusiness and rural life.** YESS will promote gainful employment and entrepreneurship opportunities in the agriculture and food sector at large, as well as in other rural sectors that could either support farming and agribusiness development, or make rural life more appealing to young people and will be selected based on local opportunities. This could include:

- Crop and livestock production, with a focus on high-value crops and on environmental friendly production;
- Agribusiness, including value addition and off-farm activities aim at delivering agriculture support services to farmers and at adding value to agricultural products through processing, food manufacturing, logistics or trading;
- Green jobs/enterprises that contribute to preserve or restore the environment, such as the production, promotion and distribution of clean, renewable energy, landscape maintenance and biodiversity protection, environmental conservation, or environmentally friendly activities in the rural areas, including eco-tourism;
- ICT-related businesses, such as internet centres or mobile/digital equipment repair;
- Social businesses building on local human and natural resources.

23. **Alignment and harmonization.** YESS is aligned with objectives of key national policies, including the 2015-2019 RPJMN, which recognizes young people's role in Indonesia's development and poverty alleviation, and the National Youth Action Plan, which prioritizes youth empowerment, employment and entrepreneurship.

24. Indonesia is committed to meeting the Sustainable Development Goals (SDGs) and YESS will work towards this global agenda by directly contributing to a number of goals including SDG1: No Poverty, SDG2: Zero Hunger, SDG 4: Quality Education, SDG5: Gender Equality, SDG8: Decent Work and Economic Growth, SDG10: Reduced Inequalities, and SDG17 Partnerships for the Goals. The programme will also align and contribute to the Indonesia United Nations Partnership for Development Framework, which identifies initiatives to enhance youth participation in all sectors as a key collaboration area, as well as contribute to the newly formed Inter-Agency Network on Youth Development.

25. Indonesia is a signatory of the Leaders Declaration of the G20 Initiative for Rural Youth Employment, which defines six action areas to promote rural youth employment, including skills enhancement, access to land and increased investment and financing for rural youth employment and the programme will work towards the objectives set out in this declaration.

26. YESS is further closely aligned with the 2016-2025 IFAD Strategic Framework and 2016-2019 Country Strategic Opportunities Programme for Indonesia, which both aim at sustainable and inclusive rural transformation. Youth has been identified as one of four thematic areas to be mainstreamed under IFAD11. The remaining three areas – Climate, Nutrition and Gender – will also be reflected in the programme activities, for example through the selection of nutrition- and gender sensitive value chains, by strengthening resilience of young people and introducing natural resource management approaches.

27. Finally, there is a strong potential to develop linkages with on-going IFAD-supported initiatives as well as programmes by development partners. As much as possible, the programme design has been linked to national, provincial and village-level initiatives to facilitate sustainability and scaling up.

## II. Programme description

### A. Programme area and target group

28. **Programme area.** The overall programme target area will focus on two levels. Firstly, locally targeted activities will benefit young people in defined geographic areas, and secondly, a smaller number of programme activities will be targeted nationally, as detailed below.

29. **Target provinces.** The programme will focus most investment on four target provinces: West Java, East Java, South Kalimantan and South Sulawesi. These were selected based on a targeting criteria matrix with the criteria population density; poverty and near poverty indicators; agricultural and market growth potential; youth outmigration and immigration; presence of PLUTs and of agriculture TVET institutions. Activities related to migrants<sup>10</sup> will only target the three provinces where the migrant population is most significant, i.e. East Java, West Java and South Sulawesi, which cumulatively concentrate almost 60% of total international emigrants and where migrant workers' households represent, respectively, 13%, 11% and 9% of the total number of households.

30. The geographical targeting is aligned with GoI priorities and will enable the testing of different models for engaging youth in agriculture in different environments, supporting the programme's replication and scaling up agenda. East and West Java have the highest population density, the largest number of poor, high rates of land fragmentation and high youth outmigration. They also offer good potential to pilot models for strengthening the rural-urban linkages. Agricultural potential remains high, as shown by the recent surge of Fintech companies and social enterprises sourcing from smallholders, and is matched by proximity with major urban markets. In South Kalimantan and South Sulawesi, while less populated, roughly half of the rural youth population is engaged in traditional agriculture. South Kalimantan has large areas of unused, degraded land. This offers potential for youth engagement in high value crop production, particularly horticulture, which will also be more intense in labour needs. South Sulawesi has high rates of youth immigration from other provinces in Eastern Indonesia. One of Indonesia's main rice producing areas, it has diverse agro-ecological potential for both food crops and export crops, including cocoa. Finally, all four provinces also offer the potential to link to other IFAD investments.

31. **Target districts.** In each of the target provinces, YESS activities in support of youth farming and entrepreneurship as well as apprenticeship will focus on a limited number of districts, which were selected jointly with MoA and MoCSME based on the following criteria: (i) poverty density; (ii) potential for developing agriculture-based market-driven activities; (iii) presence of a PLUT and quality of service<sup>11</sup> and (iv) programme logistics. Table 1 shows the target districts and PLUT distribution<sup>12</sup>.

32. MoA will hold preparatory events with all the target districts before loan negotiations to confirm their participation and commitment. During project implementation the project will also proactively scout for opportunities to further replicate and scaling up project activities based on performance and lessons learned.

33. *National initiatives.* In addition to the main activities that will be conducted at the local level, a smaller set of highly mediatized interventions with potential for inspiring young people will benefit rural youth nationwide, including web-based information services and several activities aiming to improve the image and perception of agriculture for young people.

**Table 1 – Target districts**

Province	Districts	Nbr of poor (000)	PLUT	PLUT category
West Java	Cianjur	261	x	excellent
	Tasikmalaya	196	x	good
	Sukabumi	199	x	good
	Subang	170	x	good

<sup>10</sup> Aside from mainstreaming migrants throughout YESS activities, activities specifically targeting migrants, migrants' households and migration returnees are in Component 3 and Sub-component 4.1

<sup>11</sup> The design mission explored the possibility of including target districts that do not have a PLUT. However, as this would necessitate establishing potentially unsustainable project-based structures, after consideration, this approach was rejected to enhance institutional sustainability by building the capacities of existing institutions. Furthermore, it was found that PLUTs have indeed the mandate and to some extent suitable experience to match the needs of YESS target groups, as they cater primarily for micro-enterprises, with some PLUTs (for example in Tasikmalaya) already developing their outreach to rural areas and more remote areas and facilitating linkages between smallholders and off-takers.

<sup>12</sup> District maps are in Attachment 1 to Appendix 2. Further poverty data related to target districts is in Appendix 2.

<b>East Java</b>	Malang	284	x	poor
	Pasuruan	166	Kota	
	Tulungagung	83	x	good
	Pacitan	85	x	good
<b>South Kalimantan</b>	Banjarbaru	11	x	excellent
	Tanah Laut	15		
	Tanah Bumbu	18		
<b>South Sulawesi</b>	Bantaeng	19	x	good
	Bulukumba	37		
	Maros	43		
	Bone	88		

34. **Target groups.** The programme will directly benefit a total of 320,00 beneficiaries. YESS will target young rural people between the ages of 16-30 years, in line with the 2009 Indonesian Law on Youth. However, some flexibility will be considered during implementation to align with the MoA definition of youth that includes young farmers up to 40 years of age only for activities that aim at creating jobs for young people.

35. The main target group will include poor and vulnerable youth: young people that are below the National Poverty Line (NPL) and those that remain vulnerable to poverty and are living on less than USD 3.1 a day. A further target group will include emerging youth, i.e. youth above the poverty line who are able to act as lead farmers and vocal role models, but who remain vulnerable and at risk of poverty. The target group will include a broadly equal representation of women and will be inclusive of indigenous, disabled and remotely located young people.

36. Within these main poverty target groups, the youth supported by YESS will broadly fall into two main categories:

- young women and men looking for opportunities for remunerative livelihoods in their rural areas, either through entrepreneurship or employment, that could offer an alternative to migration or subsistence agriculture;
- young women and men who require further capacity building, including students from agriculture vocational high schools and colleges who are willing to build on their education to make a living in agriculture and related sectors; students from junior high schools who are looking for career orientation, possibly in the agriculture and food sector; and those youth who have left formal education but would like to gain further skill upgrading through apprenticeships to support economic empowerment.

37. While poverty levels define the main target group typology, with the aim to build capacity and generate improved economic livelihoods, the programme design recognizes that this target group is highly diverse and different age groups, social factors and current livelihoods occupations will have an important influence on how target sub-groups are best supported. As described below, differentiated targeting "pathways" have therefore been developed.

38. The programme will partner and leverage agri-based SMEs and other enterprises to broaden the range of options available to youth to improve their livelihoods in rural areas by: (i) offering young farmers remunerative market outlets; (ii) providing job opportunities in the rural areas; (iii) offering opportunities for apprenticeship; and (iv) extending support services to young farmers/entrepreneurs. It will also include representatives of TEVT institutions and financial service providers, who will extend vocational training packages and financial services to the target group.

39. **Targeting approach.** The activities and interventions identified in the programme are oriented towards supporting the interests of different target sub-groups as well as maximizing the combined impact of the interventions on the main programme target group. The design has identified key

development pathways that will support different target sub-groups to overcome their main challenges in developing remunerative and compelling rural livelihoods:

- *Farming/entrepreneurship pathway.* This pathway will be operationalised through the identification of farming/entrepreneurship opportunities accessible to youth with different asset profiles and the targeting of these through: (i) a simple outline of the opportunities and risks; (ii) value chain brokering to support backward and forward linkages; (iii) technical capacity building; (iv) support with access to land and finance and; (v) the development of an enabling policy environment. These enabling measures will ensure that business models and opportunities relevant to all rural youth target groups are supported, although the main target group is likely to be vulnerable and emerging youth in the establishing and established age group.
- *Employment pathway.* This pathway will identify employment opportunities for young people who have left the formal education system and for students and graduates. Programme interventions will support employment generating value chain investments, and orient young people towards decent employment, including through apprenticeship. The mapping and networking exercises will also enable the programme to identify investments that generate labour, identify employment options beyond the narrowly agricultural and expand expectations of ‘appropriate’ sectors of employment for women and youth. The main target groups will include poor and vulnerable youth in the establishing and established age brackets.
- *Transition to work pathway for young people in the formal education system.* Support will be provided to students and graduates to generate economic value from their education and invest their capacities and skills towards the development of a modernised rural economy through: (i) school to work transition programs and (ii) links to investment opportunities identified through programme mapping. The main target group will be the vulnerable and emerging youth in the transitional and establishing age brackets.
- *Capacity development pathway for young people who have left formal education systems.* The programme will provide support through the following means: (i) providing capacity development and technical training for investment and employment options identified in programme mapping; (ii) providing apprenticeships to young people; and (iii) providing young people with information on labour markets, career options and networks to support self-driven capacity development. This support is important for the rural youth to find a way to improve their long-term economic opportunities whilst fulfilling short-term livelihood objectives. The main target group is poor youth in the transitional and establishing age bracket.

40. In addition to these specific interventions and activities targeted to meet the constraints of different socio-economic profiles the programme supports young people through: (i) measures to empower them in their transition to adulthood with the means to influence their social, economic and political context; (ii) the development of an enabling policy environment; and (iii) attention to procedural issues that may prevent poor young people from participating.

41. **GESI Strategy.** A Gender Equality and Social Inclusion (GESI) Strategy will be included in the Programme Implementation Manual (PIM) with a view to ensure that the main target group, as well as disabled and indigenous people access programme benefits. The GESI strategy will: (i) provide further and ongoing profiling of target sub-groups to support interventions; (ii) support the mainstreaming of responsibilities for inclusion in the terms of reference of all programme staff and service providers; (iii) identify potential constraints to programme targeting and inclusion objectives and options for mitigating these; (iv) reflecting *Rural Youth District Plans* will embody a gender-sensitive strategy for promoting youth engagement in the rural economy along diverse socio-economic profiles in the Youth in Agriculture Action Plans (see Component 2); (v) ensuring that multi-stakeholders’ platforms are inclusive of women, poor and indigenous youth, and that GESI issues are addressed as part of their regular agenda; (vi) identify capacity building needs assessment of programme staff and key partners; (viii) work in close cooperation with Youth Entrepreneurship Specialists and Mobilisers in Component 2 to ensure that inclusion objectives are being served; and (vii) develop an implementation plan with outcomes and indicators to be updated annually in conjunction with the AWPB.

42. The following are the main measures anticipated to ensure gender and social inclusion:

- An overall gender participation rate of 50% of women amongst programme beneficiaries;
- An overall gender participation rate of 30% amongst Mobilisers (see Component 2);
- An overall gender participation rate of 50% amongst Youth Facilitators (see Component 2);
- The service providers recruited to support the programme will be expected to have some experience in the principles and practice of gender and social inclusion.
- The service providers and international consultants contracted to undertake programme mapping will be expected to demonstrate high levels of competence for the analysis of inclusion and equity issues and for delivering gender-sensitive and inclusive services.
- The terms of reference of all programme staff will include responsibility for gender and social inclusion objectives and support will be given to the recruitment of women to ensure gender-balanced project implementer teams;
- All programme implementers will receive capacity building in effective implementation of GESI.

43. Whilst gender has been mainstreamed into all activities and objectives are reflected in the targets, additional specific measures to support gender mainstreaming of these activities and achievement of the gender targets outlined above are: (i) support for women's groups where appropriate; (ii) training and extension tailored to women's needs; (iii) supporting women to be leaders and decision-makers and (iv) promoting gender sensitive career guidance services. Measures to include indigenous youth, when identified through programme mapping, will include, *inter alia*: (i) including representatives of indigenous youth in programme provincial platforms, annual forums and programme campaigns and (ii) ensuring that the social disadvantage of indigenous youth is taken into account in the identification of investments for entrepreneurship, employment and capacity development.

44. The design provides for a comprehensive M&E, learning and knowledge management framework to guide programme implementation, support economic decisions and policy-making, share knowledge and upscale good practices. GESI specialists will work closely with the Senior M&E Specialist and the Policy Development and KM Specialist to ensure that GESI objectives are integrated in the M&E system as well as the KM framework and implementation plan. The provincial and district mapping have an explicit GESI focus which will be reflected in the Annual Plans for Inclusive Innovation, Communication and Scaling Up in consultation with programme stakeholders, the PPIU's and District and Provincial platforms. The GESI specialists, in close consultation with other technical specialists, will support the integration of inclusion objectives into these Annual Plans as well as their practical operationalization.

45. The Programme Director will be overall responsible for meeting GESI targets. The implementation and management arrangements for targeting and the operationalization of the GESI strategy will include the following: (i) a part-time GESI specialist in the NPMU, who will have the operational responsibility for designing and supporting the execution of the GESI strategy; (ii) a full-time GESI specialist in each of the PPIUs who will support the provincial and district mapping process and operationalize the results into concrete actions towards the targeting and inclusion objectives; (iii) support from an international consultant to develop the operating guidelines for GESI based on the PDR and the provincial and district mapping process.

46. The GESI specialists will assume the responsibility of working closely with all other specialists and service providers to ensure that gender objectives and targets are understood and mainstreamed throughout programme services, *inter alia*, TVET, training, financial services, business development services and stakeholder platforms. Responsibility for targeting and GESI outcomes will be mainstreamed in all terms of reference and the service providers and international consultants contracted to undertake provincial and district mapping will be expected to have a high level of competence in socio-economic mapping, as well as understanding poverty, growth and equity dynamics within value chains and economic sectors. The GESI strategy will be supported and

operationalized by an extensive network of YESS Mobilisers and Youth Facilitators as part of the outreach and mobilization strategy developed to support inclusion.

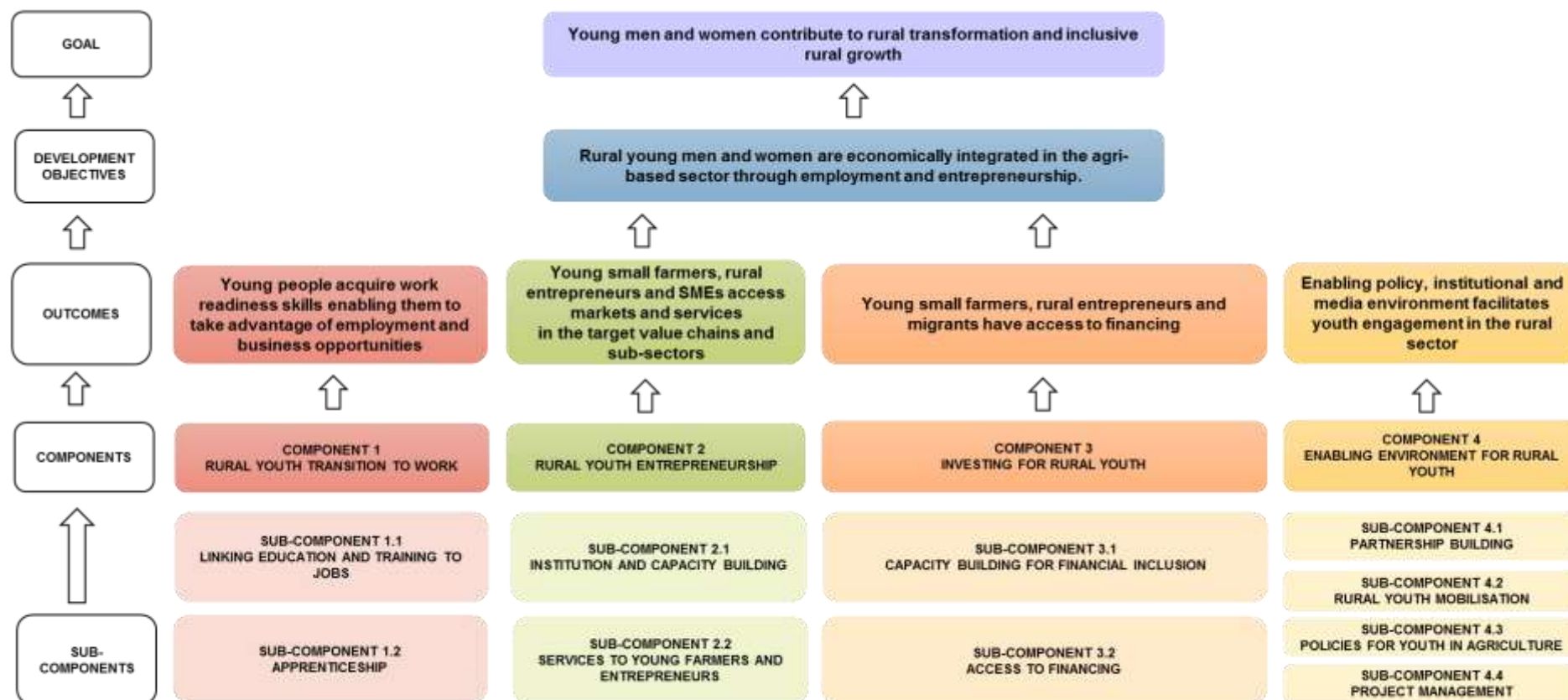
## **B. Development objective and impact indicators**

47. The programme goal is that young men and women contribute to rural transformation and inclusive rural growth. The programme development objective is that rural young men and women are engaged in the agri-based sector through employment and entrepreneurship. Main indicators are: (i) 32,500 young people finding employment in the agri-based sector; (ii) 33,800 YESS-supported young farmers/rural entrepreneurs report a profit; (iii) 50,600 young women and men gain a job in new enterprises; (v) an additional 100,000 people, including 60,250 rural youth use financial services, of which 4,300 young migrant's households; and (vi) an additional 120,000 youth will receive financial education at community level.

48. **Outcomes/Components.** YESS interventions are clustered around four outcomes and four matching components, as presented in Figure 2:

- Component 1 – Rural Youth Transition to Work supports activities aiming at: (i) linking agriculture education and training provided by TVET institutions to jobs; and (ii) extending the national apprenticeship system to the agriculture-based sector;
- Component 2 – Rural Youth Entrepreneurship gathers all the activities aiming at: (i) building district-based institutions and capacities to promote inclusive youth farming and agri-business; (ii) delivering business development and mentorship services to young farmers and entrepreneurs, facilitating linkages between young producers and off-takers; and (iii) facilitate the expansion of SMEs and Fintech companies that contribute to the creation of new jobs for young people or to open new agricultural markets for young farmers by facilitating their access to equity or debt financing.
- Component 3 – Investing for Rural Youth complements Component 2 interventions by: (i) facilitating the access to financing for young farmers and young micro-entrepreneurs, as well as for agri-business that offer jobs, markets and support services to young people in the target areas;
- Component 4 – Enabling Environment for Rural Youth includes all the activities aiming at: (i) promoting partnerships between public, private and civil society stakeholders to promote youth engagement in the agriculture sector in the target areas; (ii) improving agriculture attractiveness to young people across the country; (iii) generating a favourable environment for developing rural youth entrepreneurship and employment; and (iv) ensuring effective programme implementation.

Figure 2: Programme structure



## Component 1 – Rural Youth Transition to Work

49. The **expected outcome** is that young people acquire work readiness skills enabling them to take advantage of employment and business opportunities. Component 1 aims at improving young people's employability by: (i) assisting agriculture TVET institutions to better prepare students and trainees to enter the labour market or to develop a business<sup>13</sup> in the rural sector<sup>14</sup>; and (ii) complementing TVET institutions offer by developing certified apprenticeship programmes in the agriculture-based sector, targeting young people out of the education system. Main indicators are: (i) 30 TEVT institutions have sustainably integrated programmes facilitating youth transition to work; (ii) 32,000 young graduates of partner STPP/SMKPPs have employable skills matching the agriculture-based/rural sector; (iii) out of those, 9,000 young students from TEVT institutions in the target provinces run a micro-business with social impact and potential to scale-up; (iii) at least 15 certified apprenticeship programmes are available in the agriculture-based sector; and (iv) 6,500 youth access apprenticeship in the agriculture-based sector.

50. The component is organized in two sub-components: (i) Linking Education and Training to Jobs; and (ii) Apprenticeship.

51. **Sub-component 1.1 – Linking Education and Training to Jobs.** This sub-component aims at assisting agriculture TVET institutions to better prepare young people to enter the labour market or develop an agricultural business. It will be implemented in the four target provinces and will target: (i) all agriculture colleges (STPPs) and Agricultural Training Centres run by MoA; (ii) a selection of vocational high schools/STPPs run by the Ministry of Education and Culture and of training centres/BLKs run by the Ministry of Manpower that have an agriculture department; (iii) a selection of P4S centres (farmer-owned training centres); and (iv) universities (only for PWMP). Activities will include the following:

- **Capacity building for agriculture TVET institutions:** YESS will build the capacities of participating TEVT institutions to adopt a competency-based, trainee-centred instructional methodology and to link their education and training programmes to job market demand, building on the labour market analysis conducted under Sub-component 4.1. The proposed approach will allow a pool of around 50 master trainers/mentors to practice their new skills immediately and will ensure sustainable upgrading of teachers' skills. An adapted version of the package will be designed for farmers' training centres (P4S).

After having successfully completed the full package of training, each participating TVET institution will be eligible to access a performance-based programme and a small annual financial allocation to improve service delivery, building on training needs analyses and on interaction with the private sector.

Finally, YESS will support the development and implementation of a gender-sensitive methodology for conducting tracer studies focusing on post-graduation employment outcomes for vocational education graduates in the target provinces, building on the experience of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

In South Sulawesi province, ties will be forged between participating STPP/SMKPPs and the Mars Cocoa Academy, which is already IFAD's and MoA's partner in Indonesia, and is developing the NextGen programme to engage youth in cocoa farming together with vocational high schools.

- **Career orientation:** the programme will promote services for career guidance and advice on job and career opportunities available in the rural sector, targeting three target groups: (i) junior high

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<sup>13</sup> Throughout the PDR, 'entrepreneurship' and 'business' are intended as covering the creation, operation and development of micro, small and medium enterprises (with the project focusing on micro and small), both in the formal and informal sector and including farming. Retaining youth in the agriculture-based sector is also linked to making the sector more attractive and socially valued, and branding is part of it.

<sup>14</sup> Throughout the PDR, rural sector/economy and/or agriculture-based sector is intended as covering the range of activities described in Section IB, i.e. crop and livestock production, agribusiness, environmental sector and rural services, and activities that can make rural life more appealing to young people.



school students in years 8 and 9; and (ii) students in agricultural vocational schools (SMKPP and SMKs).

- **Agricultural job fairs:** to complement these services, agricultural job fairs will be organised in the target provinces. They will provide a platform for employers to engage with and interview job seekers in the agriculture-based sector, and for young people to have a better understanding of career opportunities in the sector.
- **Improved PWMP:** based on prior evaluation of the current PWMP, guidelines for an improved PWMP will be designed. Main innovations to consider will include the following: (i) preparatory activities to provide market/business information to potential applicants along with basic training on how to prepare a business proposal; (ii) criteria for selecting students' applications to include expected social impact, innovation and potential for scaling-up; (iii) more regular coaching by teachers (who will receive capacity building) and pairing with business mentors; (iv) **piloting the Agripreneur Lab approach within selection TVET institutions;** (v) support to PWMP beneficiaries and graduates to develop linkages with financial and BDS providers/PLUTs, with a view to support business sustainability and development beyond students' graduation. YESS will finance one third of PWMP costs per cluster (but 100% of investment costs to develop the programme) of three students, with MoA covering the balance. YESS will also provide support for facilitating the raising of resources from the private sector to contribute to PWMP through their Corporate Social Responsibility programmes. A rapid PWMP evaluation will take place at the end of programme year 3, based on which an exit strategy for YESS and full take-over strategy for MoA and possibly the Ministry of Education and Culture will be developed.

52. **Implementation arrangements.** Each Provincial Project Implementation Unit (PPIU) will include a TVET and Transition to Work Specialist, who will be responsible for ensuring the delivery of Sub-component 1.1, in collaboration with the PPIU GESI Specialist, and in partnership with the provincial Dinas for Agriculture and for Education. They will be coordinated by a Senior TVET and Transition to Work Specialist in the NPMU, who will also ensure the sharing of knowledge and lessons learnt between the four PPIUs and the provincial platforms. Specialized service providers will be hired for the implementation of specific activities, with international technical assistance in some specific areas. The NPMU will also seek guidance from the National Centre for Vocational Education Research. Ties will be built with the Netherlands-financed pilot project, which supports two agriculture vocational schools in West and East Java until 2020, and with the GIZ-financed Innovation and Investment for Inclusive Sustainable Economic Development Project, which is currently being designed and expected to promote employment and entrepreneurship, including in the food industry.

53. **With respect to the Agripreneur Lab, a call for proposals will be undertaken from interested TVET. Submission from the TVETs will include details about business plans, cost sharing arrangements, and private sector involvement. The selection process will be overseen by the Project Steering Committee. It is envisaged that one Agripreneur Lab will be piloted in each participating province.**

54. **Sub-component 1.2 – Apprenticeship.** This sub-component aims at expanding the national apprenticeship system to cover selected occupations in the agriculture-based sector, in partnership with the Ministry of Manpower (MoM). Target occupations will be selected in every province, building on provincial market assessments and job market analysis as well as on awareness campaigns targeting farms and businesses. The campaign will involve Dinas Agriculture and Dinas Manpower, schools partnering with YESS, Farmers' Training Centres (P4S) and farms and businesses in the target value chains/areas with most employment potential for young people, and particularly for poor/near poor youth with lower education. The selection will ensure that occupations will be particularly suited to poor/near poor people with lower education, both young women and men. Twenty apprenticeship programmes will then be designed in collaboration with MoA, MoA's national training centers and provincial stakeholders, for which MoM will obtain certification from the National Professional Certification Board (*Badan Nasional Sertifikasi Profesi – BNSP*). The new programmes will be piloted in the target provinces with 25 apprentices each (of which at least 12 young women),

evaluated and finalized according to outcomes. Finalized programmes will then be rolled-out through MoM's regular systems and budget and will become available to young people throughout Indonesia.

55. The NPMU will then carry out a study to explore ways whereby YESS could support the scaling up of apprenticeships in the agribusiness and modern farming sectors, to benefit unemployed youth and school drop-outs in the target districts. The study will be made available to the Mid-Term Review (MTR - see Section III E), which will make decisions as to how best to implement an apprenticeship scaling up programme, for which resources have been set aside in an Apprenticeship Scaling Up Facility.

56. **Implementation arrangements.** The NPMU will establish an MoU with MoM, which will define respective responsibilities and estimate the number of apprentices that will be delivered annually once the new apprenticeship programmes are initiated. In consultation with MoM, the NPMU will hire two national consultants to provide support to MoM in implementing YESS-financed activities. Modalities for delivering the Apprenticeship Scaling Up Facility will be defined based on the MTR recommendations.

## **Component 2 - Rural Youth Entrepreneurship**

57. The **expected outcome** is that young small farmers, rural entrepreneurs and SMEs access markets and services in the target value chains and sub-sectors.

58. Investments in this component aim at promoting inclusive youth farming, agri-business and rural entrepreneurship in YESS target districts, by facilitating the access of rural youth to business development and intermediation services suited to the needs of different categories of young people, i.e. women and men with different socio-economic profiles and education, and including young migrants. The programme will build capacities of PLUTs<sup>15</sup> and those of other relevant district players to mainstream assistance to young farmers and entrepreneurs into regular services and to ensure inclusive youth and gender-equitable entrepreneurship development in the district. Youth Facilitators and Mobilizers contracted by the programme at PLUT level will ensure increased geographical and gender-balanced human outreach. PLUTs will also promote sustainable linkages between young farmers and entrepreneurs and other value chain stakeholders to access a range of diversified markets and services. Finally, PLUTs will connect young people with existing SMEs having unmet job opportunities.

59. Operations at district level will start during PY2 in 10 districts where a PLUTs are already operating and will extend to five more districts in PY3. PLUTs in these five districts will become operational before the start of operations during PY3. Three out of the planned 5 PLUTs are already on the list of PLUTs to be financed in 2019 while the remaining 2 PLUTs will be or are expected to be on the list of PLUTs to be financed in 2020. This has been reflected in the programme's role out strategy and the actual PLUT set up will be closely monitored.

60. Main indicators are: (i) 15 PLUTs have sustainably integrated the provision of responsive services to youth; (ii) 62,500 young farmers/entrepreneurs have accessed Business Development Services (BDS), out of which 48,000 created a new business and 33,800 report increases in earnings ; (iii) 50,600 jobs are created for rural young people through new enterprises and SMEs benefitting from programme services.

61. The component is organized into two sub-components: (i) Capacity Building for Business Development Service Providers, and (ii) Services to Young Farmers and Entrepreneurs.

62. **Sub-component 2.1 - Capacity Building for Business Development Service Providers.** Activities under this sub-component will focus on:

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<sup>15</sup> A detailed rationale for selecting PLUTs as the main implementation organisation for this component is in Appendix 1.

- developing an enabling environment for young farmers and entrepreneurs, by: (i) preparing and regularly updating business models to assist young people in choosing on-farm and off-farm profitable businesses adapted to local potential and to different socio-economic profiles; (ii) strengthening the capacities of PLUTs and BDSPs to better accommodate the needs of young agricultural entrepreneurs and to mainstream youth in PLUTs' activities; (iii) assisting PLUTs and P4S to elaborate their Youth in Agriculture 3-year Action Plan, which will develop their strategy for promoting inclusive and gender-equitable youth engagement in the agriculture-based sector; (iv) enhance capacity of P4S to deliver services to young agricultural entrepreneurs; and (iv) setting up a district multi-stakeholder forum conveyed twice a year to share information and discuss successes and challenges to develop remunerative youth livelihoods in the district;
- facilitating the increased outreach of PLUT in YESS target districts by organizing a gender-balanced Outreach and Mobilization Network (OMN) in every district to ensure inclusive access to business development services for different profiles and interests of young people, including poorer and less skilled ones, as well as migrants' households and returnees. The Network will be supported by a programme-financed team of four district-based mobilizers to empower young people with knowledge and information to support their livelihood and investment choices in agriculture and related business. Moreover, to ensure programme outreach, selected young village-based people will be trained to become volunteer YESS Youth Facilitators. They will receive basic training to support mobilization, sensitize young people to programme's activities and benefits including for show-casing successful young farmers and entrepreneurs with different profiles and balancing migration costs and benefits with local opportunities promoted by YESS. Additionally, one-third of these Youth Facilitators will be trained by OJK to become trainers in financial education. Mobilisation will be supported by the provision of wards for initiatives, innovations and technologies that are relevant to YESS target groups.

63. **Sub-component 2.2 - Services to Young Farmers and Entrepreneurs.** Activities under this sub-component will focus on:

- developing Business Motivation Pathways based on the ILO methodology of "Find your idea, Develop your idea and Implement your idea as a business" for young farmers and entrepreneurs willing to develop a farming or enterprise activity, individually or collectively. The pathways will include: the Knowledge Pathway, describing the various business models available in the district, including potential return in financial terms as well as the required technical and management skills and from which service provider(s) to get them; and the Investment Pathway describing the different ways of financing a business and financing modalities provided by financial institutions;
- delivering start-up training packages consisting of two sets of training modules: (i) general training modules covering: business planning, basic technical skills/access to technical services, financial education, financial management, market access and access to financial services, business development services and information; and (ii) advanced training modules tailored to various types of business, target groups and business models in agriculture, agribusiness and related areas;
- developing a network of mentors to accompany entrepreneurs once they have been financed to ensure their business is developed along best practices;
- promoting business linkages and partnerships between young farmers and entrepreneurs and other value chain stakeholders such as farming contracts and other marketing arrangements with lead farmers, cooperatives, SMEs and agriculture AgriTech and FinTech companies. YESS will also encourage young farmers and entrepreneurs to join into other collective forms of organization such as cooperatives;
- extending support existing SMEs, including FinTech and AgriTech companies, which can increase the number of unskilled and skilled job opportunities for young people, increase the volumes of product sourced from YESS target groups and thereby improving their access to markets, and/or improve young farmers' and entrepreneurs' access to support services. On the one hand, YESS will support the development of an investment-ready pipeline of SMEs and tech

companies so they could become eligible for investment by investment funds or other financial institutions. On the other hand, the programme will build the capacities of existing impact investment funds to assess investment opportunities in the rural sector and consider financing YESS-supported SMEs.

64. YESS will not provide financial resources for impact investment out of its own budget, but it will seek to leverage IFAD's upcoming Agri-Business Capital (ABC)<sup>16</sup> to either invest directly in equity in social enterprises or to extend resources to Impact Investment Funds through a specifically dedicated window for YESS-supported target groups. Other partnerships will be sought to link young entrepreneurs with financial institutions and investors. Finally, research will be carried out to find best ways to mobilize diaspora resources (such as Diaspora Bonds) and invest them into agriculture and agri-business development in the target areas.

65. **Implementation arrangements for Component 2.** Overall coordination and guidance for activities implemented under Component 2 will be provided by the NPMU Senior Youth Entrepreneurship Specialist and each PPIU Provincial Youth Entrepreneurship Specialist. They will also be responsible for harmonizing services and developing linkages and public-private partnerships beyond district borders. International technical assistance will be hired by the NPMU to assist in developing guidelines for the Business Development Pathways and Start-up Training Packages, in collaboration with ILO. District-based activities will be implemented by BDSPs (PLUT, P4S), which initially will receive the same allocation of resources. In subsequent years, resource allocation will depend on performance, which will be measured against targets in the BDSP's Youth in Agriculture Action Plans. MoCSME will be responsible for providing oversight and guidance as part of its regular supervision of PLUTs and for disseminating YESS-related knowledge and good practices throughout the PLUT network through a Memorandum of Understanding signed with the NPMU.

66. The SMEs readiness for investment activities will be implemented by a service provider, supported by grant financing under the overall supervision of the NPMU.. Detailed implementation modalities for the SMEs Readiness for Investment activities will be developed by the service provider in close collaboration with the NPMU and outlined in the grant agreement.

### Component 3 – Investing for Rural Youth

67. The **expected outcome** is that young small farmers, rural entrepreneurs and migrants and their families have access to sustainable and adequate financial products and services to finance their business.

68. Component 3 has four objectives: (i) promoting financial inclusion for rural young people; (ii) facilitating access to sustainable financial products for young farmers and entrepreneurs willing to start a business with no past experience; (iii) leveraging migrant remittances for investment in youth rural businesses; and (iv) strengthening the capacity of financial institutions to meet the needs of young farmers and entrepreneurs with adequate products and services. This will be achieved by providing financial education to the target group, building the capacity of young people to develop bankable business proposals, extending capacity building to financial institutions and building partnerships with financial institutions to incentive the extension of financial access to young people

69. Main indicators are: (i) 120,000 rural youth (including 8,600 migrants or migrants' families) with different levels of education receive financial education; (ii) an additional 100,000 people, including 60,250 rural youth access financial services. Component 3 includes two interrelated sub-components: (i) Capacity Building for Financial Inclusion, and (ii) Access to Financial Services.

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<sup>16</sup> ABC will be launched by IFAD as an impact fund with a company structure, targeting a total first raise in the range of US\$50 million to 100 million in concessional funding in the form of grants. During this first phase, the SIF aims to provide debt and subordinated debt finance in the range of US\$100,000 to US\$1 million directly to SMEs and to larger, more structured rural producer organizations <https://webapps.ifad.org/members/eb/122/docs/EB-2017-122-R-37.pdf>.

70. **Sub-component 3.1 - Capacity Building for Financial Inclusion.** Activities under this sub-component will focus on:

- preparing the young generation of banking customers to manage their financial affairs. This will be achieved through the provision of financial education to YESS target groups through: (i) either community-based training combining short village group trainings and one-on-one counselling to adapt financial advices to every one's circumstances, before and after financing; or (ii) class room-based training for advanced financial education notions. Financial education will be compulsory for all the participants in the start-up training package, whether or not preparing business proposals for financial services partners. The programme will also assist OJK to fine tune its mobile application for financial education, notably for young people who have not graduated from the formal education sector and to develop a mobile app designed as a financial assistant/coach with specific features to set financial goals, related budget and savings goals for specific investment purposes;
- building the capacities of partnering banks to provide adapted services to young people in the agriculture-based sector. This will be achieved through:
- the promotion of the design and marketing of new products and services, including: *savings to loan products* whereby young farmers/entrepreneurs can save and use their accumulated savings as a collateral to access loan resources; *cost-effective package linking remittances to savings* in order to get migrant and their families eligible to access financing from partner financial institutions; *warehouse receipt financing*; *receivables/non-invoice financing and tri-partite financing agreements*; through the adaptation of terms and conditions of current products and services to agriculture and agribusiness activities with a view to better match repayment schedule with farmers' repayment capacities and activities' cash-flow generation;
- the strengthening of partnerships with financial institutions to adapt their services to the specificities of agriculture and agribusiness and to implement the new products and services to the benefit of young farmers and entrepreneurs.

71. Where possible, YESS will also closely work with the *Tim Percepatan Akses Keuangan Daerah* (Regional Finance Acceleration Team - *TPAKD*) developed by OJK, which aims at encouraging economic development and community empowerment through improving SME and communities access to finance across the country.

72. **Sub-component 3.2 - Access to Finance.** In line with Indonesia's National Strategy for Financial Inclusion, this subcomponent aims at increasing the inclusion of young people within the financial sector. Activities under this subcomponent will facilitate the access of youth to sustainable financial services, including savings, credit and innovative products (digital, crowd funding etc.) and to assist young entrepreneurs to develop bankable business proposals. Currently, a key constraint to youth is that financial institutions only extend loans to people with minimum 6 months experience (some require up to 2 years). Considering that young farmers and entrepreneurs with no prior experience constitute a major part of YESS target groups, the programme will facilitate their access to finance by building on existing initiatives of financial institutions and creating incentives to adapt their programmes and products for the YESS target groups. Their integration in the YESS programme, particularly the training on financial literacy and business development, will reduce the perceived risk of working with young entrepreneurs. By piloting these partnerships under the YESS programme, the goal is to demonstrate that young entrepreneurs are economically viable clients. Specific activities under this sub-component are:

- *Assessment of rural finance environment for youth.* A comprehensive assessment of on-going initiatives by financial institutions, for which the YESS target group could potentially qualify, will be initially conducted at the national level and in participating provinces. This mapping will seek to identify challenges and opportunities for young people accessing finance and ascertain what products and services are available for supporting youth access to finance. This will assist the project in identifying potential partner financial institutions at both national and provincial level and to tailor the support provided under YESS to facilitate sustainable

access to finance. The assessment will not only review traditional commercial, public, non-government rural financial services providers but also new players, such as digital finance providers. The mapping will also seek to identify the main policy and regulatory constraints to youth in accessing financing in rural areas to guide the project's knowledge and learning agenda.

- *Financial Service Partnerships.* Based on the above assessments, an open competitive process will be launched to identify potential partner financial institutions. Partner institutions will be selected in year one onwards on the basis of the relevance of their products and schemes with the project objectives in terms of; suitability of products and schemes to the needs of youth; geographical coverage; social inclusion performance; and; value for money in terms of the project's necessary investment into the partnership. Eligible partner financial services providers may be private or state-owned, regional or national in scale but must already be active with a widespread presence in at least one project province.

The project will establish partnerships through MOUs with selected partner institutions within the programme areas and work with them to promote access to financial services for youth and young entrepreneurs. It is envisaged that approximately 6 partners will be selected, including 1-2 national-scale institutions that are active in all the programme locations, 3-4 provincial and/or rural banks, and 1 innovative finance provider. It is desirable for more than one institution to be active in each location in order to promote competition and a choice for young entrepreneurs and migrants. The final selection of partners will be presided by a panel consisting of representatives from MoA, MoF and OJK. Following the selection of financial service partners, the NPMO's Finance Partnerships Specialist will work with selected partners to identify potential products or schemes that may be extended to young people, or to adapt their existing product/initiative for the needs of young entrepreneurs. Building on the business development support provided to young entrepreneurs under Component 2, additional support will be provided by the District Financial Advisors in consultation with partner financial institutions to ensure that viable business proposals are developed and submitted to participating financial partners.

*Partnership performance evaluations.* Partnerships will be managed through established performance-based milestones that are periodically reviewed. In order to build the case for rural youth as a business case for financial service providers, an accompanying study will assess performance of young entrepreneurs, repayments and impact of the credit on their enterprises and future capital needs.

- *Competitive grant for young agricultural entrepreneur.* The project will invite young agricultural entrepreneur to submit business proposal to access the competitive grant to support business start-ups. Where possible, young entrepreneurs will complement the grant by leveraging funds from other sources.

73. **Implementation arrangements.** The NPMU will mandate OJK (financial advisory authority) for the overall supervision of and guidance to the implementation of all activities under Component 3. In particular, OJK's responsibility will cover the compliance of new products and services with the current Banking Law and related regulations in force in Indonesia, and the modification of their design for a strict compliance to the legal and regulatory framework. Furthermore, OJK will be responsible for the implementation of activities related to financial education. Existing financial education modules will be adapted by a team of two specialized consultants that will be financed by a grant extended by IFAD's Financial Facility for Remittance as parallel co-financing to YESS, and they will be recruited and fielded by FFR, in close consultation with the NPMU.

74. Furthermore, the NPMU will contract an NPMU-based Financial Sector Team for the duration of the programme, consisting of one senior and one junior financial inclusion specialist. At the district level Financial Inclusion Specialists will be recruited to facilitate partnerships with financial service providers and to support the submission of viable business proposals from youth. The Financial Sector Team will be responsible for: (i) assisting financial institutions to design and implement new

products and services as well as to adapt their current products and services; (ii) providing training to financial institutions' staff; (iii) training PLUT consultants on risk and agriculture-related business assessment and Youth Facilitators on basic assessment of financial needs and on basic financial advisory services; and (vi) organizing a workshop with representatives from all stakeholders from the Indonesian financial sector to draw out lessons learned to inform policy. As support to the Financial Sector Team, the NPMU will contract international technical assistance at programme inception for three months.

75. The competitive grant will be launch and announced by multi-stakeholder platforms at year 2 of project implementation. A call of business proposals will be open to all young agricultural entrepreneur at each districts. The selection process will be overseen by the multi-stakeholder platform.

#### **Component 4 –Enabling Environment for Rural Youth**

76. The **expected outcome** is that an enabling policy, institutional and media environment facilitates youth engagement in the rural sector.

77. Component 4 aims at promoting an enabling environment promoting youth employment and entrepreneurship in the rural sector by: (i) bringing together relevant stakeholders in the target provinces to collectively promote youth employment and entrepreneurship; (ii) improving the image and social recognition of agriculture among young people; and (iii) promoting a favourable policy and institutional environment to facilitate inclusive youth engagement in the rural sector.

78. Main indicators are: (i) multi-stakeholder platforms propose 4 policy/regulatory instruments to promote inclusive youth engagement in the agriculture-based sector; (ii) at least 100,000 visitors use the Rural Youth Online Platform every month; (iii) at least 30 youth organizations are trained and participate in policy forums; and (iii) plans for mainstreaming and upscaling YESS successful models adopted by key partnering institutions. The component is organized in three sub-components: (i) Partnerships Building; (ii) Rural Youth Mobilization; and (iii) Policies for Youth in Agriculture.

79. **Sub-component 4.1 – Partnership Building.** The objective of this sub-component is to build coalitions of private and public stakeholders at the provincial level to collectively promote youth employment and entrepreneurship. It is expected that bringing together public and private players will: (i) sensitize participants to the diversity of youth profiles and challenges in the province, including poorer ones; (ii) facilitate the mainstreaming of a rural youth agenda in the regular programmes of activities of platform participants; (iii) create new opportunities for youth employment and entrepreneurship according to provincial potential and diversified youth challenges; and (iv) facilitate YESS implementation. Activities will cover a set of preparatory studies and the establishment of partnership platforms to inform and facilitate implementation of YESS:

- Provincial multi-stakeholder partnerships will provide guidance to YESS implementation, promote the sharing of knowledge and outcomes, develop synergies and special events aiming at promoting YESS objectives. This will include: (i) progressively developing a multi-year provincial plan to promote inclusive youth engagement in the agriculture-based sector, which will be aligned on the next national planning cycle (2022-2026); and (ii) organising annual provincial forums to promote youth engagement in the rural economy, featuring presentations and displays of innovations, activities and services. Platform participants will vary between the provinces but generally include representatives of: relevant departments of the provincial government; agriculture TEVT institutions; youth organisations and NGOs/CSOs developing activities related to rural youth engagement; private sector organisations and financial institutions partnering with the programme. Where possible, platforms will build on existing multi-stakeholders' platforms sharing similar objectives, such as Team Sinergitas set up by Dinas Cooperative in East Java. Each platform will have an advisory Youth Working Group composed of youth associations and other youth representatives to ensure that young people have a steady voice and guide the implementation of YESS. An overall objective will be to ensure the sustainability of Provincial Platforms beyond programme completion.

- **Provincial mapping:** YESS will finance a set of mapping studies at programme onset to inform and orient the implementation of programme activities and the YESS GESI strategy, as well as to generate baseline data for the M&E system. Mapping studies will include the following:
  - Rural youth profiling to (i) identify diverse, gender-sensitive types of rural youth socio-economic profiles and aspirations, including young migrant women and men; (ii) detail respective challenges faced in engaging in employment, farming or entrepreneurship; and (iii) help in adapting project activities to the diverse YESS target groups, especially low-skilled young people;
  - Market assessment and value chain analysis to (i) identify business opportunities and prerequisites for young farmers/entrepreneurs in YESS target sectors<sup>17</sup>; (ii) include the identification of priority value chains with strong comparative advantages and business opportunities particularly for youth with low skills and assets; and (iii) identify Fintechs, Agri-techs and other SMEs sourcing from smallholders within the province and assess their potential for expansion in the target districts;
  - Labour market analysis and mapping of employment potential to (i) identify employment potential for diverse youth socio-economic profiles; (ii) assess corresponding skill demand and supply; and (iii) assess the extent to which formal and informal TEVT institutions in the province meet skill requirements;
  - Mapping of available financial and non-financial services present in the province that are or could be made available in the target districts to support farming/entrepreneurship and of modalities of involvement in delivering programme services suited to YESS target groups;
  - Migration survey and migrant households' financial needs assessment, which will complement the profiling and assess main destinations and features of young international and domestic migrants, to help shaping financial education messages as well financial products and services targeting young migrants.
- **Tenure and land access reviews** will be conducted to identify associated challenges and opportunities for young people in the target provinces. It will include a review of national, provincial and target district spatial development plans as well as plans for improving land access for poor rural communities and for registering land or transferring the management of forest lands. The review will also include a stakeholders' analysis of the key agencies and organisations that can improve young people's land access and tenure security. It finally will recommend actions for improving youth access to land and tenure security in the province that could be supported under the programme.

80. **Implementation arrangements.** The Provincial Platforms will be developed and supported by the Provincial Programme Implementation Unit (PPIU), in collaboration with the Bappeda. The studies will be carried out by contracted service provider(s) (either national or provincial) selected through competitive bidding, with support from international consultants to develop the overall methodology and assist in delivering the final outcome. Similar modalities will apply to the land tenure review. The migration survey and assessment will be financed and implemented by IFAD's Financial Facility for Remittances (FFR) under a parallel co-financing grant, in collaboration with the NPMU and the District Programme Implementation Units. FFR will hire a service provider with proven expertise and track record.

81. **Sub-component 4.2 – Rural Youth Mobilization.** This sub-component will be implemented at the national level and will aim at: (i) improving the image and social recognition of agriculture among young people; (ii) providing information and knowledge supporting rural youth engagement; (iii) connecting young farmers/entrepreneurs with the community and helpful partners; and (iv) disseminating good practices and successful models, including those developed under YESS auspices. This will be achieved through two complementary programmes:

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<sup>17</sup> See Main report, Section I B.



- **Youth Ambassadors:** this set of activities aims to change the agriculture narrative in young people's perception so that it is not perceived as a dirty, backwards and poorly remunerated job, but one that can support good livelihoods and bring good returns, integrate innovation and technology, and generate positive social and environmental impact. It builds on UNDP's Global/Indonesian Youth Engagement Strategy, which promotes icon Young Leaders as role models for the advancement of Sustainable Development Goals, as well as on *Duta Petani Muda*<sup>18</sup> (young Ambassadors), a bi-annual programme from AgriProFocus and Oxfam to engage successful young farmers and agribusiness owners in communication events. Every year, 15 successful young farmers/entrepreneurs in agriculture and food sector, of which at least 50% young women, representing different socio-economic profiles as well as different economic activities and geographic locations, will be promoted as ambassadors of youth engagement in agriculture. They will participate in YESS-sponsored media activities (below) and regularly post on social media. Moreover, they will run speaking engagements and participate in radio shows featuring young ambassadors and other partners, such as agribusiness, young successful farmers and entrepreneurs, angel investors and successful young migrant returnees. These will take place in the four target provinces and in another eight across the country, to be selected every year. Young Ambassadors will receive training to achieve their activities and they will get assistance from a mentor to improve their farm or business;
- **Digital Rural Youth:** an online platform will be developed to engage with large target audiences, building on increased youth access to internet. The Rural Youth Online Platform will be in the form of both a website and applications, and will provide information about opportunities in the rural economy as well as e-learning for young people and it will also integrate the YESS website. Solutions for making information accessible offline will also be proposed. Furthermore, videos and digital marketing with strong storytelling about youth engagement in agriculture will reach out to large number of young people through social networks (and the online platform. With the increasing popularity of YouTube in Indonesia<sup>19</sup>, using video will be one of the primary options to reach out to young citizens.

82. **Implementation arrangements.** Implementation will be coordinated by the (part time) NPMU Youth Mobilization Specialist. The NPMU will prepare a Youth Mobilization Plan together with the Youth Advisory Group<sup>20</sup> and province/district-based Youth Working Groups<sup>21</sup>. A Senior Media/Communication Specialist will provide technical assistance. Specific activities will be implemented by service providers, one for the Young Ambassadors Programme, and one for the Digital Rural Youth Programme. To ensure continuity of the Rural Youth Online Platform beyond programme completion, a study will be carried out by the Senior Media/Communication Specialist prior to the second programme review (see Section III E) and explore possible options for transferring the platform ownership (to one/a consortium of youth associations or a media company). The review will make recommendations as to the best option, and the service provider will then organize the take-over before programme completion. YESS will finance the cost of legal fees and registration involved in ownership transfer.

83. **Sub-component 4.3 – Policies and Scaling Up Youth in Agriculture** aims at promoting a favourable policy and institutional environment to facilitate inclusive youth engagement in the rural sector and the replication and scaling up of project activities. YESS will build on innovative business models and good practices achieved in the target provinces to support the development of national policy instruments. Furthermore, it will build institutional capacities so that: (i) MoA can best use YESS-generated evidence in the development of policy instruments supporting youth engagement; (ii) youth organizations can meaningfully participate in policy dialogue at the national and local level; and

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<sup>18</sup> [www.dutapetanimuda.id](http://www.dutapetanimuda.id)

<sup>19</sup> Tempo (2017), *Pertumbuhan Watch Time untuk YouTube di Indonesia Naik 155 Persen*, [seleb.tempo.co/read/861697/pertumbuhan-watch-time-untuk-youtube-di-indonesia-naik-155-persen](http://seleb.tempo.co/read/861697/pertumbuhan-watch-time-untuk-youtube-di-indonesia-naik-155-persen), retrieved 28/11/2017.

<sup>20</sup> Attached to the Project Steering Committee, see Section III B.

<sup>21</sup> Attached to the province/district-based multi-stakeholder platforms, see Sub-components 1.1 and 1.3 respectively.

(iii) creating an enabling environment for the replication and scaling up of YESS activities in new provinces and districts that meet the YESS targeting criteria.

84. Policy development. YESS will contribute to enhancing the policy and regulatory environment in key priority areas required to promote inclusive youth engagement in the rural space. Priority areas for the development of policy studies and instruments will be decided annually by the NPMU, building on policy gaps identified through the provincial mapping studies, YESS programme operations and recommendations made by District and Provincial Platforms, subject to validation by the Steering Committee. YESS will finance policy studies and multi-stakeholder policy workshops, either to support the preparation of policy studies or to present and discuss the results of such studies. The following areas have been pre-identified during the programme design process:

- *Youth access to land:* a set of guidelines and tools will be developed for improving access to land for young people and will be made available to PLUTs and partners; training will be provided to provincial and district relevant players, including PLUTs and their outreach networks; furthermore, an independent CSO will be appointed by the NPMU to monitor programme ability to address land access and tenure security issues faced by young people, based on which lessons learnt will be documented and policy recommendations will be made and shared with programme stakeholders, multi-stakeholders' platforms and on the YESS-sponsored online platform;
- *PLUTs and rural youth entrepreneurship:* YESS will assist PLUTs in the target districts to turn their services more youth-oriented and gender and socially equitable, and help them in improving their efficiency and impact as a whole. Resources under this component will be available to reflect such improvements into MoCSME policies and guidelines for the PLUT programme as a whole;
- *Apprenticeship:* Furthermore, activities under Sub-component 1.2 – Apprenticeship will lead to the eventual expansion of the national apprenticeship programme run by MoM to cover occupations in the agriculture-based sector. If required, Sub-component 4.2 could make additional resources available to support the rolling-out of YESS-financed pilot into MoM's systems.

85. Programme for Youth Participation in Policy Dialogue. YESS will support youth associations at national and local level (including chapters of farmers' organizations) in acquiring the capacities required to participate in policy dialogue with government agencies and in policy forums on issues relating to youth engagement in agriculture. This might also include support in institutionalizing youth participation in policy dialogue, in particular with MoA and MoCSME, at the national and local level;

86. Knowledge sharing, mainstreaming and scaling up. Programme implementation will lead to the development of innovative models addressing challenges experienced by young people in the rural economy. To support policy development as well as the mainstreaming and scaling up of innovative models through government agencies, youth associations, TEVT institutions and service providers, YESS will support the following activities: (i) *Annual Plans for Inclusive Innovation, Communication and Scaling Up:* every year, in consultation with PPIUs, District and Provincial Platforms and programme stakeholders, the NPMU will prepare an Annual Plan for Inclusive Innovation, Communication and Scaling Up with a view to: identify inclusive innovative approaches/models with potential for replication and scaling up; document proof-tested innovative models; and detail agendas and responsibilities for scaling up. Priority will be given to promoting models and approaches facilitating: the engagement of low-skilled and poorer youth; access to land; inclusive finance; and leveraging migration remittances to invest into youth-owned agri-business; (ii) *Replication of YESS:* To facilitate the systematic replication of the YESS to maximize its benefit to young rural people, the project will include funding and support to assess the potential for the inclusion of new provinces and districts, and to promote the replication of project activities. The replication will be based on the YESS targeting criteria and procedures; (ii) *Knowledge Management:* YESS will set up a programme-based knowledge management system, which will track good practices and document successful models (see Section III C and Appendix 6); and (iv) *Communication:* programme learnings and documented successful models will be disseminated under appropriate formats to relevant government policy making bodies, youth, farmers' and entrepreneurs' associations, as well as through YESS-sponsored

online platform and Inspiration programme (Component 4 – Youth Mobilization). Opportunities to establish a channel for South-South exchange around youth engagement in agriculture will be explored;

87. **Capacity building.** capacity building trainings will be offered to MoA and Dinas Agriculture in the target provinces and districts to facilitate their participation in programme activities and to familiarize themselves with YESS-supported and documented innovations, particularly in the areas of: support to youth farming/entrepreneurship, contract farming and linking with Agri-techs and Fintechs; and financial inclusion. To support the replication and scaling up of project activities, YESS will also provide support to new provinces and districts that may be interested in adopting project activities.

88. **Implementation.** The implementation of the sub-component will be the responsibility of the NPMU Policy Development and Knowledge Management Specialist, in collaboration with the Youth Mobilization Specialist. M&E/KM Officers in the PPIUs will be responsible for coordinating the preparation and implementation of the Annual Plan for Inclusive Innovation, Communication and Scaling Up at provincial level, with support from part-time Innovation and Knowledge Consultants (one per province). Short term international technical assistance will be hired by the NPMU to support policy development and the preparation of Annual Plans for Inclusive Innovation, Communication and Scaling Up. Additional funding and support is also provided under YESS to support the replication of YESS to new geographic areas.

89. **Sub-Component 4.4 – Programme Management.** The approach and activities related to Programme Management are described in Section II and Appendix 5.

### **C. Lessons learned and adherence to IFAD policies and the SECAP**

90. **Main lessons from the portfolio.** Derived from the CPE, annual COSOP reviews, ongoing projects and consultations held in preparation of the 2016-2019 COSOP point to the following key lessons learned about project implementation in Indonesia:

- **Flexibility:** Project design needs to leave flexibility for adapting programme interventions to the diversity of different target locations, as shown in Coastal Community Development Project, a project that was implemented in nine provinces with diverse socio-economic, geographic and cultural contexts. The project design provided a broad framework, which was adapted, in collaboration with local stakeholders, allowing to maximize engagement, synergies and impact of interventions;
- **Participation of the private sector.** Experience in the cocoa (READ) and marine resources (CCDP) sub-sectors have demonstrated how private companies can contribute to enhancing the livelihoods of rural small-scale producers, by facilitating their access to inputs, technology, advisory services and markets. Projects should facilitate and support partnerships linking private companies and small producers, with a view to generating mutual business benefits by reducing transactions costs, sharing risks and improving efficiency and reliability for sourcing products and services;
- **Access to financial services.** While Indonesia has a diverse financial sector, which has tried some unique innovations to enhance outreach to rural areas, access to finance remains a constraint for small primary producers and particularly young people. Projects should partner with bank and non-bank financial institutions to support small producers' access to a range of financial products meeting their needs and matching their capacities, including savings, loans, access to remittance and insurance products;
- **Participation of non-state actors.** The lack of qualified government staff in some remote target areas has hampered the development of sustainable self-help and producers' groups. Projects should promote innovative models relying on a larger range of service providers, including producers' organisations, private trading or processing SMEs and non-governmental organisations (NGOs);

- Performance-based incentives. The approach whereby annual allocation of funds is determined based on actual performance generates a focus on results, motivates project participants for better achievements and helps in identifying areas where capacity building is required to improve performance, as demonstrated in CCDP;
- Intensive Monitoring and Evaluation strategy. Weekly monitoring of performance at the local level and of progress towards meeting key project indicators is another effective tool to boost performance. Electronic communications, the use of a web-based Management Information System and of mobile applications like WhatsApp, Facebook and Twitter facilitate the exchange of information throughout wide project target areas and generates team building.

91. **Working with rural youth.** A recent evaluation of youth projects in the IFAD global portfolio<sup>22</sup> distils five key lessons for design: (i) mainstream youth issues in country programmes; (ii) invest in updating knowledge about youth issues in socio-economic profiles; (iii) resolve the issues of efficiency and equity in identifying target groups by matching target groups, activities and management capacity; (iv) disaggregate monitoring indicators by age to enable lessons to be learnt and scaled-up; and (v) partner with other organizations in support of project objectives. Experience gained in the IFAD's Indonesia country programme also point to the following:

- Integrated support project: to maximise impact, financial support needs to be provided in form of an integrated support package coupled with non-financial support, such as technical and business development services. This also addresses rural youth hesitations in taking loans because they feel they lack sufficient technical skills;
- Youth and agriculture: young people in rural areas have an interest in remaining in and contributing to their community but lack the capacity to start their own business, or, where they already run small agriculture or food related businesses, lack the confidence and support in taking the next step. Social enterprises, such as Javara and TaniFund show the economic potential of small farmers as future supply chain drivers if provided with the adequate backing and support;
- Youth are a heterogeneous group: as a target group, youth cannot be considered homogenous. Age, gender, school enrolment and family situation shape young people's needs and preferences for financial and non-financial services and capacity building. However, there are universal life transitions that place similar financial and non-financial pressures on any young person, including going to school, working, getting married, having children and taking care of elderly family members. Youth are ready to engage in agriculture if the activities will generate high returns on investment, have short gestation period, confer business ownership to them and lead to social linkage opportunities.

92. Finally, a recent OECD publication<sup>23</sup> provides useful lessons learnt from global studies and national policy reviews on youth employment in South-East Asia and Sub-Saharan Africa, showing that, while entrepreneurship is not the panacea for youth employment, the majority of youth entrepreneurs remain in subsistence activities due to low level of education, informality, poor physical infrastructure and limited access to finance. The study also indicates that there is a largely untapped reservoir of employment opportunities in the agriculture sector, where young smallholder farmers can take advantage of a growing middle class and local demand for agriculture products. However, current programmes aimed at supporting youth inclusion in agriculture value chains focus mostly on production, service provision upstream and downstream entail further employment 'opportunity spaces' for rural youth. In particular, the development of local agro-processing businesses can create employment for low and medium skilled jobs while it can also attract educated young entrepreneurs to invest and/or manage these enterprises. There are still few examples of programmes supporting youth in downstream activities such as adding value or processing, where the bulk of wage labour

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<sup>22</sup> IFAD, Rural Youth: Evaluation Synthesis, Independent Office of Evaluation, 2014.

<sup>23</sup> Youth Inclusion Project, Global Responses and National Strategies for Youth Well-Being, A Guidance Note (draft), OECD Development Centre, September 2017.

may be generated. Policy support should target productive small and medium enterprises (SMEs) as they have the potential to generate the most jobs.

93. **Social Environmental and Climate Assessment Procedures (SECAP).** The SECAP assessment classifies YESS as **environmental and social category B** based on that there may be some adverse environmental and/or social impact, but these impacts are expected to be moderate in magnitude, site-specific and not irreversible in nature; and can be readily remedied by preventive actions and/or mitigation measures. Some social negative impact may result from the resistance to adopt new technology and knowledge, but this can be effectively mitigated through Youth Facilitators. The climate risk classification is considered **moderate** given that the programme interventions will be diversified, non-prescriptive, and received technical support and guidance to mitigate potential risks.

94. Programme design is compliant with relevant IFAD policies and strategies, including with regard to targeting and gender mainstreaming, public-private-producer partnerships (4Ps), inclusive rural finance, private sector and indigenous people.

### III. Programme implementation

#### A. Approach

95. **A partnership-based approach.** The programme design recognizes that in order to effectively engage young rural people, an innovative and dynamic investment approach is required to create the right incentives for young people to engage in agriculture and the rural economy. Considering the many barriers to rural youth employment and business development, the programme adopts a multi-dimensional and integrated approach to address diverse supply and demand constraints. This is in close alignment with the emerging recommendations of IFAD's Youth Action Plan and the G20 Working Paper on Rural Youth Employment. It is designed to support youth employment and entrepreneurship, mainly in the food, agriculture and agribusiness sectors, through a range of activities tailored to the needs and interests of different target youth groups. The programme implementation set-up reflects the project's multi-sectoral nature and ensures that programme activities will abide by the policies and norms of the different ministries, and that they will build on existing organizations and consolidate them, rather than creating new, programme-driven structures. This is aimed at supporting sustainability and ensuring that project innovations can be mainstreamed into the country's institutional framework, replicated and scaled up.

96. The Ministry of Agriculture (MoA) will assume overall leadership responsibility for the programme. To support MoA in addressing areas that are directly related to YESS objectives but that do not fall under its primary mandate, partnerships will be established with the Ministry of Manpower (Sub-component 1.2 – Apprenticeship), the Ministry of Cooperatives and SMEs (Component 2) and OJK (Component 3). Furthermore, capacity building will be provided to MoA at central level and participating Dinas Agriculture in the target provinces and districts to facilitate their participation in project activities and to familiarize themselves with YESS-supported and documented innovations (see Component 4.3).

97. **Three territorial levels.** An equally important requirement is that the institutional framework facilitates timely project implementation and mitigates any potential institutional complexity. Programme activities will therefore focus at three complementary territorial levels:

- At district level, which will be the main implementation level that will reach out directly to the largest target group of rural young people with fewer assets and opportunities;
- At provincial level, which is the level where TEVT institutions are based and that encapsulates market and business opportunities and that have potential for young rural people's inclusion;
- At the national level, where YESS aims at developing a few, highly mediatised initiatives with potential for improving the image and social recognition of agriculture among young people, building on programme achievements in the target provinces.

98. The implementation structure builds on the successful experience of the Coastal Community Development Programme (CCDP), a project financed by IFAD spread over nine provinces and twelve districts. The CCDP is now widely recognized as a best practice in Indonesia, particularly with regard to project organization at the national and district level, project phasing, management for results, and the flow of project resources.

99. A similar structure is proposed at each of the three implementation levels - national, provincial and district - consisting of: (i) a government agency with a mandate allowing it to mainstream and scale-up project approaches at project end; (ii) a programme implementation structure, tasked with providing technical/management assistance as well as capacity building to the government agency ; (ii) a multi-stakeholders' platform gathering relevant players from the public and private sector as well as from youth associations ensuring guidance and oversight; (iii) a specific representation of youth organizations and stakeholders to ensure that young people influence project implementation; and (iv) service providers assuming responsibility to implement specific programme activities.

**Phasing.** YESS takes a programmatic approach, including the option to scale up project activities, either through supplementary funding or a second phase, to be decided around mid-term. This first phase of the programme **Countries:** The IFAD Southeast Asia and the Pacific Subregional Hub serves the portfolios in its member states Cook Islands, Federated States of Micronesia, Fiji, Indonesia, Kiribati, Malaysia, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu and Vanuatu.

100. is expected to start early 2019 and will be implemented over six years. Phasing will be as follows:

- **Year 1:** the first programme year will be devoted to: (i) setting up the organisational structure as described below, including MoUs with MoCSME, MoM, OJK and partner finance institutions, as well as hiring service provider(s); (ii) developing programme tools and approaches, including the Gender Equity and Inclusion strategy; (iii) carrying out mapping studies at the provincial level and setting up Provincial Multi-Stakeholder Platforms (Component 4); (iv) selecting participating TEVT institutions and mobilise BPDs; (v) initiate preparatory activities in Components 1, 2 and 3; (vi) preparing the Youth Mobilisation Plan and launching first activities (Component 4); and (vii) designing the M&E and KM system and preparing capacity building;
- **Year 2:** activities will be initiated in the four target provinces simultaneously and in a first batch of ten target districts (see below). Other activities under Components 1, 2 and 3 will start implementation. MoUs will be signed with BPDs. The Mid-Term Review will be carried out at the end of the year, to review achievements and orient further programme implementation;
- **Year 3:** activities will start in the second batch of target districts;
- **Year 4:** the second Interim Review will be conducted at the end of the fourth year. It will make recommendations with regard to key measures required to secure the sustainability of programme achievements, based on which the NPMU will prepare a detailed exit strategy;
- **Year 5-6:** activities will proceed and wind down. The NPMU main concern will be to ensure sustainability and the implementation of the exit strategy in close collaboration with MoA and MoCSME.

101. **Phasing of districts.** Activities will start in a first batch of 10 districts in programme year 2, and will be extended to a second batch of 5 districts in project year 3, as represented in Table 2.

**Table 2 – Phasing of districts**

Provinces	Districts	PLUT	PY2	PY3
West Java	Cianjur	x		
	Tasikmalaya	x		
	Sukabumi	x		
	Subang	x		
East Java	Malang	x		
	Pasuruan	Kota		

	Tulungagung	x		
	Pacitan	x		
<b>South Kalimantan</b>	Banjarbaru	x		
	Tanah Laut			
	Tanah Bumbu			
<b>South Sulawesi</b>	Bantaeng	x		
	Bulukumba			
	Maros			
	Bone			
<b>TOTAL</b>		<b>10</b>	<b>10</b>	<b>5</b>

102. All the districts starting in programme year 2 already have a PLUT in place, except Tanah Laut and Bulukumba. However, expansion to these areas is included in MoCSME's 2019 programme of work. Therefore the PLUT in these areas is expected to operational in time to start programme activities in 2020. Should budget constraints not allow PLUT installation in those two districts in 2019, it will take place in 2020. The PLUT in Pasuruan is based in the provincial capital and will extend its services to the district.

103. Out of the five districts starting in programme year three, two are already in place (Subang and Pacitan) and one is included in the MoCSME 2019 programme (Tanah Bumbu). It was agreed with MoCSME and MoA that they would support the installation of a PLUT in Bone and Maros in 2020 so that these are ready for starting YESS-sponsored activities in programme year 3.

## B. Organizational framework

104. The main features of the programme organizational framework are as follows:

- A National Steering Committee will provide overall guidance and oversight. A Youth Advisory Committee composed of youth leaders and representatives will have an advisory role;
- MoA is the Executing Agency and the MoA's Agency of Agricultural Extension and Human Resource Development (AAEHRD) will have overall responsibility for programme implementation;
- A National Programme Management Unit (NPMU) will assist MoA in carrying out project implementation responsibilities;
- A Provincial Programme Implementation Unit (PPIU) will be established in every target province to support the implementation of programme activities at the provincial level, provide technical assistance to PLUT-based district units and ensure knowledge management across the region;
- A District Programme Implementation Unit will be established in every target district, and will be responsible for facilitating access to services for young entrepreneurs and farmers, for increasing PLUT outreach and inclusiveness of YESS target groups and for mainstreaming successful approaches into PLUT regular operations;
- MoM will implement activities related to developing certified apprenticeship programmes and running an apprenticeship pilot (Component 1);
- MoCSME will be associated to the implementation of activities to be executed at district level under the overall responsibility of PLUTs (Component 2);
- OJK or the Indonesia Financial Services Authority (*Otoritas Jasa Keuangan*), will be responsible for overseeing and guiding activities under Component 3 and for implementing activities related to financial education;
- Multi-Stakeholder Platforms will be established at the provincial and district levels, and will provide a venue for stakeholders involved in the promotion of youth engagement in agriculture to agree on objectives, review progress and seek measures for addressing challenges.

105. The organizational chart in Appendix 5 presents the programme institutional structure. Specific implementation responsibilities are outlined below and will be further developed in the project Implementation Manual (PIM) to be prepared at project start-up.

### Key Implementing Institutions

106. **Programme Steering Committee.** A Programme Steering Committee (PSC), consisting of representatives from relevant government agencies and stakeholders, will be set up at the national level to provide overall guidance and oversight, to ensure that YESS programming is aligned on national sector priorities, to offer a platform for sharing YESS good practices and for channelling policy issues to the appropriate policy making bodies. The PSC will also approve annual AWPBs and annual progress and financial reports. It will include representatives from major public and private stakeholders (see Appendix 5).

107. **Youth Advisory Committee.** A Youth Advisory Committee reporting to the PSC and composed of representatives of national youth associations and of Young Ambassadors (see Component 4) will be set up to ensure that young people have a steady voice in the guidance to and overseeing of YESS.

108. **MoA.** The lead executing agencies will be the MoA through the Agency of Agricultural Extension and Human Resource Development (AAEHRD). As the Lead Executing Agency, MoA will be responsible for the overall programme management, coordination, and oversight. This will involve the following: (i) ensuring the management and timely implementation of programme activities, with support from the NPMU (see below); (ii) prepare Annual Work Programs and Budgeting (AWPBs), jointly with the NPMU, for submission to the Project Steering Committee; (iii) ensure the integration of programme activities within AAEHRD overall programme of activities and the coordination of programme activities with other AAEHRD initiatives; (iii) supporting provincial and district governments' participation in programme implementation, the fulfilment of their responsibilities and the channelling of resources as planned; (iv) approve technical and financial reports Withdrawal Applications prepared by the NPMU; and (v) support coordination between YESS and other relevant initiatives in the agriculture sector and facilitate project access to knowledge generated by such initiatives.

109. **NPMU.** A National Programme Management Unit (NPMU) will be established to assist AAEHRD in implementing the project and will be fully accountable for the performance of project implementation and the use of funds. It will be responsible for project management, the coordination of government and non-government agencies participating in the programme and the promotion of inclusive approaches and mainstreaming of targeting and gender requirements in all of the project activities in accordance with the GESI Strategy. This will include the mainstreaming of activities related to migrants.

110. **PPIUs.** A Provincial Programme Implementation Unit (PPIU) will be established within the Dinas Agriculture (provincial department for agriculture) in every target province. PPIUs will be under the direct supervision of the NPMU Director and will be responsible for implementing day-to-day project activities related to Component 1 – Rural Youth Transition to Work and Sub-component 4.1 – Partnerships, for providing guidance and technical assistance to District Programme Implementation Units (DPIUs) in the implementation of Component 2 – Rural Youth Entrepreneurship, as well as for the management of project funds, M&E and KM and the implementation of the GESI strategy at the provincial level.

111. **DPIUs.** One District Programme Implementation Unit will be established in every target district, based on CCDP's successful model. DPIUs will be responsible for implementing Component 2 – Rural Youth Entrepreneurship and will be embedded in the district PLUT (full-time technical staff and Financial Management consultant) and in the Dinas Agriculture (part time-administrative staff).

1. **Composition.** Table 3 shows the composition of the NPMU, PPIUs and DPIUs.



**Table 3 – Staffing of NPMU, PPIUs and DPIUs**

Management	Technical Staff	Administrative Staff
<b>National Programme Management Unit</b>		
- Executive Programme Director - Deputy Executive Director, Technical Deputy Executive Director, Administrative (as PPK) - Assistant Project Director/ Consultant Team Leader*	- Coordinator of Component 1 - Coordinator of Component 2 - Coordinator of Component 3 - Coordinator of Component 4 - Senior TEVT and Transition to Work Specialist* - Senior Youth Entrepreneurship Specialist* - Senior Migration and Development Specialist* (part time) - Youth Mobilisation Specialist* - Policy Development and KM Specialist* - Senior M&E Specialist* - GESI Specialist* (part time)	- Accountant - Financial Management Officer/Treasurer - Financial and Administrative Consultant* (full time 1 <sup>st</sup> year then part time) - Procurement Officer (government-financed) - Procurement Consultant (full time 1 <sup>st</sup> year, then part-time)* - Office Assistant - Driver
<b>1. Provincial Programme Implementation Units (per unit)</b>		
PPIU Manager	- GESI Specialist* - Province Rural Youth Entrepreneurship and PPP Specialist * - Province TEVT and Transition to Work Specialist - M&E/KM Officer	- Accountant - Financial Management Officer/Treasurer - Procurement Officer - Driver - Financial and Administrative Consultant* - Procurement Consultant*
<b>District Programme Implementation Units/PLUT (per unit/PLUT)</b>		
DPIU Manager (PPK)	PLUT-based staff: - District Youth Entrepreneurship Specialist (also managing PLUT-based consultants/mobilisers)* - M&E Officer*	- Accountant (part time) - Financial Management Officer (part time) - Procurement Officer (part time) - Financial Management Specialist*

Staff marked with \* are YESS-financed consultants. Other staff are government-financed staff.

112. The NPMU should include at least 40% of qualified women. Staff identified for the positions financed by government resources will require IFAD no-objection. Consultants financed by project resources will be selected based on competitive bidding (with IFAD no-objection) and have performance-based contracts.

113. **Implementing partners.** There will be three main programme implementing partners:

- **MoM:** the Ministry of Manpower will be responsible for implementing Sub-Component 1.1 – Apprenticeship, i.e. for: developing new apprenticeship programmes in the agriculture/agribusiness sector, piloting them in the target provinces and rolling them out through the national apprenticeship system;
- **MoCSME:** the Ministry of Cooperatives and SMEs is the Ministry responsible for creating and developing PLUTs. As agreed during final design, Component 2 – Rural Youth Entrepreneurship will be implemented by Moa, but in close coordination with MoCSME. MoUs will clarify the modalities of collaboration between MoA and the Ministry of Cooperatives and SMEs at the national, provincial and district level;
- **OJK:** OJK will be responsible for the implementation of the financial and business literacy programme under Component 3 – Investing for Rural Youth and will assist the NPMU in selecting partnering financial institutions.

114. Other implementing partners will have a role in implementing specific activities:

- **TVET institutions:** vocational schools and colleges, universities and training centres will be YESS partners for the implementation of Component 1 – Rural Youth Transition to Work, through MoUs established with participating institutions;
- **Partner Financial institutions:** Partner financial institutions four target provinces will be identified to participate in activities proposed under Component 3 – Investing for Rural Youth.

115. For the partnership with education institutions, it is not planned to have specific MoUs with the Ministry of Education and Culture, or Ministry of Manpower, but rather establish these MoUs directly by MoA (through the NPMU) with relevant partnering schools, universities and training centers under the respective authority of these ministries. The three ministries will be members of the Programme Steering Committee and corresponding provincial and district departments as appropriate will sit on the provincial district/provincial multi-stakeholder platforms.

116. **Provincial and District Multi-Stakeholder Platforms.** Multi-Stakeholder Platforms (MSPs) will gather key programme players (representatives of relevant provincial government departments, youth organizations, participating TEVT institutions and universities, local governments, PLUTs, partner financial institutions as described under Sub-component 1.1 and 1.3. In addition to specific responsibilities outlined in Appendix 4, MSPs will review and validate AWPBs prepared by PPIUs/DPIUs, provide guidance to PPIUs/DPIUs, monitor programme implementation, and discuss YESS achievements, challenges and bottlenecks, and agree on measures required to lift them;

117. MSPs will each include a Youth Working Group, which will be composed of youth representatives sitting on the MSP and other participants to provide guidance to MSPs and ensure continuous representation of youth.

118. **Service providers.** All service providers' contracts will stipulate clear deliverables with a timeframe and quantified expected outputs/outcomes, and they will specify responsibilities with regard to monitoring and reporting, including the information of progress indicators as set forth in the contract. Terms of reference for service providers will require gender-balanced teams with prior experience of gender mainstreaming, and that contract deliverables reflect gender and inclusion target and indicators.

119. **Programme Expeditor.** A Programme Expeditor will be recruited to expedite project start-up and ensuring the swift and comprehensive establishment of all administrative and financial systems and the preparation of the PIM. The allocation budgeted in the cost tables is available to hire a main consultant and short-term specialized consultants as needed (for example to define technical terms of reference for project consultants). Terms of reference for the Project Expeditor are in Appendix 5.

## C. Planning, M&E, learning and knowledge management

120. **Objectives.** YESS monitoring and evaluation (M&E) and knowledge management (KM) system will be developed with three main objectives:

- guide programme implementation: it should provide programme stakeholders at the three levels of intervention with information and analysis required to: measure programme outcomes; assess programme effects on the livelihoods and skills of target groups; assess the relevance of the programme strategy, methodologies and implementation processes; detect difficulties and successes; and support decision-making to improve programme performance;
- support economic decisions and policymaking: it should provide programme stakeholders, in particular young farmers and entrepreneurs and programme implementers, with the information and analysis they need to assess the return brought by innovation, to develop profitable and sustainable activities and to adapt their strategies accordingly;
- share knowledge and upscale good practices: it should develop lessons learnt, capture good practices and successful innovation, and share knowledge, with a view to support programme performance, policy development and policy dialogue.

121. **Strategic principles.** The M&E and KM system will be:

- open and easily accessible information and knowledge should be available to all stakeholders and not restricted to programme staff and consultants;
- participatory associate programme stakeholders in the definition of indicators, data collection, analysis and dissemination of results;

- focused on analysis, learning and sharing in support of decision-making, knowledge sharing and policy dialogue, and not merely on data production;
- harmonized with MoA and MoCSME relevant information systems;
- accountable not just upward (to IFAD, GoI, co-financiers) but also downward (to programme stakeholders and target groups);
- phased, thus simple and small initially, concentrating on key indicators, and expanding progressively as needs and capacities develop, particularly at district level.

122. **M&E/KM framework and implementation plans.** The M&E and Knowledge Management (KM) system will be developed in line with IFAD as well as GoI requirements. It will be set up and managed by the NPMU, in consultation with MoA and other programme stakeholders, and it will be decentralized to the target provinces, where it will be managed by PPIUs, building on CCDP lessons (see Appendixes 3 and 6). The system will be harmonized with that of MoA/MoCSME so that YESS-related data can be easily used by GoI. Short-term international technical assistance will be hired by the NPMU as part of the start-up process to produce a detailed M&E/KM manual and implementation plan, which will be updated every year. This plan will not only consider reporting needs but identify: (i) key questions that policy makers may have in relation to the programme; (ii) appropriate evaluation methodology for the design and Theory of Change; and (iii) sampling strategy. Technical assistance will also provide orientations for the Annual Plans for Inclusive Innovation and Scaling Up (see Component 4). The NPMU will translate the manual into easy-to-grasp guidelines in Bahasa Indonesia, particularly targeting PLUTs and their Outreach and Mobilization Network, which will be largely shared and matched with capacity building at provincial and district level.

123. **Baseline and completion survey.** The NPMU will undertake a baseline study measuring the status of impact and outcome indicators at programme onset, with assistance from an outsourced qualified consulting firm. Additionally, mini-baseline surveys will be carried out as part of the district mapping (Sub-component 4.1). An impact assessment and outcome survey will be carried out in preparation to the second interim review (end of programme year 4 – see Section E. Supervision) and again at the end of the programme, to compare the impact generated by programme interventions with the baseline study.

124. **Programme planning cycle, data collection and analysis.** The M&E/KM cycle will start with the preparation of the programme Annual Work Plan and Budget (AWPB), which will build on AWPBs prepared by PPIUs and DPIUs, OJK and other service providers, on Annual Plans for Inclusive Innovation and Scaling Up (Component 4), and on orientations provided by provincial Multi-Stakeholder Platforms, in particular for the identification of policy studies. Data will be collected against both qualitative and quantitative indicators and disaggregated by gender, at the district level (where information will be gathered by DPIUs and the PLUT Outreach Network, and in particular Youth Facilitators, who will use tablets connected to PLUT database and YESS MIS), provincial and national level, and will be collated by the Senior M&E Specialist.

125. A web-based Management Information System (MIS), which will be compatible with PLUTs' MIS, will track and regularly update gender-disaggregated financial and technical data on project outputs and outcomes, lessons learnt and good practices. A service provider will set up the system along indications to be provided by the M&E/KM consultant hired at project onset and provide training to relevant staff. Building on CCDP successful experience, the MIS will generate weekly dashboards showing progress on key outputs and objectives, profiling DPIU and PPIU performance and showing progress towards meeting key project indicators.

126. Regular meetings will be held at the various levels to review progress, discuss issues, and update programme status. The use of mobile applications like WhatsApp, Facebook and Twitter will facilitate the exchange of information throughout wide project target areas and will foster team building. MIS-based performance tracking will also support performance-based allocation of project resources at district level building on CCDP model (see Appendix 4, Component 30. YESS stakeholders (including the Youth Advisory Committee and MSP Youth Working Groups - see Appendix 5) will have an active role in identifying, collecting and analysing data.

127. **Learning and knowledge management.** The purpose of KM is to ensure that knowledge generated within the project is systematically identified, analysed, documented and shared, and that it is used to: (i) improve project performance and delivery; (ii) allow flexibility to changing circumstances; (iii) document and share innovations, best practices and stories of successes and failures to improve project intervention and support mainstreaming in national processes and upscaling; and (iv) identify important issues to convey to policy makers. Particular attention will be given to documenting innovative models for: (i) supporting low-skilled young people employment and farming/entrepreneurship development; (ii) facilitating young landless men and women to land tenure; (iii) increasing PLUTs outreach to youth of different socio-economic profiles, including poorer ones; (iii) accessing financial services; and (iv) leveraging remittances for investment into rural businesses. In consultation with project stakeholders and in collaboration with the Senior M&E Specialist and the Policy Development and KM Specialist, the same consultant hired to design the M&E system will prepare a detailed KM framework and implementation plan. The framework will include objectives, responsibilities and methodology, together with a Plan for Inclusive Innovation, Communication and Scaling Up, which will be updated every year, in collaboration with MSPs.

#### **D. Financial management, procurement and governance**

128. MoA, through the Agency for Agricultural Extension and Human Resource Development (AAEHRD) will have overall accountability for the project, including fiduciary aspects. The Programme Steering Committee will approve YESS annual work plans and budgets (AWPBs) and Procurement Plans, and will then be sent to IFAD for no objection. The day to day implementation will be delegated by AAEHRD to the NPMU, which will be responsible for financial management activities, including accounting, reporting and coordinating audit processes. GoI through the Ministry of Finance will open two separate Designated or Special Accounts nominated in USD, in the name of the Ministry of Finance (MoF) at Bank Indonesia - one for the IFAD loan funds and the other for the IFAD grant funds. The FFR grant will be administered separately.

129. The financial management system will be under the overall responsibility of the NPMU. Project financial management arrangements will ensure that: (i) funds are used only for the purpose intended under the Financing Agreement, in an efficient and economical way and in accordance with the activities described in the Project Design Report and in the Annual Work Plans and Budgets (AWPBs), which will be submitted to IFAD for no objection; (ii) the disbursement of project funds facilitates the timely implementation of activities; (iii) funds are properly managed, disbursed and documented and flow rapidly, adequately, regularly and predictably; (iv) accurate financial reports are issued on a timely basis; (v) a robust flow of reliable information on project activities facilitates accountability, transparency and disclosure; and (vi) project resources and assets are safeguarded.

130. Main features of the financial management system will be as follows: (i) establishment of the NPMU with delegated authority to plan, manage, disburse and control project resources (including counterpart financing); (ii) appointment of key government financial and administrative management staff in NPMU and PPIUs; (iii) hiring of financial management and procurement consultants with relevant experience and qualifications from the market, to support NPMU government staff in first two years; (iv) alignment of project budgeting with GoI budgeting system; (iii) preparation of AWPBs by NPMU for approval by the Project Steering Committee and by IFAD; (iv) preparation of annual disbursement projections by NPMU as well as timely preparation and submission to IFAD of withdrawal applications, and collation of all supporting documents for withdrawal applications; (v) recording of all YESS financial transactions in GoI accounting system; (vi) annual audit of project accounts carried out by an auditor acceptable to IFAD in accordance with International Standards on Auditing and in line with IFAD Guidelines for Project Audits; (vii) preparation of a financial management manual, integrating a framework for internal control closely linked to the project operational dimensions and consistent with IFAD financial and disbursement guidelines; (vii) adoption of a good governance and mutual (IFAD and GoI) accountability framework to strengthen accountability and transparency in line with international best practices (see below). Details of financial management arrangement are in Appendix 7.

131. **Procurement.** The procurement of goods, works and services financed from resources provided or administered by IFAD will be undertaken in accordance with the Gol's National Procurement Laws and Regulations (*Perpres 54/2010, Perpres 70/12, Prepres 84/2012 and Prepres 4/2015*) and their amendments, consistent with IFAD's Project Procurement Guidelines. The National Public Procurement Agency (LKPP) is currently working on a major revision to the National Public Procurement Law and Regulations to simplify procedures and shorten processing times, which would introduce e-procurement and would also become applicable to YESS procurement of goods and materials.

132. The NPMU will initially prepare an 18-month Procurement Plan, with support from a Project Expeditor. The 18-month Procurement Plan will be updated annually or as required as per implementation needs. Procurement will be undertaken as per the consolidated Procurement Plan submitted by the NPMU approved by the Project Steering Committee, in accordance with IFAD procurement guidelines. Procurement arrangements are detailed in Appendix 8.

133. **Governance.** Indonesia is ranked 96th out of 180 countries, with a score of 37/100 in the Corruption Perceptions Index (CPI) published by Transparency International in 2016, which indicates substantial corruption risk. IFAD will apply a zero-tolerance policy on corruption. The NPMU will prepare an Integrated Framework for Good Governance (integrating supply and demand measures), which will be included in the Project Implementation Manual (PIM) and published on YESS website. This framework will include provisions to ensure that procurement is carried out in accordance with Gol and IFAD rules (including IFAD's Policy on Preventing Fraud and Corruption in its Activities and Operations); and with project design specifications. Provisions will include: (i) compliance with internal procedures and controls for project activities, following international best practice standards for the purpose of preventing corruption, money laundering and the financing of terrorists; (ii) the publication/posting of all procurement, calls for proposals, contract awarding and business partnership details on local newspapers, at district and provincial offices and on YESS website, including assessment criteria and weighing; (iii) the participation of representatives of end-users in bid assessments; (iv) the prompt communication to bidders of bid evaluation outcomes; (v) contracts will include a provision requiring suppliers, contractors and consultants to ensure compliance with IFAD zero tolerance anticorruption policy and to permit IFAD to inspect their accounts, records and other documents relating to the bid submission and contract performance, and to have them audited by IFAD-appointed auditors; and (vi) rules to allow potential project beneficiaries and other stakeholders to channel and address any complaints they may have on YESS implementation.

134. This framework will also include an internal code of conduct to be signed by all NPMU, PPIU and DPIU staff and consultants, and a code of business ethics, to be signed by all partners and beneficiaries of YES activities. The draft framework and codes will be prepared with support from the Project Expeditor and subsequently discussed and agreed upon at the project inception workshop.

135. Other measures reflected in project design to ensure transparency include the following: (i) IFAD's direct supervision process will specifically address fiduciary compliance and the implementation of the project framework for transparency and publicity; (ii) project stakeholders will be directly involved in programming, implementation and M&E of YESS activities; (iii) MSPs will provide a forum for raising issues affecting value chain development, including transparency.

## **E. Supervision**

136. **Start-up and Inception.** A national start-up workshop will be organized with all project stakeholders and implementing partners at all institutional levels to reinforce the implementing modalities of the project and to introduce key processes, tools, strategies for M&E and KM. Start-up workshops will subsequently be organized in every participating province and district.

137. **Supervision and Implementation Support.** The project will be directly supervised by IFAD. Joint supervision missions will be conducted by IFAD and the Government of Indonesia twice per financial year, complemented by implementation support missions as per the needs of project needs. An early implementation support mission will be mobilized within the first three months of project

effectiveness. Continuous supervision, follow up and implementation support will be provided by the IFAD sub-regional office.

138. These missions offer an opportunity to assess achievements and lessons jointly, to review innovations, and to reflect on improvement measures. Missions will therefore be an integral part of the KM cycle, with mission members playing a supportive and coaching role.

139. **Mid-Term Review.** Given the highly innovative features of the project, a mid-term review (first interim review) will be organized by IFAD and GoI early in Year 3/after 24 months of project implementation to: (i) assess the results, efficiency and effectiveness of the project; (ii) identify key lessons learnt and good practices; (iii) review the institutional arrangements; and (iv) provide recommendations for improved performance and the achievement of impact. Specific issues to be addressed include the following:

- Overall project performance and performance of partners;
- Progress in engaging low-skilled and poorer youth and in facilitating access to land, as per the GESI strategy, and effectiveness of targeting and of PLUT Outreach and Mobilization Networks;
- Most performing models and opportunities for scaling up;
- Performance of financial institutions in delivering project-supported financial instruments, in improving financial inclusion and in leveraging migration savings to invest into youth-owned agribusiness;
- Linkages and synergies between the four components;
- Role and impact of the multi-stakeholders' platforms, including their Youth Working Groups, and of the Youth Advisory Committee;
- Performance of the DPIUs and progress in mainstreaming YESS successful approaches into PLUTs and partners' regular processes;
- Performance of the NPMU, PPIU and of key implementation partners, including in terms of required reporting, disbursement targets, implementation schedule and resolving implementation issues;
- Sustainability. Issues and likelihood of achieving sustainable project results.

140. The Mid-Term Review will also review: options for scaling-up the apprenticeship scheme and make recommendations for the use of the Apprenticeship Scaling Up Facility (see Sub-component 1.2); and the opportunity of scaling-up agricultural job fairs to all of the target provinces (see Sub-component 1.1). It will also provide an opportunity to allow amendments to the design in accordance to changes in the financial ecosystem.

141. A second comprehensive review will be organized, with similar objectives, in the course of the fifth year. It will also make recommendations with regard to key measures required to secure the sustainability of project achievements, based on which the NPMU will prepare a detailed exit strategy. This will include reviewing the options for ensuring the continuity of the Youth in Agriculture Platform beyond project completion (see Sub-component 4.2).

142. **Impact and outcome assessments.** As per the current practice within IFAD's Indonesia country programme, Annual Outcome Surveys will be undertaken each year from Project Year 2. Impact surveys will be carried out at three points during project implementation, at baseline in 2018/19, in preparation to the second interim review (end of PY 4) and prior to project completion. Survey data and analysis will be shared with the multi-stakeholders' platforms.

## **F. Risk identification and mitigation**

143. Table 4 identifies main risks and mitigation measures built into programme design.

**Table 4 – Risks and Mitigation Measures**

<b>Risks</b>	<b>Mitigation measures</b>
Variable GoI implementation capacity	Implementation capacity in Indonesia varies across administrative level. This is addressed by: complementing implementation teams with qualified and experienced consultants; resorting to technical assistance to provide methodological guidance and capacity building; outsourcing implementation for specific activities; and implementing a performance-based allocation of project resources at district level, whereby good performance will be rewarded and poor performance will warrant lesser resources but increased capacity building. The integrated project approach further draws on the most suitable implementing capacity within the Government system. MoUs and a clear incentive structure will ensure the coordinating role of the MoA. Continuous supervision and implementation support by the IFAD country office, particularly during the first years of implementation, will further allow to address potential issues immediately.
Management challenge deriving from widespread geographical area	Indonesia is a large and diverse country. Experience shows that in order to develop scalable models, these models need to be tested in a variety of environments. Successful experience with implementation on widespread implementation areas gained under CCDP will be built upon, including: adopting a phased project implementation; use of ICT tools to facilitate communication and project monitoring; close monitoring of performance with performance dashboards and weekly performance assessment meetings allowing early detection and correction of problems; NPMU will extend regular capacity building.
Limited interest of private sector partners and financial institutions to engage in rural areas or agriculture-based sector because of the risks	YESS will provide incentives for agribusiness and financial providers to de-risk their support to young farmers and entrepreneurs, including: financial education; support to the preparation of bankable business plans; mentorship services; build primo-borrowers' credit history; capacity building for better risk assessment in the agriculture-based sector; support to contract farming and business linkages.
Drop out and failure of entrepreneurs	Entrepreneurs will: be directed to types of businesses suiting their assets and skill profile; get support for developing sustainable business plans; access adapted BDS services, including support to develop business linkages; access financial services along graduation path; have access to mentorship services.
Elite capture of programme benefits	YESS will support the identification of investment opportunities and the development of business models suiting the asset, risk and capacity profiles of the rural poor/near poor youth (self-targeting). Social mobilisation teams will mobilise the main target group, facilitate their accessing project services and, with support of youth facilitators and village communities, filter unwanted applications from social categories not intended to benefit from project services.
Difficult access to land	Provincial land tenure reviews will be carried out and land tenure models will be developed and disseminated. Business opportunities matching provincial potential and adapted to young people with little or no access to land will be identified through mapping and translated into business support packages.
Limited coordination between ministries involved in the promotion of youth employment and entrepreneurship	Clear incentives to enhance coordination (including budgetary) have been integrated in the design and will be detailed out in the MoUs to be signed between MoA as implementing agency and its implementing partners. High-level backing of the project, and thus MoA, will further support the political will of implementing agencies to coordinate and contribute to the Project Steering Committee.
Limited effectiveness of PLUTs	Integrating YESS business development service delivery through the PLUT system, allows to influence a national initiative funded by the MoCSME and the districts in a pro-poor, youth-focused way that is expected to have spillover effects to non-programme districts. The phasing of project activities has taken this into account in close consultation with the Government and alignment with PLUT expansion commitments. This allows to ensure one service delivery approach across all districts. The actual set up of future PLUTs will be closely monitored and performance of existing PLUTs comprehensively evaluated through the Project M&E system.
Limited coordination within MSP	Clear alignment with partners' strategies and establishment of an incentive- and commitment matrix will support an effective functioning of the MSPs.

## IV. Programme costs, financing, benefits and sustainability

### A. Programme costs

144. The total programme costs, including physical and price contingencies, duties and taxes, are estimated at USD 72.97million over a six-year implementation period. Project investments are organized into four major components: Component 1 – Rural Youth Transition to Work ( 14.4% of the costs); Component 2 – Rural Youth Entrepreneurship ( 36.5% of the costs); Component 3 - Investing in Rural Youth ( 22.2% of the costs); and Component 4 - Enabling Environment for Rural Youth (26.9% of the costs). A summary breakdown of the programme costs by components is shown below in Table 5.

**Table 5 - Project costs by component**

Indonesia Young Entrepreneurship and Employment Support Services		(IDR Million)			(USD '000)			% Foreign Exchange	% Total Base Costs
Components	Project Cost Summary	Local	Foreign	Total	Local	Foreign	Total		
<b>A. Rural Youth Transition To Work</b>									
	1. Linking Education and Training to Jobs	107 195	2 256	109 451	7 916	167	8 083	2	12
	2. Apprenticeship	31 158	-	31 158	2 301	-	2 301	-	3
	<b>Subtotal</b>	<b>138 353</b>	<b>2 256</b>	<b>140 609</b>	<b>10 217</b>	<b>167</b>	<b>10 384</b>	<b>2</b>	<b>15</b>
<b>B. Rural Youth Entrepreneurship</b>									
	1. Institution and Capacity Building	151 291	17 251	168 543	11 173	1 274	12 447	10	18
	2. Services to young farmers and entrepreneurs	135 944	28 689	164 633	10 039	2 119	12 158	17	18
	<b>Subtotal</b>	<b>287 235</b>	<b>45 940</b>	<b>333 176</b>	<b>21 212</b>	<b>3 393</b>	<b>24 605</b>	<b>14</b>	<b>36</b>
<b>C. Investing for Rural Youth</b>									
	1. Capacity Building for Financial Inclusion	22 951	919	23 869	1 695	68	1 763	4	3
	2. Access To Financing	188 386	-	188 386	13 912	-	13 912	-	20
	<b>Subtotal</b>	<b>211 337</b>	<b>919</b>	<b>212 256</b>	<b>15 607</b>	<b>68</b>	<b>15 675</b>	<b>-</b>	<b>23</b>
<b>D. Enabling Environment For Rural Youth</b>									
	1. Partnership Building	7 782	1 685	9 467	575	124	699	18	1
	2. Rural Youth Mobilisation Programme	29 003	3 003	32 006	2 142	222	2 364	9	3
	3. Policies for Youth in Agriculture	83 669	2 616	86 285	6 179	193	6 372	3	9
	4. Project Management	115 980	1 908	117 888	8 565	141	8 706	2	13
	<b>Subtotal</b>	<b>236 434</b>	<b>9 212</b>	<b>245 647</b>	<b>17 461</b>	<b>680</b>	<b>18 141</b>	<b>4</b>	<b>26</b>
<b>Total BASELINE COSTS</b>									
		<b>873 360</b>	<b>58 327</b>	<b>931 687</b>	<b>64 497</b>	<b>4 307</b>	<b>68 805</b>	<b>6</b>	<b>100</b>
	Physical Contingencies	12 706	1 091	13 798	938	81	1 019	8	1
	Price Contingencies	86 638	7 663	94 301	2 892	257	3 149	8	5
<b>Total PROJECT COSTS</b>									
		<b>972 703</b>	<b>67 082</b>	<b>1 039 785</b>	<b>68 328</b>	<b>4 645</b>	<b>72 972</b>	<b>6</b>	<b>106</b>

### B. Programme financing

145. IFAD total financing equates to USD 57.3 million, or 78.6 % of the total programme costs, of which USD 55.3 million will be financed through a loan, and USD 2 million through grants. In addition, IFAD's Financing Facility for Remittances through EU supplementary fund is providing a grant of USD 0.1 million.

146. Utilization of grant financing is aligned with IFAD's grant policy and aims to (i) promote innovative, pro-poor approaches and technologies with the potential to be scaled up for greater impact; (ii) strengthen partners' institutional and policy capacities; (iii) enhance advocacy and policy engagement; and (iv) generate and share knowledge for development impact.

147. Grant financing will be utilised as follows:

- (i) USD 2 million will be directed to Gol for for the implementation of the grant activities related to investment readiness, innovative finance, policy dialogue, south-south and triangular collaboration.
- (ii) USD 0.105 million will be provided by IFAD's Financing Facility for Remittances for international technical assistance through EU supplementary funds. The grant will be managed by the NPMU and implemented with a technical service provider. Activities to



be supported include: assessments on migrants and remittances and capacity building to link remittances to financial products and services.

148. The GoI will contribute USD 12.4 million (17%). GoI contribution will mainly consist in exemption from taxes and duties on all programme inputs that involve funding from IFAD, staff cost in the NPMU, PPIUs and DPIUs, and a contribution to the cost of PWMP (Sub-component 1.1). The estimate of taxes and duties was based on the rates in effect prevailing at the time of the design. Beneficiaries will contribute an estimated USD 3.13 million (4.3%). Considering that YESS will be implemented in alignment with national GoI initiatives and programmes, the actual Government contribution is estimated to be substantially higher than the above amount, mainly related to project investments in infrastructure. At mid-term an effort will be undertaken to monetize this form of co-financing.

149. The proposed financing plan is summarized in Table 6 below. Detailed information on programme cost and financing is provided in Appendix 9 along with a complete set of summary and detailed costs tables as attachments.

**Table 6: Components by financier**

Indonesia

Young Entrepreneurship and Employment Support Services

(USD '000)

**Components by Financiers**

	IFAD Loan		IFAD grant		IFAD Grant Parallel Cofinancing		Financing Facilities for Remittance		Beneficiaries		The Government		Total		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
<b>A. Rural Youth Transition To Work</b>															
1. Linking Education and Training to Jobs	3 354	40.9	-	-	-	-	-	-	428	5.2	4 420	53.9	8 202	11.2	
2. Apprenticeship	2 180	94.1	55	2.4	-	-	-	-	-	-	81	3.5	2 316	3.2	
<b>Subtotal</b>	<b>5 534</b>	<b>52.6</b>	<b>55</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>428</b>	<b>4.1</b>	<b>4 501</b>	<b>42.8</b>	<b>10 519</b>	<b>14.4</b>	
<b>B. Rural Youth Entrepreneurship</b>															
1. Institution and Capacity Building	10 791	80.5	25	0.2	-	-	-	-	-	-	2 591	19.3	13 407	18.4	
2. Services to young farmers and entrepreneurs	10 671	80.6	660	5.0	-	-	-	-	-	-	1 901	14.4	13 232	18.1	
<b>Subtotal</b>	<b>21 462</b>	<b>80.6</b>	<b>685</b>	<b>2.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 492</b>	<b>16.9</b>	<b>26 639</b>	<b>36.5</b>	
<b>C. Investing for Rural Youth</b>															
1. Capacity Buiding for Financial Inclusion	1 636	86.2	-	-	-	-	-	80	4.2	-	-	182	9.6	1 898	2.6
2. Access To Financing	10 191	71.1	-	-	-	-	-	-	-	2 700	18.9	1 432	10.0	14 323	19.6
<b>Subtotal</b>	<b>11 827</b>	<b>72.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80</b>	<b>0.5</b>	<b>2 700</b>	<b>16.6</b>	<b>1 614</b>	<b>10.0</b>	<b>16 221</b>	<b>22.2</b>
<b>D. Enabling Environment For Rural Youth</b>															
1. Partnership Building	636	86.9	-	-	-	-	-	25	3.4	-	-	71	9.7	732	1.0
2. Rural Youth Mobilisation Programme	2 288	90.0	-	-	-	-	-	-	-	-	-	254	10.0	2 542	3.5
3. Policies for Youth in Agriculture	5 135	73.7	1 260	18.1	-	-	-	-	-	-	-	571	8.2	6 965	9.5
4. Project Management	8 418	90.0	-	-	-	-	-	-	-	-	-	935	10.0	9 353	12.8
<b>Subtotal</b>	<b>16 478</b>	<b>84.1</b>	<b>1 260</b>	<b>6.4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>1 831</b>	<b>9.3</b>	<b>19 593</b>	<b>26.9</b>
<b>Total PROJECT COSTS</b>	<b>55 300</b>	<b>75.8</b>	<b>2 000</b>	<b>2.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>0.1</b>	<b>3 128</b>	<b>4.3</b>	<b>12 439</b>	<b>17.0</b>	<b>72 972</b>	<b>100.0</b>

### C. Summary benefits and economic analysis

150. The programme is expected to generate substantial net incremental benefits for young farmers, young rural entrepreneurs and rural households within the project areas. Benefits will directly accrue to farmers, women and youth through activities aimed at: (i) diversifying productive activities and sources of income, (ii) boosting agriculture through increase in production and productivity; (iii) improved access to market; (iv) increased access to finance for farm and off-farm productivity; (v) promoting entrepreneurship and value-addition to agricultural produce; (vi) increasing formal employment in farm and off-farm activities; (vii) increasing access to land and production inputs, and (viii) tax revenues as a result of increased volume of taxable production.

151. A detailed Economic and Financial Analysis (EFA) is presented in Appendix 10. A number of indicative economic activities and product value chains that will be supported by the project were identified during the project design process. The following 15 illustrative models have been developed for the EFA: (i) Five crop production models for the main agricultural commodities in the project area (rice, maize, soybean, potato, cassava, banana); (ii) Five farm models over land plots of 0.3 ha composed by a different composition of the pre-identified crops; (iii) Cassava processing; (iv) Banana processing for chips production; (v) Beekeeping activity; (vi) backyard mushroom production; (vii) Mushroom processing. These models will be used as building blocks for the economic evaluation of the entire project once aggregated for the target population. All the technical assumptions within the models have been elaborated on the basis of field surveys, national statistics, international and national expert consultation. Summary results from the financial models are presented in table 7.

**Table 7: Summary results of financial models**

MODELS	Total number of HHs / unit	NPV (IDR '000) @ 9%	NPV (USD) @ 9%	Return to family labour (IDR '000)	Return to family labour (USD)	IRRf	B/C ratio	Switching value Benefits	Switching value Costs
Farm model 1	40,538	594	44	42	3	12%	1.08	-8%	8%
Farm model 2	40,538	2,603	192	61	4	21%	1.16	-14%	16%
Farm model 3	40,538	6,378	472	72	5	52%	1.59	-37%	59%
Farm model 4	40,538	14,236	1,054	92	7	116%	1.93	-48%	93%
Farm model 5	40,538	9,960	737	65	5	60%	2.09	-52%	109%
Bee Keeping	7,371	24,876	1,842	109	8	27%	1.24	-19%	24%
Mushroom	14,741	902	67	91	7	20%	1.45	-31%	45%
Banana processing	1,964	43,025	3,190	136	10	27%	1.91	-48%	91%
Cassava processing	1,964	47,465	3,154	108	8	24%	1.89	-47%	89%
Mushroom Processing	1,964	54,477	4,033	166	12	16%	1.33	-25%	53%

Note: For 20 year project life.

152. **Programme target group and beneficiaries.** The broad target group for the programme will be smallholder farmers, young rural entrepreneurs and farmers communities actively engaged in farm and off-farm productive activities. The Programme will have a poverty focus and it is estimated that the number of direct beneficiaries will be 320,000 households.

153. Overall the programme will benefit women, youth and men directly involved in farm and off-farm activities proposed by the project as well as indirect beneficiaries employed in the value adding activities. Direct beneficiaries inclusion and phasing is described in table 8 below.

**Table 8: Beneficiaries and investment phasing**

	MODELS	Unit	Y1	Y2	Y3	Y4	Y5	Y6	Total
Production	Farm model	HHs	2,027	6,081	10,135	10,135	8,108	4,054	40 538
	Farm model 2	HHs	2,027	6,081	10,135	10,135	8,108	4,054	40 538
	Farm model 3	HHs	2,027	6,081	10,135	10,135	8,108	4,054	40 538
	Farm model 4	HHs	2,027	6,081	10,135	10,135	8,108	4,054	40 538
	Farm model 5	HHs	2,027	6,081	10,135	10,135	8,108	4,054	40 538
	Bee Keeping	HHs	369	1,106	1,843	1,843	1,474	737	7 371
	Mushroom	HHs	737	2,211	3,685	3,685	2,948	1,474	14 741
Processing	Banana processing	Unit	98	295	491	491	393	196	1 964
	Cassava processing	Unit	98	295	491	491	393	196	1 964
	Mushroom	Unit	98	295	491	491	393	196	1 964
	Processing	Unit	98	295	491	491	393	196	1 964

154. **Key assumptions.** The following sources of information gathered during the design mission have been used to set up the analysis: interviews with farmers and entrepreneurs, documents and surveys from the Indonesia Bureau of Statistics, academic papers and mission estimates. Conservative assumptions were made both for inputs and outputs, and take into account possible risks.

155. **Exchange rate.** The exchange rate used in the analysis is fixed at USD 1 = IDR 13.505 computed as an average of the exchange rate prevailing during design mission.

156. **Numeraire and prices.** The adopted numeraire for the EFA is the domestic price level expressed in local currency unit. The financial prices for project inputs and products represent average market prices and were collected in the field during the detailed design mission (November 2017). Prices used represent estimates of the average seasonal prices and the analysis is carried out using nominal constant prices.

157. **Labor.** Family labor has been valued both in financial and economic analysis. It has been assumed that farm labor is provided by the households and is valued at IDR 50,000 day-1 (USD 3.7). Hired labor is priced at IDR 70,000 day-1 (USD 5.18), which is the prevailing market rate. A shadow wage rate factor (SWRF) of 0.85 is applied to both family and hired labour since this is principally unskilled labour.

158. **Opportunity cost of capital.** A discount rate of 9% has been used in both the financial and economic analysis to assess the viability and robustness of the project. In order to consider the profitability of the foreseen investments with market alternatives, the selected value is calculated as an average of the lending, deposit and money market interest rates.

159. **Economic profitability.** The programme is a technical and economically viable investment to the economy as a whole. The programme economic NPV of the net benefit stream, discounted at 9%, is IDR 2,483 bln (USD 183.8 million) producing an EIRR of 32.7% for the base case scenario.

160. **Sensitivity analysis.** Project results were tested to sensitivity analysis so as to measure variations in project benefits and costs due to unforeseen factors, hence identifying those variables affecting final results the most. The results are shown in the table below. It will be seen that the result is robust to significant changes in incremental benefits and project costs while changes in all output prices would have a greater impact. However, the risk of all output prices changing simultaneously is low. The results were also tested for variations in the SWRF, since the actual value is uncertain, but the impact of this variable on the results of the analysis is minimal.

161. Table 9 shows possible impacts of risk as detailed under Section F above.

3.

**Table 9: Sensitivity Analysis**

Incremental benefits	EIRR	Total Project Costs	EIRR	No. Households	EIRR	Output Prices	EIRR
0%	32.7%	0%	32.7%	0%	32.7%	0%	32.7%
-25%	28.3%	-25%	37.1%	-15%	30.2%	-25%	14.4%
-20%	29.3%	-20%	36.1%	-10%	31.1%	-20%	18.2%
-10%	31.1%	-10%	34.3%	-5%	31.9%	-10%	25.5%
10%	34.2%	10%	31.2%	5%	33.5%	10%	39.9%
20%	35.5%	20%	29.9%	10%	34.2%	20%	47.3%
25%	36.1%	25%	29.3%	15%	34.8%	25%	51.1%
switching values							
-81%		418%				-32%	

**Table 9 – Comparative sensitivity analysis**

<b>Risks</b>	<b>Probability of occurrence</b>	<b>Mitigation measures</b>	<b>Comparative sensitivity analysis result (Proxy)</b>
Weak Gol implementation capacity	Medium	Implementation capacity in Indonesia is mixed. This will be addressed by: complementing implementation teams with qualified and experienced consultants; resorting to technical assistance to provide methodological guidance and capacity building; outsourcing implementation for specific activities; and implementing a performance-based allocation of project resources at district level, whereby good performance will be rewarded and poor performance would warrant lesser resources but increased capacity building.	Costs (base case) Benefits -10% Benefits lagged by 1 years EIRR: 27.2%
Management challenge deriving from widespread geographical area	Low to Medium	Successful experience with implementation on widespread implementation areas gained under CCDP will be built upon, including: adopting a phased project implementation; use of ICT tools to facilitate communication and project monitoring; close monitoring of performance with performance dashboards and weekly performance assessment meetings allowing early detection and correction of problems; NPMU will extend regular capacity building.	Costs +10% Benefits -20% Benefits lagged by 2 years EIRR: 21.3%
Limited interest of private sector partners and financial institutions to engage in rural areas because of the risks	Low to Medium	YESS will provide incentives for agribusiness and financial providers to de-risk their support to young farmers and entrepreneurs, including: building primo-borrowers' credit history; capacity building for better risk assessment in the rural sector; support to contract farming.	Costs (base case) Benefits -20% Benefits lagged by 2 years EIRR: 22.5%
Drop out and failure of entrepreneurs	Medium to High	Entrepreneurs will: be directed to types of businesses suiting their assets and skill profile; get support for developing sustainable business plans; access adapted BDS services, including support to develop business linkages; access financial services along graduation path; have access to mentorship services.	Costs (base case) Benefits -20% Benefits lagged by 1 years EIRR: 25.6%
Elite capture of programme benefits	Low to Medium	YESS will support the identification of investment opportunities and the development of business models suiting the asset, risk and capacity profiles of the rural poor/near poor youth (self-targeting). Social mobilisation teams will mobilise the main target group, facilitate their accessing project services and, with support of youth facilitators and village communities, filter unwanted applications from social categories not intended to benefit from project services.	Costs (base case) Benefits -30% Benefits lagged by 0 years EIRR: 27.2%
Difficult access to land	Medium to High	Provincial land tenure reviews will be carried out and land tenure models will be developed and disseminated. Business opportunities matching provincial potential and adapted to young people with little or no access to land will be identified through mapping and translated into business support packages.	Costs +20% Benefits -10% Benefits lagged by 2 years EIRR: 21.7%
Limited synergies between ministries involved in the promotion of youth	High	Multi-Stakeholder Platforms will be established at provincial and district level, bringing together public and private players as well as youth organisations who will collectively prepare	Costs +10% Benefits -10% Benefits lagged by 2 years

Risks	Probability of occurrence	Mitigation measures	Comparative sensitivity analysis result (Proxy)
employment and entrepreneurship		promotion plans, guide project implementation and review achievements	EIRR: 22.8%
Limited effectiveness of PLUTs	Low to medium	Integrating YESS business development service delivery through the PLUT system, allows to influence a national initiative funded by the MoCSME and the districts in a pro-poor, youth-focused way that is expected to have spillover effects to non-programme districts. The phasing of project activities has taken this into account in close consultation with the Government and alignment with PLUT expansion commitments. This allows to ensure one service delivery approach across all districts. The actual set up of future PLUTs will be closely monitored and performance of existing PLUTs comprehensively evaluated through the Project M&E system.	Costs +10% Benefits -20% Benefits lagged 1 year EIRR: 24.2%
Limited coordination within Multistakeholder Platforms	Medium	Clear alignment with partners' strategies and establishment of an incentive- and commitment matrix will support an effective functioning of the MSPs.	Costs – base case Benefits -20% Benefits lagged 1 year EIRR: 25.6%

## D. Sustainability

162. The overall programme strategy and approach is driven by the primary concern that, by the end of project implementation, sustainable mechanisms have been established to ensure continued access for young people to school-to-work-transition programmes as well as to financial and non-financial services to support farming and entrepreneurship. Main features of the project approach that will contribute to such an objective are as follows:

- Programme implementation set-up: the design approach builds on existing organisations and consolidates them, rather than creating new, project-driven structures. This is aimed both at supporting sustainability and ensuring that project approaches and successful practices can be mainstreamed into the country's institutional framework and scaled up;
- Financial sustainability: financial education, sound business plans with incentives to support start-up, capacity building of key players, linkages to performing financial service providers and the promotion of district-based business mentors will support the viability and sustainability of youth businesses;
- Outreach and Mobilization Networks: resorting to district actors to facilitate the participation of young people from throughout the target districts, including poorer ones, will increase local empowerment as well as the adequacy of YESS-supported mechanisms to local potential and need;
- Capacity building: capacity building will be provided to ensure that stakeholders have the right mix of technical and management competences to carry on activities beyond project completion;
- Partnerships with the private sector: while the government will retain an overall implementation and facilitation responsibility, private sector resources will be mobilised to take over from project financing and support youth access to employment (improved PWMP and apprenticeship), youth entrepreneurship (outreach of PLUTs), youth mobilisation (Online Platform) ;
- Innovative business models and knowledge management: project implementation will lead to the development of a set of innovative business models, which will be documented and disseminated through multi-stakeholder platforms at the district, regional and national level. This is expected to generate a knowledge basis for sustaining project achievements, as well as to promote further

public and private sector engagement in up-scaling most promising and commercially viable mechanisms, particularly with regard to the development of a new market of remittance-related services. In particular, it is expected that the whole national network of PLUTs will benefit from capacity building tools and successful business models.

163. A Mid-term Review will assess the performance of the programme and progress towards achieving its objectives at its mid-point, and make recommendations with regard to key measures required to secure the sustainability of programme benefits.



## Appendix 1: Country and rural context background

1. Demographics. Indonesia is a fast-growing lower middle-income country with the fourth largest population in the world. Its 260 million people are spread over 17,500 islands and represent more than 300 ethnic groups. With a high demographic of young people, almost half of the population are considered as (potentially) productive and key drivers to meet Indonesia's ambitious development and economic goals. More than half of population under 30 live in urban areas as a result of increasing rural youth migration to cities, in pursuit of education and employment opportunities<sup>24</sup>.

**Table 1 – Population by age and youth population by gender**

Indonesian Population by Age

Age	Urban (%)	Rural (%)	R+U	
			(%)	Total (000)
<16	28.82	31.04	29.92	76,267.5
16-30	25.4	22.97	24.2	61,683.3
>30	45.78	45.99	45.88	116,945.8
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>254,896.6</b>
10+	81.91	80.94	81.43	207,559.6
15+	72.97	70.92	71.95	183,404.3

Source: Statistik Pemuda Indonesia (Indonesian Youth Statistics), 2015

Youth Population by Gender

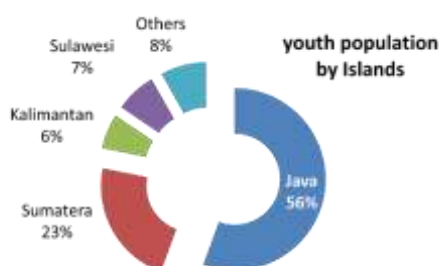
Gender	Rural (%)	Urban (%)	R+U (%)
Female	22.74	25.31	22.74
Male	23.31	25.50	23.31
<b>Total</b>	<b>22.97</b>	<b>25.40</b>	<b>22.97</b>

Source: Statistik Pemuda Indonesia (Indonesian Youth Statistics), 2015

4.

2. As indicated by Figure 3, the young population distribution is highly concentrated in Java island. In 2015, about 56% of youth are located in Java, in the 3 provinces, West Java (11.51 million), East Java (8.63 million) Central Java (7.38 million)<sup>25</sup>. While the rest spread on the island of Sumatra, Sulawesi, Kalimantan and other islands such as Bali, Nusa Southeast, Maluku, and Papua (see chart below).

**Figure 3 – Youth population by island**



3. Poverty and rural development context. While the poverty rate declined by 1% annually from 2007 to 2011, since 2012 poverty has declined only by an average of 0.3 percentage points per year, and remained more or less steady at around 11% since 2014. Furthermore, another 29% of the population remain vulnerable of falling into poverty, as their income is only marginally above the national poverty line, leaving them extremely vulnerable to shocks, such as illness, extreme weather events or price volatility. Hence, out of a population of 252 million, more than 100 million Indonesians still live in or at risk of poverty. Indonesia's Human Development Index of 0.684 remains below the

<sup>24</sup> UNFPA, Youth in Indonesia, 2014.

<sup>25</sup> Statistik Pemuda Indonesia (Indonesian Youth Statistics), 2015.

average for the East Asia and Pacific Region. Rising inequality, with an increase in the Gini Coefficient from 0.36 in 2005 to 0.41 in 2014, is threatening to roll back progress made in poverty reduction and further entrench poverty. Inequality is seen as the key threat to Indonesia's continued development.

4. GDP growth has slowed down during this past decade. Further, trade has slowed, as has expansion of fixed investment<sup>26</sup>. These developments have led to a slower pace of poverty reduction. Another challenge to efforts at reducing poverty – and to the 1.7 million youth who enter the workforce each year – is the slower pace of job creation. Employment growth is now slower than population growth.

5. The population is largely concentrated on the western part of the country (around 80% live on the islands of Java and Sumatra) and increasingly urbanised, under the combined effect of demographic growth and rural-urban migration. Urban centres are considered as more attractive and promising with economic opportunities, and well advanced in terms of infrastructures and connectivity. In addition, the availability of education facilities and wider employment opportunities has triggered the strong migration from rural areas. With a 2% annual urban growth<sup>27</sup>, 53% of Indonesians now live in urban centres. Around 24% are between 16 and 30 years of age<sup>28</sup> and more than half of the under 30 live in urban areas as a result of strong rural youth migration to cities, in pursuit of education and employment opportunities<sup>29</sup>. In rural areas, 22.97% of the population are youth and the gender ratio is close to evenly balanced with slightly more men than women.

6. Indonesia is an archipelagic country consisting of five main islands (Sumatera, Jawa, Kalimantan, Sulawesi and West Papua) and two smaller islands groups (Nusa Tenggara and Maluku). The total land area is about 191 million ha. More than 85% of the land surface of Indonesia is covered by vegetation tropical rain forest, woodland and agricultural crops. Based on the land utilization features of Indonesia, nearly 30% (56.5 million ha) is recognized as agricultural land (wetland, upland, estate plantation, meadows), nearly 54% (102.3 million ha) is forest and wood land (permanent and industrial forests), and about 5% is housing and settlement area. Among the islands, Java is the most important island for farming activities, since it is the most fertile and suitable land in the country for crops production. Paddy, other secondary food crops (grains and tubers), vegetables and fruits as well as sugarcane, tea and coffee are the main agricultural products in Java. Java contributes more than 29% of total arable land area which contributes more than half of national food crops harvested area. Moreover, Java contributes 40.7% of wetland (paddy) field, 17.8% upland (dry) field, 8.9% of industrial plantation of the country, and therefore, almost no fallow land remaining in Java.<sup>30</sup>

7. **Ageing farming sector.** At the same time, the country's farming population is getting smaller. Every year, the number of smallholder households is decreasing by 300,000 and the number of agricultural labourers below the age of 24 decreased on an average of 5.7 per cent between 2009 and 2013<sup>31</sup>. According to the Indonesian Ministry of Agriculture (MoA), in 2011, almost 80 per cent of the nation's 140 million farmers were aged 45 or older, compared to an average age of 40 just three years earlier<sup>32</sup>. It has been estimated that to meet the fast-growing domestic demand, the productivity of Indonesian farmers needs to increase by more than 60% in the next fifteen years. As urban centres grow, an ageing and reducing population of farmers will have to produce more food on less land, while traditionally being less open to innovations in agriculture and farm management.

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<sup>26</sup> World Bank, Indonesia at a Glance, 2017

<sup>27</sup> World Bank Indicators, 2016.

<sup>28</sup> Statistik Pemuda Indonesia (Indonesian Youth Statistics), 2015.

<sup>29</sup> UNFPA, Youth in Indonesia, July 2014.

<sup>30</sup> Sustainable agriculture in Indonesia: Facts and challenges to keep growing in harmony with environment. Available from: [https://www.researchgate.net/publication/305141930\\_Sustainable\\_agriculture\\_in\\_Indonesia\\_Facts\\_and\\_challenges\\_to\\_keep\\_growing\\_in\\_harmony\\_with\\_environment](https://www.researchgate.net/publication/305141930_Sustainable_agriculture_in_Indonesia_Facts_and_challenges_to_keep_growing_in_harmony_with_environment)

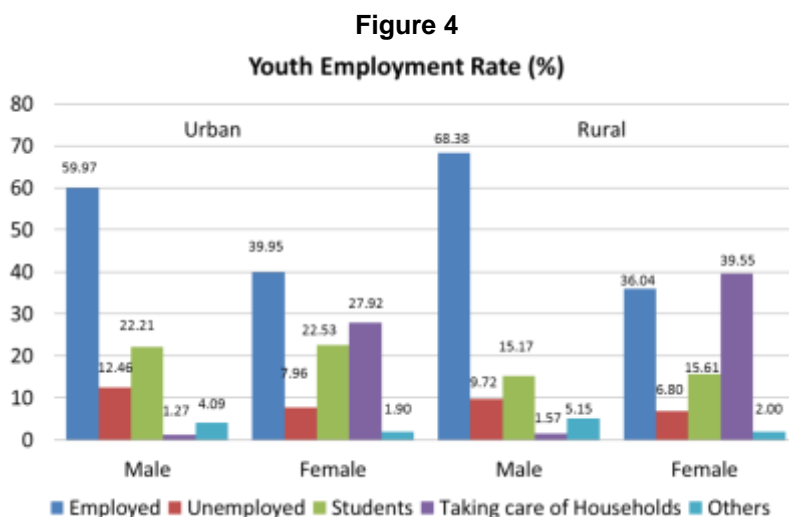
<sup>31</sup> Ministry of Agriculture (2013).

<sup>32</sup> Lenita Sulthani. 2011. Ageing farmers threaten Indonesian food security, for Reuters (June 2011).

8. **Youth and agriculture.** While agriculture absorbs 35 per cent of all employment<sup>33</sup>, it has the lowest rate of youth participation: only 17% employed in the sector are in the 20-29-year age group<sup>34</sup>. Access to land constitutes a major barrier to becoming a farmer, because of shrinking surfaces (over two-thirds of farmers are smallholders operating on less than 1 hectare<sup>35</sup>), widespread landlessness and increased competition for land causing large-scale conversion of farming land every year. As a result, young people have little chances to inherit land while they are still young and buying land is becoming increasingly out of reach<sup>36</sup>. Lack of access to credit and traditionally unfair land lease arrangements further restrict access to land.

9. Other barriers are those that constrain productivity gains and contribute to low returns in the agriculture sector. Because of low access to advisory and financial services, vulnerability to environmental risks and price volatility, lack of market information, limited collective organisation and lack of value addition, small farmers are unable to tap the potential offered by economic growth. As a result, many young rural people do not regard farming as a viable source of income and choose to migrate to cities. Agriculture vocational schools deliver about 10,000 trained young men and women per year, mostly coming from rural low-income families. However, the majority of them fails to join the agriculture sector, because of a lack of practical training and of support services to set up farming enterprises, and of the general lack of attraction of young people for an ageing, traditional and risky sector.

10. **Youth unemployment.** Indonesia's Youth Development Index (YDI)<sup>37</sup> remains low: in 2016, the country ranked 139 out of 183 countries (and 161 for employment and opportunities)<sup>38</sup>. The biggest challenge for Indonesian youth is to access employment. Although youth unemployment has declined from 30% in 2006 to around 18.6 in 2015<sup>39</sup>, it remains higher than the regional average and youth account for over 50% of the unemployed population<sup>40</sup>. About one in three employed youth is underemployed and young women are three times more likely than men to be inactive. High unemployment among educated youth points suggest the need to improve the relevance of education and vocational training institutions in order to better meet labour market requirements<sup>41</sup>.



Source: Statistik Pemuda Indonesia (Indonesian Youth Statistic), 2015

<sup>33</sup> National Labour Force Survey (SAKERNAS), August 2012 quoted by UNFPA 2014.

<sup>34</sup> Ibidem.

<sup>35</sup> Central Bureau of Statistic, Indonesian Agricultural Census, 2013.

<sup>36</sup> AKATIGA and Ben White, Would I like to be a farmer ?, Inside Indonesia, April-June 2015.

<sup>37</sup> The YDI is a composite index of 18 indicators that was inaugurated by the Commonwealth Secretariat in 2013 and measures progress on youth development in 183 countries.

<sup>38</sup> Commonwealth Secretariat, Global Youth Development Index and Report, 2016.

<sup>39</sup> Sriani Kring and Maria Gabriella Breglia, Job and Skills for Youth: Review of Policies for Youth Employment of Indonesia, ILO, 2015.

<sup>40</sup> ILO, Labour and Social Trends in Indonesia, 2014-2015.

<sup>41</sup> ILO, Labour and Social Trends in Indonesia, 2014-2015.

11. **Youth entrepreneurship.** The majority of young entrepreneurs are self-employed or run a micro business, with usually strong family involvement. Most young entrepreneurs have completed high school and have a higher education background. However, the vast majority of graduates migrates to urban areas to find a job or to create their own micro-enterprise, mostly in the trade/production sector. For those remaining in rural areas and willing to work in the agri-business sector, the absence of structured commodity chains, the limited access to markets, improved inputs, and the limited linkages between economic players (buyers, suppliers, service providers, entrepreneurs) hampers the creation of new enterprises.

12. Furthermore, it is estimated that only 12% of micro, small and medium enterprises have access to credit due to lack of formal financial statements, credit history or collateral. The KUR programme (*Kredit Usaha Rakyat* - Credit for Businesses) is a Gol programme supporting an interest rate subsidy scheme dedicated to micro, small and medium enterprises and cooperatives in the productive enterprise sector, where enterprises are unable to meet certain requirements set by banks. The overall KUR budget is IDR 110 trillion for 2017 (IDR 120 trillion for 2018). However, as at September 2017, agriculture only represented 21% of all subsidized loans (17% for 2016). Major challenges faced by young entrepreneurs in accessing KUR is the lack of previous experience (from 6 months to 2 year experience required by banks) and traditional reluctance of banks to finance the agriculture-based sector due to perceived risk, despite KUR being backed up by guarantee facilities.

13. To motivate young people to create their enterprises and improve the competitiveness of existing MSMEs, focus should be put on: (i) improving the quality of human resources through strengthening entrepreneurial skills, and increasing access to training and integrated business services; (ii) improving access to financing and expanding existing financing schemes; (iii) increasing value-added products and market access; (iv) strengthening business linkages in structured commodity chains; and (v) developing a conducive legal and administrative environment for MSMEs to reduce the administrative burden on the creation of enterprises.

14. **Migration and remittances**<sup>42</sup>. First spurred by the authorities under the transmigration programme, migration is a common response to poverty and the lack of economic opportunities. More than 9 million Indonesians, or almost 7% of Indonesia's total workforce work overseas. Migrant workers' households represent, respectively, 13%, 11% and 9% of the total number of households of East Java, West Java and South Sulawesi. The majority of migrants come from districts where average poverty rates are higher than the national average, range from 21 to 40 years of age and have limited education (junior high school or less)<sup>43</sup>. Women constitute 62% of documented workers and half the number of undocumented migrant workers. Internal mobility is also high - it has been estimated that one in two people migrated at least once across the archipelago<sup>44</sup>. The majority of recent migrants are between 15 and 34 years of age.

15. Migrants overseas significantly contribute to the national economy: in 2016 they remitted USD 8.97 billion, equivalent to 1% of Indonesia's total GDP, excluding informal channels. In 2014, it was estimated that the total amount of remittances could be as high as USD12.36 billion<sup>45</sup>, and that close to one third of the total Indonesian population had received remittances the year before. The proportion for young people aged 15 to 24 rose to 39%. Conversely, 18% of the total population had sent remittances the year before, and 12% of the population aged 15 to 24. Domestic workers, mainly low-skilled and poorly educated women, contribute about 51% of total remittances sent by current migrant workers annually. Research<sup>46</sup> shows that remittances reduce the probability of Indonesian

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<sup>42</sup> More details are in Working Paper 3 – Migration and remittances. Main source of information for this section is World Bank, Indonesia's Global Worker: Juggling Opportunities and Risks, November 2017. <http://pubdocs.worldbank.org/en/357131511778676366/Indonesias-Global-Workers-Juggling-Opportunities-Risks.pdf>

<sup>43</sup> Population census, SUPAS 2011.

<sup>44</sup> Valeria Groppo and Mariapia Mendola, The short-run costs of moving: internal migration and consumption growth in Indonesia, April 2014. This assumption is based on 1994-2000, data in Partha Deb and Papa Seck, Internal Migration, Selection Bias and Human Development: Evidence from Indonesia and Mexico, Human Development Research Paper, 2009/3, UNDP, July 2009.

<sup>45</sup> Oxford Business Group, The Report, Indonesia, 2015.

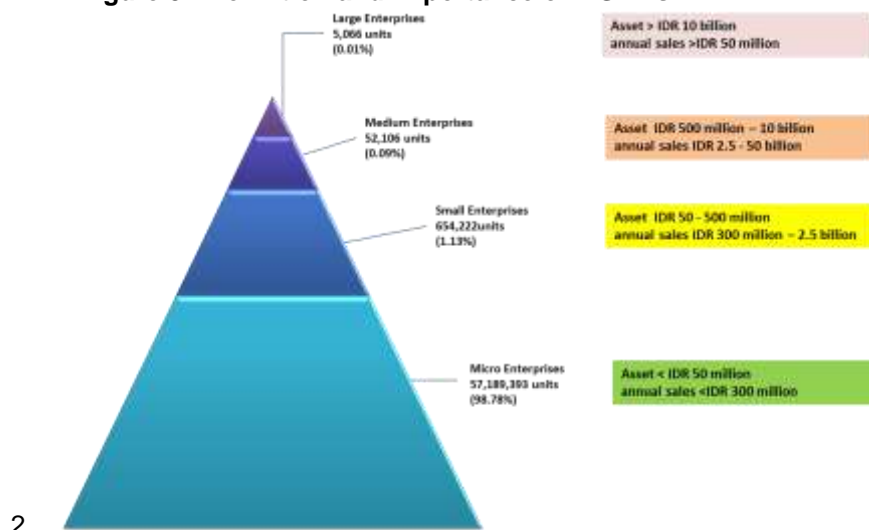
<sup>46</sup> Adams and Cuecuecha 2011, quoted by the World Bank 2018.

households being poor by 28%. Over 80% of migrant worker households report daily needs as being one of their top three uses for remittance income, with around 20% saving on a bank account and around 15% investing into business ventures. While Indonesia has managed to substantially reduce the cost of remitting (6.6%), migrants still have limited access to formal financial channels because of remoteness and financial illiteracy. The lack of business development services and adapted financial services further constrains migrants' investment, particularly in the rural areas.

16. **MSMEs.** There are around 57.9 million micro, small and medium enterprises (MSMEs) operating in Indonesia, contributing nearly 60 % of gross domestic product in 2012 and employing 114 million people or 97% of the labour market<sup>47</sup>. 'Agriculture, hunting, fishing and forestry' makes up the single largest industry of employment, accounting for 35% of all employment in Indonesia and 57% of all rural employment, with 88% of this employment classified as informal sector jobs. The agricultural labor force is divided into the food crop sector (45.6%), plantations (33%), livestock (12.8%) and horticulture (7.7%).

17. Micro-sized businesses<sup>48</sup> are dominant with 98.9% of MSMEs<sup>49</sup> Small businesses and medium-sized businesses only account for 1 percent and 0.1 percent, respectively. In the agriculture sector, MSMEs total 30.6 million<sup>50</sup>. The objective of the Government of Indonesia (GoI) is to support the creation of 1 million MSMEs by end of 2019.

**Figure 5 - Definition and importance of MSMEs**



2. Source: Law no. 20/2008 on Micro, Small and Medium Enterprise

18. Despite MSMEs being a major contributor to job creation and growth in Indonesia, it is estimated that more than 60% of small businesses in Indonesia are still not served by the country's banking system, because of a lack of awareness of and access to suitable financial products, and the difficulty to fulfil loan collateral. In addition, financial institutions in general perceive the agriculture and young people as two particularly risky sectors. The GoI has adopted two important measures to facilitate MSME access to credit: (i) by 2018, 20% of financial institutions' loan portfolio will have to benefit the productive sector - in other words 20% of the total loan portfolio should target MSMEs; and

<sup>47</sup> 2015, Indonesia Financial Services Authority (OJK).

<sup>48</sup> Micro-sized businesses have asset values up to IDR 50 million and maximum turnovers of IDR 300 million; small businesses have asset values between IDR 50 million and IDR 500 million and turnovers between IDR 300 million and IDR 2.5 billion; and medium-sized businesses with asset values between IDR 500 million and IDR 2.5 billion and turnovers between IDR 2.5 billion and IDR 50 billion.

<sup>49</sup> OJK, Indonesia Microfinance Overview, 2015.

<sup>50</sup> Same.

(ii) the Gol-sponsored micro-credit programme (*Kredit Usaha Rakyat*, KUR) extends loans to MSMEs at discounted rate through financial institutions. Data from the Bank of Indonesia shows that loans to MSMEs have indeed been increasing in the past few years. Total lending to MSMEs was around IDR 700 trillion by December 2015, up 78% from around IDR 394 trillion as at December 2011. On the other hand, the Non-Performing Loans ratio of MSME loans is still at manageable levels (around 5%), which can be seen as a good driver of loan growth in the banking system. However, these measures are not matched by business development services for would-be entrepreneurs, which still hampers business creation. Indonesia stands at 151 in the ranking of 190 economies on the ease of starting a business<sup>51</sup>.

19. **Agribusiness.** While modern market chains raise new challenges, there is a growing interest of domestic and global agribusiness in sourcing from local, small-scale producers, which opens up new avenues for supplying smallholders with services, new technologies and possibly also access to finance, with scale. New models for developing business partnerships offering access to markets and support services are emerging (including in IFAD portfolio), along different combinations of farmers' groups and cooperatives, domestic and international agri-business, public agencies and NGOs, and public and private financing. There is much potential to develop the processing and conditioning of agriculture and marine-based food products to supply urban markets. Fast urbanisation and the resulting soaring demand for food products open new potential to attract young people in the agriculture and food sector with the prospect of improved returns and technological innovation. Furthermore, as the rising urban middle class adopts increasingly diversified food diets, further market opportunities develop for high-value crops such as fruit and vegetables, which are still largely imported by the modern retailing system<sup>52</sup>. With urban food markets representing around 70% of the overall food economy, rural-urban food supply chains are transforming, becoming longer geographically but involving lesser numbers of specialised intermediaries<sup>53</sup>. As shown by a recent World Bank study<sup>54</sup>, the transformation of food systems also generates increased job and business opportunities beyond the farm, with the share of food manufacturing and services jobs tending to grow more than in the farming sector.

20. **Connectivity and financial inclusion.** In 2010, over half of young people aged 15 to 29 had access to a mobile phone and/or the Internet, and they were already 37% in the rural areas<sup>55</sup>. Connectivity in the villages has significantly improved, enabling most young people to participate in social networks and to engage with global ideas and youth lifestyles<sup>56</sup>. Innovative, mobile-based technologies improving the access to agriculture support services are developing. FinTech companies connect farmers to retail markets and supply financing and technical support services enabling smallholders to produce in line with the requirements of retail markets. BRI (Bank Rakyat Indonesia, major state-owned bank) and many provincial financial institutions have developed mobile phone banking, allowing users to transfer money, pay bills, and manage their bank accounts. Mobile-based access to agriculture insurance is in a nascent stage. Mercy Corps and ACA (a local insurance company) have developed a crop insurance for maize, targeting a few thousand farmers. Weather index-based insurance is not yet implemented, but development is planned by several development partners. Young people are best placed to adopt innovative service modalities and to make use of the growing supply of digital services. However, there are geographical disparities due to low phone network coverage in some parts of the country, especially in the East.

21. **National policies.** The five-year Medium Term National Development Plan (2015-2019) sets ambitious objectives to achieve equitable growth and poverty reduction: annual GDP growth of 8%, reduction of the poverty rate from 11 to 7-8%, access to nutritious food for 100% of the population and

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<sup>51</sup> World Bank, *Doing Business 2017*, Economy Profile 2017, Indonesia.

<sup>52</sup> OECD, *Review of Agricultural Policies*, Indonesia, 2012.

<sup>53</sup> Thomas Reardon and C. Peter Timmer, *Transformation of the Indonesian Agrifood System and the Future Beyond Rice: A Special Issue*, *Bulletin of Indonesian Economic Studies*, 2015.

<sup>54</sup> World Bank, *Future of Food*, *Shaping the Food System to Deliver Jobs*, 2017.

<sup>55</sup> 2010 National Socio-economic Survey (SUSENAS), quoted by UNFPA, *Youth in Indonesia*, July 2014.

<sup>56</sup> AKATIGA and Ben White, *Would I like to be a farmer?*, *Inside Indonesia*, April-June 2015.

development of rural and remote areas, and 4.5% annual growth rate of the agricultural, fisheries and forestry sector. The Plan affirms the important role youth is to play in Indonesia's development.

22. In line with the Medium-Term National Development Plan, the overall objective of the 2015-2019 Strategic Plan of the Ministry of Agriculture (MoA) is to achieve food security and farmers' welfare. The Plan aims at promoting an overall environment enabling small farmers to respond to the growing domestic demand for food production, through extensive investment in irrigation, storage, market and transport infrastructure, strengthened extension and other support services, and adaptation to environmental risks. It also aims at increasing the value added of agricultural products as well as employment in the agriculture sector, with a view to raise the income of farmers and of all the players directly or indirectly involved in the agriculture business. MoA does not have any specific policy document for promoting youth participation in agriculture. However, the Education Strategy for Agriculture (2015-2019) aims at improving the quality of the vocational education system and at developing the linkages between vocational schools and agribusiness as well as extension and research institutions.

23. A new National Youth Action Plan (2016-2019) has recently been adopted. The Action Plan is directed at government institutions, youth-based organisations and other stakeholders involved in implementing youth development programmes and aims at: (i) fostering youth stakeholders' awareness of youth potential and challenges in supporting national development; (ii) improving the coordination of the 25 ministries and government institutions that run programmes and budgets specifically targeting youth; (iii) support youth empowerment; and (iv) promoting youth employment and youth entrepreneurship.

24. Indonesia promotes entrepreneurship because of its potential for creation of Micro, Small and Medium Enterprise (MSME) that are increasingly growing and become more crucial to job creation, absorb the labor force and poverty alleviation. The National MSME Strategy<sup>57</sup> aims at increasing the competitiveness of MSMEs (including cooperatives) to grow into sustainable businesses that can support national economic independence. Main strategic orientations include: (i) improving the quality of human resources through increased access to training and business development services; (ii) improving access to financing; (iii) promoting increased value-added products and marketing reach; (iv) promoting business to business linkages and strengthening cooperatives; (v) raise enterprise competitiveness; and (vi) improve the ease of doing business.

25. **PLUTs.** In 2014, the Ministry of Cooperatives and SMEs (MoCSME) has initiated the creation of Centres for Integrated Business Services (*Pusat Layanan Usaha Terpadu* or PLUT) to promote SMEs and innovation. MoCSME's objective is to create 258 PLUTs by 2020, of which 51 have been established so far<sup>58</sup>. Meetings with the Ministry confirmed that, while implementation was delayed for various reasons<sup>59</sup>, PLUT expansion continues and measures are taken to enhance effectiveness as well as to develop alternate approaches to expansion, including adapting the range and scale of services to the potential and needs of specific provinces/districts, as well as diversifying sources of financing (see below).

26. Services are mostly provided for free to a majority of micro-enterprises (including cooperatives) both online and offline, by five to seven full-time technical consultants, supported by three administrative staff. They include: business planning and support to enterprise creation; registration; technical and management skills development; market linkages; standards and certification; business linkages and intermediation to link entrepreneurs with business development and financial service providers; using digital services. PLUTs also include shops where local products are sold. PLUTs mobilise skilled professionals from academic institutions, local government departments and the business community to provide specialised trainings, including through cost-sharing agreements.

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<sup>57</sup> RPJMN 2015-2019, Book II on MSME National Strategy.

<sup>58</sup> See map in Attachment 1.

<sup>59</sup> A moratorium in 2015, due to a change in national political leadership, and subsequent programme review in 2015, as well as issues related to the transfer of PLUT ownership to local governments as reviewed below.

27. The creation of new PLUTs will resume in 2019. Meanwhile, new developments aimed at enhancing service delivery will be generalized to all PLUTs in 2018. These include: the training of mentors selected from the business community to increase PLUT outreach and provide on-going support to SMEs; the upgrading of PLUTs based in provincial capitals (*Kota*) to provide guidance to district-based PLUTs in the province; the extension of MoCSME financing and support for five years (instead of four) for all the PLUTs; increased support to cooperatives.

28. At the national level, the PLUT network has a partnership with OJK to provide online access to financial and business education for micro-enterprises, and PLUTs have partnerships with local KADINs (Chamber of Commerce and Industry, also covering agriculture).

29. MoCSME has a PLUT capacity assessment system and supports PLUT capacity building and networking through trainings, the sharing of best practices and models, digital tools (including an updated website <http://cis-nasional.id/>), special events (such as an annual convention where all PLUTs come annually together for training and knowledge sharing) and a partnership with the Association of BDS Providers (Asosiasi BDS Indonesia) that provides capacity building and support to networking and partnership development. Furthermore, PLUTs are receiving support from KOMPAK, an Australia-Indonesia Government partnership working to reduce poverty in Indonesia by supporting the Government of Indonesia (GoI) to improve basic services and economic opportunities for the poor and vulnerable. It provides support to PLUTs by enhancing staff capacities as business development consultants and has developed modules for capacity assessment and training<sup>60</sup>.

30. The PLUT programme foresees that the financing of core consultants and operational costs is to be taken over by local governments by the fourth year. Transition to local ownership has been delayed, partly due to legal issues in transferring ownership to local governments, which are being addressed by MoCSME. The Ministry is also developing a plan for promoting PLUT financial sustainability, with a view to assist PLUTs and local governments to raise resources. This would involve developing the provision of services for a fee, as well as partnering with the private sector to share costs, as is the case for example in West Java (the PLUT in Canjur has partnerships with national telecoms and banks and generates revenue through CSR initiatives) and in South Sulawesi (financing contributed by a seaweed producers' association). It would also involve linking the modalities whereby local governments take on responsibility of future operations to location-specific potential (some areas being more conducive for revenue generation), with MoCSME committed to extend financial support through the transition process. Furthermore, Bappenas and MoCSME are planning to transform PLUT status so that they become Public Service Agencies (*Badan Layanan Umum* – BLU) with financial and administrative autonomy.

31. The need to develop PLUT sustainable models (i.e. models where PLUT financing does no longer rely on central government financing), building on the lessons of experience, has certainly contributed to slowing down the expansion of a programme that only started in 2014, entirely on GoI financing. There is however no question that the PLUT programme is continuing, that GoI will keep financing the operation of PLUTs already established and that it will strengthen the programme and make it easier to integrate by local governments.

32. Against this background and in agreement with BAPPENAS, MoA and MoCSME, the preferred scenario for implementing YESS support to youth entrepreneurship is to build on the network of existing PLUTs as this would:

- build on existing institutions that enjoy support from GoI, have a mandate in line with project objectives and that will survive the project;
- take advantage of the experience developed so far, which MoA agrees it does not have, and of an array of existing and potential partnerships with financial and non-financial service providers as well as with the business community, including large numbers of micro-entrepreneurs that can play the role of mentors;

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<sup>60</sup> <http://kompak.or.id/en>.



- allow the development of sustainable linkages with TEVT institutions partnering with YESS with a view to provide students with durable opportunities to gain hands-on experience in the farming and agribusiness sector;
- promote an innovative partnership between MoA and MoCSMEs that would bring together the competences and strengths of either institution to the benefit of young people in the farming and agribusiness sector;
- support project implementation readiness and faster delivery, and minimise costs to the project, as opposed to a project-based structure
- facilitate scaling up of successful approaches and instruments through the national PLUT network.

33. Dinas Agriculture are not regarded as a viable alternative to PLUTs, primarily because their mandate does not cover agribusiness nor the wider range of activities that will be supported by YESS. However, Dinas Agriculture are expected to be important partners through the Outreach and Mobilisation Networks that YESS will promote at district level, to ensure that poor young farmers have access to the support services they need to improve their activity and their livelihoods.

34. **PWMP.** The Young Agricultural Entrepreneur Development Programme (PWMP) is one of the measures taken to implement the Education Strategy, which the Ministry of Agriculture launched in 2016 to reverse the current trend whereby most graduates of agriculture vocational schools and university faculties choose not to engage in agriculture. The programme has a double objective: (i) raise youth awareness about the job and business opportunities offered not only by production but also by upstream and downstream activities including support services, processing and trade; and (ii) promote young farmers and agribusiness entrepreneurs that will become agents of change and new sources of employment in the agriculture sector. PWMP is a 3-year programme that provides hands-on experience in the agriculture sector to small groups of young students or graduates, who receive technical guidance matched by a small financial incentive to develop small on and off farm business projects. While still in its infancy, PWMP has generated a large interest on behalf of both rural and urban young women and men and holds potential for scaling up. The programme combines a 5-day crash course on business development in the agriculture sector, a short internship in a successful business or training centre, and the pairing of each participant with a mentor. A rapid assessment showed that areas of improvement of the PWMP could include: information on business opportunities and linkages with markets; mentor selection; access to business development and financial services; innovation; and business viability and sustainability. In fact, it appears that so far PWMP projects are more considered as a tool to provide hands-on experience, rather than to support the development of a viable and profitable business.

35. Other structures also deliver agriculture-related programmes and many have partnerships with the Ministry of Agriculture. These include 84 vocational high schools (SMK-P, run by the Ministry of Education) and 95 agriculture university faculties (run by the Ministry of High Education). A total of 387,000 students are currently enrolled in the agriculture vocational structures run by the three ministries combined.

36. **TEVT.** PWMP is implemented by MOA's Agency for Agricultural Extension and Human Resource Development (AAEHRD), which manages a network of Technical Education and Vocational Training (TEVT) institutions that includes:

- *Vocational education institutions:* these are under the direct responsibility of AAEHRD Centre for Agriculture Education and include: 82 vocational high schools (SMK-PP); and three college of agricultural extension (STPP) that are in the process of upgrading to polytechnic colleges to broaden the range of majors covered;
- *Training institutions:* they are under the responsibility of AAEHRD Centre for Agriculture Training and include 10 national and 34 provincial training centres providing short-term training to farmers, focusing on technical issues exclusively. Around 11,000 people were trained in 2016. In addition,

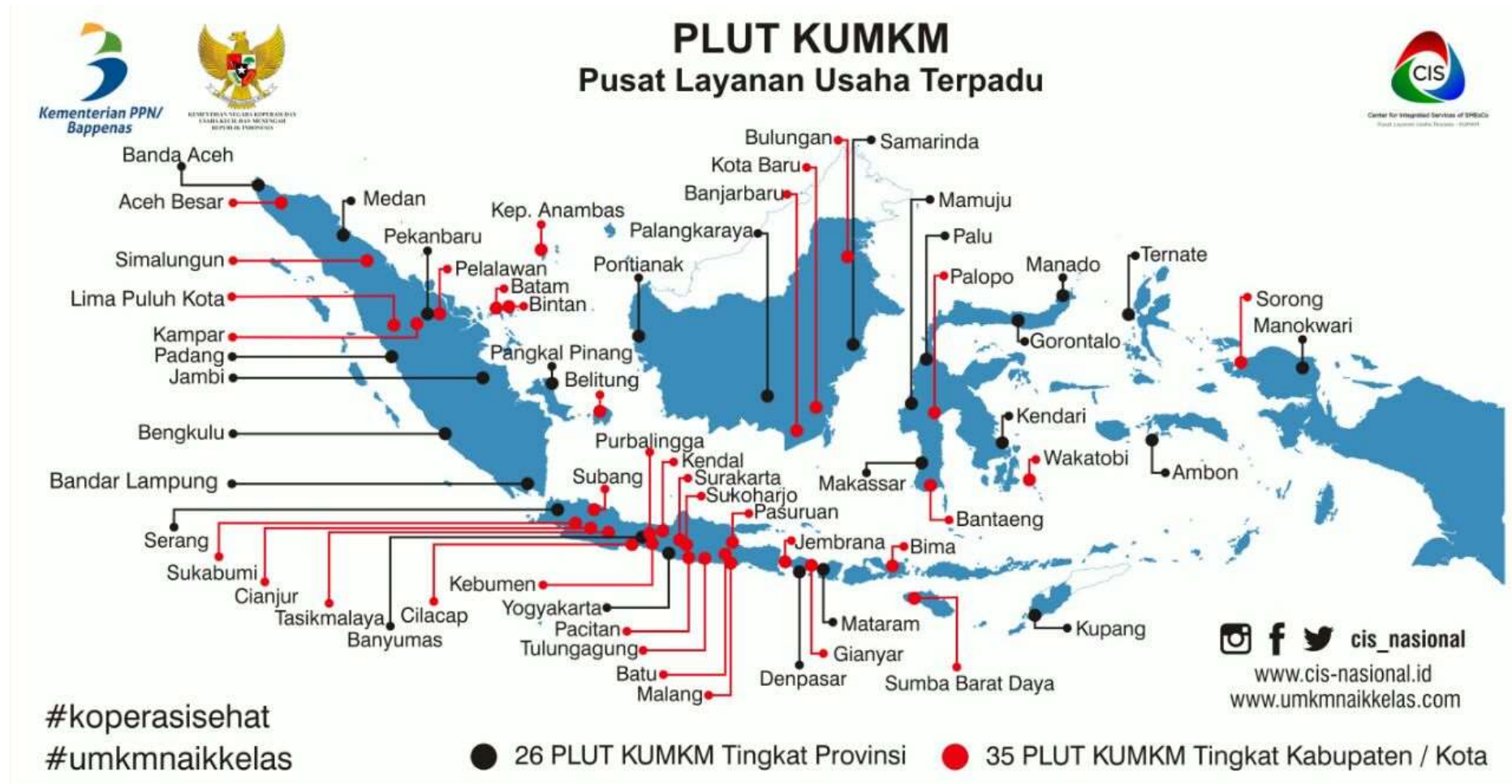
the Centre supports 1,034 farmer-owned Farmer Agriculture Training Centres, by providing training of trainers and financial support for the construction of training facilities. The Centre has a capacity assessment system to monitor the performance of these farmer-owned facilities, which shows that around 60% have medium-level capacity.

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38. Common challenges faced by agriculture TEVT institutions include the following: (i) absence of data on demand in the local labour market, which reduces to guesswork the process of adapting training to meet local skill requirements and employment opportunities; (ii) absence of regular graduate tracer studies are rarely conducted by training providers, preventing from assessing the impact of TEVT on the employability of graduates; (iii) training methodologies are overwhelmingly teacher-centred rather than competency-based and trainee-centred, and assessment is normative and measured against teacher-determined, curriculum-prescribed outcomes; (iv) career guidance and counselling is limited and insufficiently targeted; and (v) low transition rates between basic and senior secondary education hamper the access of socio-economically disadvantaged youth to further education and training for agriculture-based activities.

39. Attachment 2 presents the pool of agricultural TEVT institutions in YESS target provinces.

**Attachment 1 – Country map with PLUTs**



### Attachment 2 - Pool of agricultural education and training providers by type in YESS target provinces

	Agriculture colleges STPP (MoA)	Universities	Vocational high schools SMKPP (MoEC)	Agricultural Training Centres (MoA)	Training centres with Ag department BLKP (MoM)	Farmers' Training Centres P4S
East Java	STPP Malang	University of Brawijaya	SMKPP Nganjuk	BBPP Batu	BLK Pasuruan	115
			SMKPP Lemangan			
			SMKPP Sengkaling	BBPP Ketindan		
			SMKPP Tegalampel			
West Java	STPP Bogor	University of Padjadjaran	SMKPP Lembang	BBPP Lembang	BLKP Lembang	265
			SMKPP Tanjungsari		BLK Karawang	
			SMKPP Pangalengan	BBPKH Cinagara	BLK Purwakarta	
		University of Bogor	SMKPP Banjasari			
			SMKPP Sumedang			
			SMKPP Cianjur			
			SMKPP Bale Endah			
			SMKPP Tasikmalaya			
			SMKPP Cikole			
South Kalimantan		University of Lambung Mangkurat	SMKPP Banjarbaru	BBPP Binuang	BLK Kota Baru	14
			SMKPP Pelaihari			
			SMKPP Paringin			
South Sulawesi	STPP Gowa	University of Hasanuddin	SMKPP Rappang	BBPP Batangkaluku	BLK Makassar	30
			SMKPP Paulus Makale		BLK Luwu	
<b>Total</b>	<b>3</b>	<b>5</b>	<b>18</b>	<b>6</b>	<b>7</b>	<b>424</b>





## Appendix 2: Poverty, targeting and gender<sup>61</sup>

### I. Poverty, Youth and Rural Livelihoods

2. The national poverty context is one of a steady reduction until the financial crisis in the late 1990s when poverty slipped back from 11% to 19.9% in 1998. Since then a gradual decline in poverty rates has returned. In 2017 the Indonesian government defined the poverty line at a monthly per capita income of IDR 354,386 (approx. USD 26.6) resulting in an overall poverty rate of 10.9%, a rural poverty rate of 14.1% and absolute poverty numbers of 28 million. When taking World Bank figures of the percentage of the population living on less than USD3.1, a day the percentage jumps sharply with recent reports suggesting that a quarter of Indonesians, or 68 million, are currently near poor in that they live just above the poverty line. In addition, most of the population that rose out of poverty in recent years were those who had been living just below the poverty line. It is now the bottom base of Indonesia's poor people who need to be alleviated and the difficulty of this task largely explains the gradual decline in poverty reduction gains. Moreover, many households move in and out of poverty during their lifetime; some 55% of households who were classified as poor in 2014 were not poor a year earlier, indicating the high risk of falling back into poverty.<sup>62</sup>

3. **Geography of poverty.** There is a major difference in relative and absolute poverty in relation to geographical location: while in absolute terms over half of the total Indonesian poor population lives on the island of Java, in relative terms the provinces of eastern Indonesia show far higher numbers of poverty. With the exception of a few provinces, the rural populations of Indonesia are relatively poorer than the urban ones. Notably, the young people in rural areas of Indonesia are most likely to experience not only higher income poverty but multi-dimensional inequality of opportunity, which further entrenches their poverty and the national distribution of inequality. The greatest number of poor are concentrated in East Java, Central Java and West Java. With an area of only six percent of the total territory of Indonesia, these three provinces are home to almost half of the total poor population nationwide. Half of the other poor are scattered in vast areas outside Java. Recent poverty studies show linkages between agglomeration, metropolitan area growth and pockets of poverty with evidence that urban growth has created pockets of poverty in surrounding areas.<sup>63</sup>

4. **Poverty and inequality dynamics.** Table 1 provides an overview of poverty in the target provinces, based on the National Poverty Line (which varies between provinces, from IDR 274,473 to IDR 488,564<sup>64</sup>) and based on a line of USD 3.1/day. Youth is unevenly distributed across the country, especially notable at the district level, as young people move to urban districts and centres of education and employment. The percentage of youth engaged in agriculture also varies significantly between provinces. Table 1 profiles rural poverty and youth population numbers in the target Provinces.

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<sup>61</sup> An extensive analysis of poverty, targeting and gender is in Working Paper 1 in the Project Life File.

<sup>62</sup> ADB, Poverty Analysis, 2015

<sup>63</sup> IDEAS (2017) Presentation Indonesian Poverty and Inequality Report.

<sup>64</sup> Or between USD 0.67 and USD 1.20 per day.

**Table 1: Poverty and Youth Population**

Province	Total population	Number of rural poor	% of rural poor (based on NPL)	% of rural poor (based on USD 3.1/day)	% of rural youth working in Ag	% of total youth working in Ag
West Java	48,038,000	1,642,810	11.72	36%	20.25	7.82
East Java	39,293,000	3,085,760	15.83	37%	40.56	23.25
South Kalimantan	4,120,000	123,260	5.37	25%	51.14	30.29
South Sulawesi	8,690,000	646,210	12.59	31%	55.34	37.10
<b>Indonesia</b>	<b>261,891,000</b>	<b>17,097,390</b>	<b>13.93</b>	<b>NA</b>	<b>47.95</b>	<b>25.04</b>

Source: BPS (2017): Monthly Statistical Bulletin October 2017 and SMERU (2017) for USD 3.1 column.

5. Rising inequality has become a key characteristic of the national poverty context and is associated with declining rates of poverty reduction. Indonesia now has the 6<sup>th</sup> worst inequality in the world and President Jokowi has made fighting inequality his administration's top priority for 2017 with his new 'Economic Justice' package which includes measures to increase land redistribution, to tax land speculators, improve access to credit for micro, small and medium-sized enterprises, to increase the skills of Indonesia's workforce and to provide more equal access to education. Rising inequality has an impact on the 'opportunity space' with which young people from different socio-economic groups engage in the agricultural sector. Inequalities are entrenched in young people from an early age through an increasing differentiation in access and opportunity to education and employment.

6. A recent typology<sup>65</sup> of the population by class and income distinguishes four classes:

- Poor (annual economic growth rate of -2.2%) at 11.3% of the population
- Vulnerable (annual economic growth rate of -0.1%) at 26.9% of the population
- Emerging consumer class (annual economic growth rate of 2.4%) at 44.2% of the population
- Consumer class (annual economic growth rate of 10%) at 17.7% of the population.

7. The poor are below the National Poverty Line (NPL) of around IDR 300,000 per person per month (equivalent to about USD 0.59/day) which is significantly lower than the International Poverty Line of USD 1.90/day and even further below the poverty threshold of USD 3.1/day common for middle income countries. The vulnerable have a greater than 10 percent chance of being poor the next year whilst the consumer class is economically secure, with a less than 10 percent chance of being poor or vulnerable next year and the emerging consumer class is safe from poverty but not vulnerability and lies between the vulnerability and economic security lines.

8. The project target groups will include: **poor youth** as defined by the NPL and **vulnerable youth** taking a threshold of USD 3.1/day. Youth belonging to the emerging consumer class (hereafter **emerging poor**) will be an additional target group. Deliberate inclusion of the poorest has been shown to be important not only for poverty alleviation but for supporting further economic growth nationally. Harnessing the capacities of the emerging youth will be equally important for supporting both poverty alleviation and shared prosperity. Poverty dynamics and how they impact rural youth are explained further below, whilst attachment 1 provides a typology of target groups by poverty levels and attachment 4 provides district level poverty data.

9. **Agrarian transformation.** The rising Gini Coefficient is a statistical reflection of broader agrarian transformations in Indonesia. At the heart of rural inequalities is a decline in access to land and growing inequalities through consolidation; more than half of all Indonesian farm households (and three-quarters of all farm households in Java) have farms of less than half a hectare, making them

<sup>65</sup> World Bank (2016) Indonesia's Rising Divide. The numbers draw on World Bank and SMERU estimates for 2014.



marginal farmers (*petani gurem*) in the official designation.<sup>66</sup> Access to land is only one, though significant, aspect of the broader agrarian transformation.<sup>67</sup> The Indonesian economy is no longer dominated by agriculture; the 2013 Agricultural Census recorded a dramatic decline in agricultural households for the first time and also records off-farm incomes contributing on average 46% of total household income for agricultural households. Whilst food self-provisioning remains critically important, this figure demonstrates the diversity of rural household income and a shift away from a reliance on farming. The lack of support services to shift out of subsistence farming, for those who do have enough land, is an added factor explaining the declining importance of farming.<sup>68</sup>

10. **Shifting livelihood aspirations.** Recent studies of the Indonesian agrarian transformation<sup>69</sup> note a broader aspirational shift whereby households may rely on agriculture as a back-up livelihood strategy, but prioritise off-farm income generation for wealth accumulation and intergenerational livelihood improvement.<sup>70</sup> Moreover, this shifting livelihood aspiration is one that is held and expressed by both young people and the older generations. Increasing universal access to education has undoubtedly been a factor driving this aspirational shift. However, whilst the returns to higher education are increasing and motivating young people out of agriculture, they also risk becoming a driver of further inequality as young people from poorer households do not have the educational attainments and resources to make the aspirational transition. There is growing potential in rural-urban supply chains and linked agri-businesses;<sup>71</sup> for many young people however these opportunities are constrained by low access to financial and advisory services, vulnerability to environmental risks and price volatility, lack of market information and unstructured commodity supply chains.

11. **A new narrative for young people in agriculture.** A recommendation emerging in much of the literature on young people and agriculture is the need for a new narrative on what constitutes 'farming' with policy initiatives that support new possibilities for engagement. An alternative narrative, which is more consistent with the realities of agrarian transformation and more likely to be attractive to young people, would consider agriculture (and linked businesses) in terms of its function in broader livelihood strategies.

## II. Demography, Migration, Education, Employment

12. **Youth demographic and migration.** In 2010, there were a little more than 62 million youth aged 15-29 years, representing just over one in four of Indonesia's total population.<sup>72</sup> Each of the three five-year age groups that comprise the youth population was fairly similar in size and Indonesia's youth population is projected to increase to 70 million in 2035. Indonesia will continue to face a favorable situation in terms of dependency ratios over the coming two to three decades; demographers point to this as a 'demographic bonus'. The age group of young people, as filtered through socio-economic status, gender and culture, considerably affect their life situation and potential engagement in agriculture. One of the key recommendations of evaluations of youth projects is to be age-group specific in the design and targeting of activities.

13. The number of youth in urban areas in 2010 was 14% higher than rural areas and it is highest in the 20-25 age cohort of whom 54% live in urban areas. With the exception of West Papua, the provinces with the greatest net gains are those where there is the most development, urbanization

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<sup>66</sup> Central Bureau of Statistic, Indonesian Agricultural Census, 2013.

<sup>67</sup> AKATIGA and Ben White, *Would I like to be a farmer? Inside Indonesia*, April-June 2015.

<sup>68</sup> The speculative asset value of land is highlighted by the fact that many land reform beneficiaries are subsequently selling their land within a few years of access, as noted by Jeff Nielsen (2017) 'Agrarian transformations and land reform in Indonesia' in McCarthy, F and Robinson, K. (2017)

*Land and Development in Indonesia: Searching for the People's Sovereignty* ISEAS – Yusof Ishak Institute, Singapore.

<sup>69</sup> McCarthy, F and Robinson, K. (2017) *Land and Development in Indonesia: Searching for the People's Sovereignty* ISEAS – Yusof Ishak Institute, Singapore.

<sup>70</sup> Jeff Nielsen (2017) 'Agrarian transformations and land reform in Indonesia' in McCarthy, F and Robinson, K. (2017)

*Land and Development in Indonesia: Searching for the People's Sovereignty* ISEAS – Yusof Ishak Institute, Singapore.

<sup>71</sup> World Bank, *Future of Food, Shaping the Food System to Deliver Jobs*, 2017.

<sup>72</sup> The Intercensal Population Survey of 2015 records a little over 63 million.

and employment. In terms of provincial distribution, the youth population closely resembles that of the general population with the top five provinces with the largest number of youth being: West Java (11.4 million), East Java (8.9 million), Central Java (7.6 million), North Sumatra (3.5 million) and Banten (3.1 million). Youth migration away from their home community is largely dominated by employment-motivated movements towards geographic centres of education and economic development. Youth represent the most mobile segment of the population and 51% of all migrants. Youth with higher levels of education and those who live in urban areas are more likely to migrate than those living in rural areas and with lower levels of education. The lack of meaningful opportunities in agriculture, life-style aspirations, marriage, search for better employment and education are all motivations for migration but they differ by socio-economic group.

14. **Education and training.** Across the country the level of education in the rural areas has considerably improved and government investment has resulted in near universal enrolment in primary education; 95% of youth aged 15 to 29 had completed primary school education, 67% had a junior high school certificate, and 43% had a senior high school/vocational school certificate<sup>73</sup>. Education is both a cause and a symptom of poverty and a major cause of social and economic disparities.<sup>74</sup> Access to education falls sharply after primary school. The educational attainment of poor household heads includes: 13% completed junior high school, 11% completed senior high school and 1% completed University. Rising returns to education are also entrenching inequalities; those with junior secondary education now enjoy a 20% premium over primary education graduates, those with senior secondary education a 40% premium, and those with tertiary education earn twice what those with primary education would earn.<sup>75</sup> In surveys conducted with parents on why their children were no longer in school<sup>76</sup>; financial hardship was the primary reason followed by poor access.<sup>77</sup> Indonesia's current nationwide social protection programs include education subsidies (through the Smart Card, *Kartu Indonesia Pintar/ KIP*) whose target is young people – aged 6 to 21 - who have been identified and registered as poor. This program was intended to target 19.8 million children and young people in 2017 although budget cuts have meant that the amount of benefits per KIP recipient has remained unchanged since 2008, its impact on allowing the poor access to education has consistently decreased.

15. **Employment and entrepreneurship.** The March 2017 Economic and Statistical Bulletin records 36 million young people aged 15-29 as economically active, representing 31 percent of Indonesia's total workforce. Participation varies by sex, age and location with a higher labour force participation rate amongst men reflecting cultural norms and women's maternal and domestic obligations. Women in rural areas have higher labour force participation rates than urban women. The labour force participation rate is lowest amongst the 15-19 age group in general and the main difference in participation occurs between rural and urban male youths: the former start working significantly earlier than their urban counterparts. There are high rates of teenage and older youth unemployment with youth representing 71% of all unemployed in Indonesia.

16. Agriculture accounts for 35% of all employment in Indonesia and 57% of all employment in rural areas with 88% of this employment classified as informal sector jobs. The sector remains a major source of employment for young people, though as a proportion of the workforce they are underrepresented. Agriculture and related employment is primarily a 'holding pen' for young people without alternative options. Over one third of young people work in low-skilled, low-pay jobs with little opportunity for progression; a lack of training and capacity building being a key factor preventing young people from negotiating better work conditions. Labour market conditions remain worse for women; they work longer hours for less pay in more informal conditions. Female youth are more likely

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<sup>73</sup> SUSENAS (2015).

<sup>74</sup> Noted in Oxfam (2017) Towards a More Equal Indonesia.

<sup>75</sup> SAKERNAS (2015).

<sup>76</sup> SUSENAS (2015).

<sup>77</sup> This was confirmed in discussions with students during the fieldwork in which the cost of food and board (on average 1 million a month) were found to be considerably above what would be affordable to a poor household, as defined by both the NPL and the USD 3.1 poverty line.

to work in part-time jobs and in family businesses as unpaid workers although conversely a greater percentage of female than men are in formal sector paid employment.

17. Summary findings, detailed in a Working Paper, are the following: (i) youth work from a young age and the majority of poor and near poor youth balance a number of livelihood activities; (ii) apart from agriculture, the 'wholesale, retail and hotel and 'manufacturing' sector are the main employers of youth, mainly in informal sector low pay jobs; (iii) opportunities in agriculture should be situated in the broader context of the livelihood realities and aspirations of young people to remain relevant; (iv) the non-farm rural sector is likely to be the most attractive to young people; (v) existing employment preferences suggest that opportunities in the retail, manufacturing, hotel etc business linked to food/agricultural are preferable for women; (vi) landless and near landless young people require not only employment but improved working conditions.<sup>78</sup>

### III. Livelihood Assets: Natural, Financial, Physical, Human and Social

18. **Land ownership and access.** Access to and ownership of land is one of the main constraints on youth engagement in agriculture, both because of declining access to land in general (fragmentation, urbanisation, consolidation) and because inheritance usually occurs during adulthood. More than half of all Indonesian farm households (and three-quarters of all farm households in Java) have farms of less than half a hectare which are too small for fully farm based livelihoods and for children of landless or near landless families the only prospect in farming is of becoming farm labour or sharecroppers<sup>79</sup>. Access to land is less of a limiting factor outside of Java and recent policy support for land and agrarian reform, as well as decentralisation, provide positive ground for innovation around land constraints and greater autonomy for local-level adjustments to current tenure systems.

19. **Financial and physical assets.** Where young people remain part of the parental economic unit, levels of independent financial assets, if these exist, are hard to assess and most earnings are used to support household level benefits. The average poverty line is IDR 354,386 per month per capita. Poor agricultural households in Poverty Quintiles 1-3 gain 46% of total household income from off-farm sources, pursuing agriculture and off-farm activities for short-term livelihood objectives related to covering basic food, health and education needs. Youth in the younger age cohort (15-19) are likely to work in agriculture whilst the older cohorts (20-25) will pursue non-agricultural employment in the informal sector. Household owned land, if available, will play a critical role in the food security of the household either through subsistence or commercial production. Poverty quintiles 4-5 will have the financial assets to invest in education and young people are likely to migrate both for education and employment, often combining both in the poorer quintile four households. <sup>80</sup> Apart from access to land and finance, the balance between farm and non-farm income, the number and gender of dependents, the alternative employment options available and the parents level of education and expectations of return from education and non-agricultural employment are all likely to affect investment choices in agriculture.

20. **Human and social assets.** The human and social resources available to young people and the transition to adulthood holds different challenges for youth of different socio-economic groups. Higher education has not only contributed to a widespread aspirational shift between generations for non-agricultural livelihoods, but often represents an alternative investment to agriculture for poorer households, so this aspirational shift is often further entrenched by the need for returns from money

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<sup>78</sup>Moving towards the ILO definition of decent employment, i.e. 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, organise and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men.

<sup>79</sup>Ambarwati, A., R. Harahap, I.Sadoko and B.White (2017) 'Agrarian transformations and land reform in Indonesia' in McCarthy, F and Robinson, K. (2017) *Land and Development in Indonesia: Searching for the People's Sovereignty* ISEAS – Yusof Ishak Institute, Singapore.

<sup>80</sup> UNFPA (2015) Youth in Indonesia, provides data on the number of young people combining education and work.

invested in education. In general indicators of family formation reveal a trend of delayed marriage and parenthood. Generational and patriarchal arrangements for care of the elderly and the role of women in the household are also seeing a shift. Education (including self-funding of education), migration, greater mobility, opportunities for female employment and the declining importance of land are all changing the social relations customarily associated with agriculture and augmenting the universal tendency of young people to seek autonomy and independence as part of their transition to adulthood. While young people are turning away from agriculture the exact reasons will depend on a number of variables and the family context, social networks and aspirations of young people are critically important to consider for a complete assessment of potential opportunities.

21. **Political and organisational assets.** A national policy environment has been established that recognises the importance of youth as innovators in a modern economy as well as the need to involve them in national food sovereignty objectives. From a targeting and outreach perspective, most youth organisations have an urban membership and perspective and are oriented towards health, advocacy and civil rights in its broadest institutional sense with. Young rural people have few political assets and limited organisational capacity when it comes to influencing their direct economic context. The political space available to young women to challenge their economic realities is even smaller, circumscribed not only by generation but also by gender norms.

22. District mapping will identify youth groups that are seeking to create new economic spaces and opportunities. The following are the main organisations and networks that currently have the potential to reach large numbers of poor rural young: (i) *Kelompok Tani* (Farmers Groups); (ii) Village Youth Groups; (iii) *Pendamping PNPM* and Village Law Facilitators; (iv) Farmer Research and Training Centres; (v) *Gerakan Pemuda Indonesia* (The Scouts); (vi) Farmers and Peasants Associations; (vii) AMAN and the Indigenous Youth Groups; (viii) the outreach programs of various Dinas at the District level in particular *Dinas Pertanian*, *Dinas Pemberdayaan Masyarakat dan Pemerintah Desa* (Village Government), *Dinas Koperasi* (Cooperatives) *Dinas Kebudayaan dan Pariwisata* (Tourism) and the *Badan Pengelolaan Daerah Aliran Sungai* (Ministry of Environment and Forests) that include youth and involve extension and training and finally (viii) The International Land Coalition, working with the Ministry of Agrarian and Spatial Planning to secure the agrarian reform process under a program to secure 'Assets' and complement these with 'Assets', namely the financial, technical and human resources to turn land to profit. Extensive outreach including the mobilization of young people to map land, inherit/access/lease land and manage these for productive purposes.

#### IV. Social Exclusion: Gender, Indigenous and Disabled

23. Much of the commentary above has already been disaggregated by gender. To summarise, the available data shows the following broad picture regarding gender, particularly regarding young women and the potential for them to make a livelihood from agriculture, both as independent economic agents and as wives and mothers: (i) with only 1.26% of young rural women head of households, their gender role in the family (daughter, wife, mother) continues to be important in defining their economic potential;<sup>81</sup> (ii) women are increasingly mobile and educated and transition to marriage and motherhood later; (iii) the gender wage gap remains significant in all sectors and women are more likely to work in low-paying informal sector jobs; (iv) however, at the other end of the spectrum women are more likely to have formal sector jobs and be international migrants; (v) women in rural areas have a higher labour force participation than urban women; (vi) women are most commonly employed in the 'wholesale trade, retail trade, restaurant and hotel', 'community, personal and social services' and 'manufacturing industry' sectors; and (vii) most women are unlikely to own and/or independently control the use of land.

24. Women make up an exceptionally large and growing share of the self-employed in Indonesia, and yet they operate smaller and less productive enterprises than men.<sup>82</sup> Amongst the very large pool

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<sup>81</sup> BPS (2015) Youth Statistics Indonesia.

<sup>82</sup> The 2014 Global Entrepreneurship Monitor estimated that of Indonesia's total adult female population of 85 million, approximately 26%, or 22 million are active entrepreneurs. Global Entrepreneurship Monitor (GEM, 2015). Since there are no

of women entrepreneurs in Indonesia, there are diverse and heterogeneous needs. A useful typology involves distinguishing between 'growth-oriented' women entrepreneurs, who demonstrate the ability and willingness to expand their enterprise, and 'necessity' entrepreneurs, who enter entrepreneurial activity out of a lack of alternatives and are unlikely to change their business trajectory. One of the most critical and overlooked cohorts of women entrepreneurs in Indonesia are the fast-growing 'growth-oriented' entrepreneurs, which with the right support have the potential to catalyze much broader economic growth and development. A recent study estimates that 15% of the 22 million active entrepreneurs are 'growth-oriented'.<sup>83</sup>

25. In sum, there is a stark difference in the realities of women by socio-economic group, with poor young rural women most likely to marry early and work as agricultural wage labour and/or on smallholder family farms.<sup>84</sup> They require decent employment, homestead based solutions and support with capacity building (informal, formal or technical) and access to gender-sensitive support services in the context of specific livelihood options. Drawing on this broad summary, best options for involving poorer young women in agriculture and the rural sector are: (i) selecting/supporting value chains in which young women work as agricultural labour and supporting their capacity to negotiate their rights and working conditions; (ii) supporting landless young women to gain access to public land in their own right; (iii) supporting younger women to transit from Junior to Secondary High School and Vocational School (the main drop-out period for poorer girls) by providing concrete proposals for why it is rationale to invest in further education; and (iv) supporting younger rural women to manage their incomes as part of broader livelihood strategies. The options for involving less poor young women are more numerous and they are more likely to access formal employment and be able to be able to risk entrepreneurship in both the farm and non-farm sectors. The knock-on effects of investing in women 'growth entrepreneurs' can be significant as these enterprises will not only contribute meaningfully to economic output and growth, but also employ women in higher numbers than men, heralding an opportunity to reduce persistent gender inequalities in employment in Indonesia.

26. **Indigenous youth.** Young indigenous people tend to come from the poorer and more remote parts of Indonesia and have an asset profile that puts them below or around the poverty line, although they are often further marginalised due to their ethnicity. Young people also face greater challenges in accessing land because of conflicts with private sector commercial interests, and land lost to transmigration. Community governance structures over communal land often entrench intergenerational, as well as gender disadvantage. Despite this, increasing support for negotiated land access rights on forest lands on a temporary or restricted basis has the potential to support the livelihoods of indigenous youth. In addition, the recognition of *Desa Adat* (indigenous village) in the new village law officially accommodates local custom and could further support a renegotiation of access and rights over resources from which young people could benefit<sup>85</sup>.

27. **Disabled youth.** Three quarters (76%) of youth aged 15-29 with a disability have no schooling at all and a further 14 percent are not able to complete primary school. It is important to note that youth identified as having a disability are likely to be those with the most disabling types of disability,

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nationally representative data sets on women entrepreneurs in Indonesia, the extant what is it? studies tend to draw generalizations about women entrepreneurs from limited data. A recent study provides the best overview: World Bank (2016) *Women Entrepreneurs in Indonesia: A Pathway to Shared Prosperity*. It includes one of the largest, dedicated surveys of women entrepreneurs in Indonesia to date, covering over 1,600 women entrepreneurs. This is complemented on the supply-side by in-depth interviews with 344 financial institutions, business development providers, and local government respondents, as well as qualitative case studies with seven financial institutions that work with women entrepreneurs.

<sup>83</sup> Ibid.

<sup>84</sup> These findings are also supported by a comprehensive recent study: ADB (2015) *Female Labour Force Participation in Indonesia*.

<sup>85</sup> Though the benefits of *Desa Adat* are by no means straightforward and many strong traditional communities such as those in Bali and Mentawai have voted against becoming *Desa Adat*. Java has a relatively homogenous population; apart from native Javanese the two major ethnic groups, Sundanese and Madurese, do not fit the profile of 'Indigenous People' due to their large numbers (amongst the most dominant groups in Indonesia) and distribution throughout the socio-economic and political profile of Java. In Kalimantan the main ethnic group are ethnic Banjar, although there are pockets of Dayak who will be defined as 'Indigenous People'. In South Sulawesi, the main ethnic group are the Bugis and Makaresse, whilst the Torajan are a minority with 'Indigenous People' status who are not significantly represented in the target districts.

and more data is needed to assess how schools are responding to children with different levels and types of disability. Nonetheless, these statistics indicate a substantial level of unmet demand for special education services in Indonesia. There is scarcely any data on disability in Indonesia and they are not recorded as members of the workforce.

28. In 2015 the Indonesian President enacted a National Action Plan on the Inclusion of Persons with Disabilities. A Secretariat is currently being set up to coordinate and monitor the implementation of this National Action Plan across different ministries and agencies. In collaboration with the vocational training school BBRVBD (*Balai Besar Rehabilitasi Vokasional Bina Daksa* - National Vocational Rehabilitation Centre), new curricula have been developed in order to prepare students with disabilities for the demands of the labour market. These new curricula were launched by the Minister of Social Affairs in October of 2015 and will soon be used as a reference for social rehabilitation units located throughout the country.

## **V. Lessons on Targeting and Inclusion**

29. In general IFAD-supported projects in Indonesia have been effective in targeting, using government indicators and poor household lists combined with participatory selection of project beneficiaries. There are a number of areas in which targeting strategies have proven less effective, showing that: (i) socio-economic and livelihoods analysis should support the identification of economic opportunities and (ii) achieving high levels of inclusion of poor households will require working out value chain and economic intervention potential in different locations for different poverty profiles. In order to draw on these lessons, the approach taken in this project will be not to target poor young people by area but conversely to identify economic opportunities, the profile of young people who can be supported by these/or are in a position to take advantage of these opportunities and the services that they will require to support this objective. Targeting has in the past been sub-optimal because despite the establishment of target group typologies, the interventions to meet the demands of different target groups have inevitably been standardised. However not only do different target groups require distinct interventions, but there are synergies that can be generated between different target groups that meet the twin goals of reducing extreme poverty and increasing shared prosperity. This lesson is reflected in the project targeting approach which allows for detailed poverty and economic mapping and activities to meet sub-target group specific needs.

## **VI. Target Area, Target Groups and Development Pathways**

### **A. Target Area**

30. Four provinces - East Java, West Java, South Sulawesi and South Kalimantan - have been selected for the project in consultation with the Government, based on agricultural and market growth potential, poverty indicators and alignment with ongoing government and Ministry programmes. The provincial selection presents the following characteristics: (i) diverse profiles of both poverty levels, density and youth engagement in agriculture; (ii) areas of youth outmigration that have agricultural potential, as well as areas of youth immigration, mainly for education and employment; (iii) a high percentage of households estimated at being vulnerable to poverty and (iv) diverse agro-ecological zones that enable the piloting of different types of interventions. Geographical poverty targeting objectives have been partly met by the selection of provinces and districts; further project area targeting at the sub-district level will be undertaken during project poverty and economic mapping in the first year of the project. In each of the target provinces, YESS activities in support of youth farming and entrepreneurship will focus on a limited number of districts, which were selected jointly with MoA and MoCSME based on the following criteria: (i) presence of a PLUT and quality of service; (ii) poverty density; (iii) potential for developing agriculture-based market-driven activities; and (iv) project

logistics. The national poverty lines and the USD 3.1 poverty line for the target districts are provided in table 2 below<sup>86</sup>.

**Table 2 – Target districts**

Province	Districts	NPL (%)	USD 3.1 (%)	Nbr of poor (000)
<b>West Java</b>	Cianjur	12.20	46.73	261
	Tasikmalaya	11.90	47.73	196
	Sukabumi	8.90	31.93	199
	Subang	12.20	30.95	170
<b>East Java</b>	Malang	11.50	39.43	284
	Pasuruan	10.70	40.12	166
	Tulungagung	8.50	37.82	83
	Pacitan	16.60	45.07	85
<b>South</b>	Banjarbaru	3.20	14.00	11
<b>Kalimantan</b>	Tanah Laut	4.50	18.74	15
	Tanah Bumbu	5.50	21.23	18
<b>South</b>	Bantaeng	9.50	30.51	19
<b>Sulawesi</b>	Bulukumba	8.10	37.60	37
	Maros	11.80	35.45	43
	Bone	10.10	46.03	88

## B. Target Groups and Sub-Groups

31. Young people qualifying for project support will mainly range from 16-30 years of age in line with the 2009 Indonesian Law on Youth. Project implementation will consider some minimal upward flexibility to align with the Ministry of Agriculture definition which includes young farmers up to 40 years of age.

32. The main target group will include: (i) poor youth - young people below the National Poverty Line (NPL) and (ii) vulnerable youth - young people that remain vulnerable to poverty and are living on less than 3.1 USD a day. The group will include young people that are interchangeably referred to as the productive poor or the economically active poor, meaning that they have the potential to generate an economic return from their activity. More than 80% of these young people live in households as dependents, whilst 11.27%, mainly in the older age cohort, are household heads<sup>87</sup>. A further target group will include emerging youth – youth above the poverty line who are able to act as lead farmers, growth-oriented entrepreneurs and vocal role models who are safe from poverty but not vulnerability. The target group will include a broadly equal representation of women and will be inclusive of indigenous, disabled and remotely located young people.

33. A table with the typology of the main poverty target group that summarises their characteristics, priorities and constraints, based on the analysis in preceding sections, is provided in Attachment 1.

34. Within these main poverty target groups, the youth supported by YESS will fall into two main categories:

- young women and men looking for opportunities for remunerative livelihoods in their rural areas, either through entrepreneurship or employment, that could offer an alternative to migration or subsistence agriculture;

<sup>86</sup> Attachment 4 provides further detail of district poverty characteristics.

<sup>87</sup> Rural male household heads comprise 20.97% and rural female household heads 1.26% of the youth population. BPS (2015) Youth Statistics Indonesia.

- young women and men who require further capacity building, including students from agriculture vocational high schools and colleges who are willing to build on their education to make a living in agriculture and related sectors, from junior high schools who are looking for career orientation, possibly in the agriculture and food sector and those youth who have left formal education but would like to gain further skill upgrading through apprenticeships to support economic empowerment.

35. Whilst poverty levels define the main target group typology and support to build capacity and generate economic livelihoods the main intertwined responses, the target group is diverse and a number of demographic, social and livelihood factors have an important influence on how target sub-groups are best supported:

- *Age Groups.* Young people in the 'transitional', 'establishing' and 'established' age brackets have different priorities and needs, although these will cross-cut with their poverty levels.
- *Social Factors.* Gender, ethnicity and disability are the three main social factors that will cross-cut with age and poverty criteria to influence the opportunities and constraints of particular youth groups.
- *Current livelihoods.* Young people can be further identified by current livelihood occupations and strategies that represent both opportunities and/or key constraints, this includes: young migrants, students and graduates, formal education drop-outs, landless youth and youth in traditional subsistence production. Most of these groups, particularly landless youth and formal education drop-outs, have poorly paid labour in the informal sector, unemployment and underemployment as a default livelihood strategy and occupational status. The lack of opportunities pushes young people into migration to urban areas or overseas. The project therefore offers alternative economic options to migration and seeks to build on migration remittances to pave the way for sustainable return.

36. Table 2 summarises the diversity of project target sub-groups by age, social and livelihood factors; most of these sub-groups are cross-cutting and the project response to this complexity is captured in Table 3.



**Table 2: Target Sub-Groups**

Target Sub-Groups	Key Priorities and Needs
<b>Age Bracket Sub-Target Groups</b>	
Transitional youth (16-19)	<ul style="list-style-type: none"> <li>• Career guidance to balance education and work opportunity costs.</li> <li>• Support to evaluate options for agricultural/rural livelihoods</li> <li>• Positive role models for agricultural/rural livelihoods.</li> </ul>
Establishing youth (20-24)	<ul style="list-style-type: none"> <li>• Support to transition from education to work and employment.</li> <li>• Access to financial, advisory &amp; technical service providers.</li> <li>• Business models and assets for entrepreneurship.</li> </ul>
Established youth (25-30)	<ul style="list-style-type: none"> <li>• Support with consolidation of economic activities.</li> <li>• Access to financial, advisory &amp; technical service providers.</li> <li>• Business models and assets for entrepreneurship.</li> </ul>
<b>Livelihood/Occupational Sub-Target Groups</b>	
Students and graduates	<ul style="list-style-type: none"> <li>• TVET linked to labour market demand and entrepreneurship opportunities.</li> <li>• Employment that builds on and remunerates investments in education.</li> <li>• Options for entrepreneurship that build on capacities developed in education.</li> </ul>
Formal education drop-outs	<ul style="list-style-type: none"> <li>• Opportunities to improve skill-sets through apprenticeship.</li> <li>• Decent employment and entrepreneurship options tailored to capacities.</li> <li>• Access to information networks on opportunities for rural livelihoods.</li> </ul>
Traditional smallholders	<ul style="list-style-type: none"> <li>• Options for modernised production, such as through contract farming.</li> <li>• Access to financial &amp; technical services for land based investments.</li> <li>• Storage options to avoid seasonal price drops.</li> </ul>
Landless Youth	<ul style="list-style-type: none"> <li>• Support to lease or purchase land.</li> <li>• Decent employment.</li> <li>• Non-farm entrepreneurship</li> </ul>
Young Migrants	<ul style="list-style-type: none"> <li>• Alternatives to migration in local employment &amp; entrepreneurship</li> <li>• Options for saving and investing remittances</li> </ul>
<b>Social Sub-Target Groups</b>	
Young Women and Girls	<ul style="list-style-type: none"> <li>• Empowerment in the context of socio-cultural norms.</li> <li>• Gender sensitive career placement.</li> <li>• Gender sensitive investment options.</li> </ul>
Indigenous	<ul style="list-style-type: none"> <li>• Empowerment in the context of socio-cultural norms.</li> <li>• Inclusion in mainstream economic, social and information networks.</li> <li>• Access to land.</li> </ul>
Disabled	<ul style="list-style-type: none"> <li>• Empowerment in the context of socio-cultural norms.</li> <li>• Options for remunerative livelihoods given particular disabilities.</li> </ul>

37. **The secondary target group** will include small, medium and large agribusiness enterprises, TEVT institutions and financial service providers, who will extend support to the primary target group through: job creation; the expansion of markets for agriculture products; contract farming and other business partnerships; and the development of vocational training and apprenticeship packages in connection to job placement as well as business partnerships.

### C. Development Pathways

38. The project approach to targeting and inclusion is to provide interventions sensitive to different priorities and capacities as determined by age, gender and socio-economic profile. The project aims to create synergies between different economic target groups through evidence-based selection of value chains as well as, *inter alia*, lead farmers, women 'growth-oriented' entrepreneurs and contract farmers able to stimulate growth and connect with the main target group. The design has identified key development pathways that will support different target sub-groups to overcome their main challenges in developing remunerative and compelling rural livelihoods:

- *Farming/entrepreneurship pathway.* This pathway will be operationalised through the identification of farming/entrepreneurship opportunities accessible to youth with different asset profiles and the targeting of these through: (i) a simple outline of the opportunity and risks; (ii) value chain

brokering to support backward and forward linkages; (iii) technical capacity building; (iv) support with access to land and finance and; (v) the development of an enabling policy environment. These enabling measures will ensure that business models and opportunities relevant to all rural youth target groups are supported, although the main target group is likely to be vulnerable and emerging youth in the establishing and established age group.

- *Employment pathway.* This pathway will identify employment opportunities for young people who have left the formal education system and for students and graduates. Project interventions will support employment generating value chain investments, and orient young people towards decent employment, including through apprenticeship. The mapping and networking exercises will also enable the project to identify investments that generate labour, identify employment options beyond the narrowly agricultural and expand expectations of ‘appropriate’ sectors of employment for women and youth. The main target groups will include poor and vulnerable youth in the establishing and established age brackets.
- *Transition to work pathway for young people in the formal education system.* Support will be provided to students and graduates to generate economic value from their education and invest their capacities and skills towards the development of a modernised rural economy through: (i) school to work transition programs and (ii) links to investment opportunities identified through project mapping. The main target group will be the vulnerable and emerging youth in the transitional and establishing age brackets.

39. *Capacity development pathway for young people who have left formal education systems.* The project will provide support through the following means: (i) providing capacity development and technical training for investment and employment options identified in project mapping; (ii) providing apprenticeships to young people; and (iii) providing young people with information on labour markets, career options and networks to support self-driven capacity development. This support is important for the rural youth to find a way to improve their long-term economic opportunities whilst fulfilling short-term livelihood objectives. The main target group is poor youth in the transitional and establishing age bracket.

40. In addition to these main development pathways, the project supports young people through: (i) measures to empower them in their transition to adulthood with the means to influence their social, economic and political context; (ii) the development of an enabling policy environment and (iii) attention to administrative procedures and unintentional obstacles that may hinder social inclusion and gender equality.

41. Table 3 provides an overview of the activities that comprise the project response to the main poverty target groups and the additional sub-target groups. The activities intend to support the interests of different target sub-groups as well as maximize the combined impact of the interventions. Whilst the main poverty target groups (poor, vulnerable, emerging) are given in likely order of inclusion this is not intended to denote exclusivity to any target group. The focus will be refined through early poverty mapping and there are comprehensive measures in place to ensure economic, gender and social inclusion.

**Table 3: Component Activities and Target/Sub-Target Groups**

Target & Sub-target groups	Development Pathway	Main Activities
<b>Component 1: Rural Youth Transition to Work: Young People acquire work readiness skills enabling them to take advantage of employment and business opportunities</b>		
<b>1.1 Linking Education and Training to Jobs – vulnerable and emerging youth Financing: USD 3.8m</b>		
<ul style="list-style-type: none"> <li>• 16-19 – junior school students</li> <li>• Girls and Women – 50% inclusion</li> <li>• 20-25 – college/university students, P4S trainees.</li> <li>• Women – 50% inclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Career guidance informs choices on study/job options, improves economic potential and supports better returns on education for poorer students.</li> <li>• Facilitate school to work transition for young students by linking education to labour market demand and developing capacities for entrepreneurship.</li> </ul>	<ul style="list-style-type: none"> <li>• Career guidance training for teachers</li> <li>• PLUT level training</li> <li>• Agricultural job fairs</li> <li>• Build TVET capacity to support entrepreneurship &amp; link to labour market.</li> <li>• Specialised professional capacity building to support inclusion objectives.</li> </ul>

Target & Sub-target groups	Development Pathway	Main Activities
	<ul style="list-style-type: none"> <li>Skills built in value chains supported by YESS.</li> </ul>	
<b>1.2 Apprenticeship - poor and vulnerable youth</b> <b>Financing: USD 2.4m</b>		
<ul style="list-style-type: none"> <li>17-25 – school drop-outs, unemployed, students.</li> <li>Girls and Women – 50% inclusion</li> </ul>	<ul style="list-style-type: none"> <li>Enable poor young people to develop skill-sets outside of formal education systems.</li> <li>Improve job opportunities for youth with limited education.</li> <li>Provide rural youth with apprenticeship opportunities in rural sector.</li> </ul>	<ul style="list-style-type: none"> <li>Identify opportunities for apprenticeship relevant to target group.</li> <li>Identify challenges and opportunities by gender.</li> <li>Build systemic capacity to provide apprenticeships &amp; pilot in Provinces.</li> </ul>
<b>Component 2: Rural Youth Entrepreneurship: Young farmers and entrepreneurs access markets and services in the target value chains and sub-sectors</b>		
<b>2.1 Institution and Capacity Building – all poverty target groups</b> <b>Financing: USD15.3 m</b>		
<ul style="list-style-type: none"> <li>All youth looking for farming/entrepreneurship options.</li> <li>All youth looking for employment options.</li> <li>Women - 50% inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>Youth able to access specialised services to support economic objectives.</li> <li>Poor, remotely located, less capacitated youth able to access opportunities through specialised outreach services.</li> <li>Youth benefit from rural employment/entrepreneurship.</li> </ul>	<ul style="list-style-type: none"> <li>District mapping of poverty/service providers/networks</li> <li>Build capacities of PLUTs, P4S &amp; other service providers.</li> <li>Develop an outreach &amp; mobilisation network to support GESI objectives.</li> <li>Develop complementarities in private &amp; public sector capacities.</li> </ul>
<b>2.1 Services for Youth Farming &amp; Entrepreneurship - all poverty target groups</b> <b>Financing: USD13.2 m</b>		
<ul style="list-style-type: none"> <li>20-30 – main target groups.</li> <li>Migrants.</li> <li>Traditional Smallholders.</li> <li>Women – 50% inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>Business motivation and business start-up training packages enable target group to access entrepreneurship opportunities tailored to their asset profiles.</li> <li>Mentoring decreases risk, opens opportunities for poorer youth and increases success rate.</li> <li>Contract farming partnerships enable traditional smallholders to modernise production and increase incomes.</li> </ul>	<ul style="list-style-type: none"> <li>Build on mapping to develop inclusive business models.</li> <li>Develop start-up packages relevant for youth with different asset-bases and skill-sets.</li> <li>Identify contract farming partnerships with potential for target group inclusion.</li> <li>Address challenges and opportunities by gender to reach 50% target.</li> </ul>
<b>Component 3: Investing for Rural Youth: Young small farmers, rural entrepreneurs and migrants/SME's creating markets/jobs for youth have access to financing</b>		
<b>3.1 Capacity building for financial inclusion – all poverty target groups</b> <b>Financing: USD1.9 m</b>		
<ul style="list-style-type: none"> <li>16-19 – junior high school/drop-outs</li> <li>20-30 - All main target groups including traditional smallholders, migrants &amp; landless.</li> <li>Women – 50% inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>Financial literacy for younger age group support livelihood choices.</li> <li>Young people access relevant financial products from capacitated FSPs.</li> <li>Youth with no savings history/primoborrower access financial services.</li> <li>Migrants invest remittances and/or develop enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>Financial literacy adapted to different target group capacities and needs.</li> <li>GESI considerations built into financial literacy modules.</li> <li>Capacity of FSPs to reach rural youth with relevant products developed.</li> <li>Development of savings to loan, warehouse receipt &amp; tripartite contract farming products/arrangements.</li> </ul>
<b>3.2 Access to Financing – all poverty target groups, likely greater uptake of vulnerable and emerging</b> <b>Financing: USD 21m</b>		
<ul style="list-style-type: none"> <li>20-30 – All main target groups.</li> <li>Traditional smallholders</li> <li>Migrants.</li> <li>Landless.</li> <li>Women – 50% inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>Requirement to save builds a savings culture.</li> <li>Traditional smallholders increase incomes through contract farming.</li> <li>Traditional smallholders avoid low price with warehouse receipts.</li> <li>Landless have access to specialised financial services for land leasing.</li> <li>Youth graduate to formal financial services.</li> <li>SME's able to employ youth &amp; provide markets supported to access finances.</li> </ul>	<ul style="list-style-type: none"> <li>Awareness campaigns to make financial products known to target groups.</li> <li>Support for project supported youth to access sustainable financing.</li> <li>Support with graduation to formal finance.</li> <li>Ensure GESI objectives mainstreamed into SME/AgriTech/Fintech selection and eligibility criteria.</li> </ul> <p>3.</p>
<b>Component 4: Enabling Environment for Youth in Agriculture: Enabling policy, institutional and media environment</b>		

Target & Sub-target groups	Development Pathway	Main Activities
<b>facilitates youth engagement in the rural sector</b>		
<b>4.1 Partnership Building – all poverty target groups, with a focus on the poorest</b> Financing: USD0.7m		
<ul style="list-style-type: none"> <li>All sub-target groups</li> <li>Girls/women – 50% inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>Partnerships &amp; stakeholder linkages support inclusive growth.</li> <li>Mapping and land tenure reviews support young people with evidence based opportunities and relevant partners.</li> </ul>	<ul style="list-style-type: none"> <li>Socio-economic and gender profiling.</li> <li>Market assessment &amp; value chain analysis.</li> <li>Labour market analysis.</li> <li>Provincial tenure reviews.</li> </ul>
<b>4.2 Rural Youth Mobilisation Programme – all poverty target groups</b> Financing: USD2.5 m		
<ul style="list-style-type: none"> <li>All target groups with a focus on inclusion of poorest.</li> <li>Girls/women – 50% inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>A revised narrative on agriculture inspires youth to develop rural livelihoods through study, investment &amp; employment.</li> <li>Young role models with real examples support new narrative and further inspire interest in rural livelihoods.</li> </ul>	<ul style="list-style-type: none"> <li>Activities to change narrative around rural livelihoods.</li> <li>Young Ambassadors disseminate target group specific information.</li> <li>Youth in Agriculture Online Platform.</li> <li>GESI activities ensure inclusion of all target groups.</li> </ul>
<b>4.3 Policies and Scaling Up Youth in Agriculture – All poverty target groups, focus on the poorest</b> Financing: USD1.3m		
<ul style="list-style-type: none"> <li>Landless</li> <li>Girls/women – 50% inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>Systemic factors limiting youth capacity for profitable rural livelihoods resolved.</li> <li>Media &amp; information networks support youth to engagement.</li> </ul>	<ul style="list-style-type: none"> <li>Identify policy constraints to inclusion and rural growth for youth.</li> <li>Build on mapping/profiling outcomes and Provincial/District Platforms to validate policy issues.</li> </ul>

## VII. Targeting Mechanisms

42. The design provides for a number of targeting mechanisms to support the targeting of project activities; these are outlined below.

43. **Provincial and district mapping.** Provincial and district mapping are the foundation and necessary starting point of establishing activities tailored to target group profiles. To support plan preparation and orient activities in the province, YESS will finance at project onset a set of mapping studies in every target province, which will include detailed mapping of the target group by age cohort, gender, socio-economic profile, assets and access. Specifically, this mapping will include: (i) youth employment and entrepreneurship trends; (ii) youth access to land and finance; (iii) migration patterns and migrant needs; (iv) barriers and challenges in accessing employment and generating rural incomes and (v) livelihood aspirations of different groups of young people. The mapping will also review those organisations that most comprehensively and effectively represent the interests of poor rural youth and invite these to take part in the partnerships supporting project implementation. Provincial studies will provide key information to enable the project to prepare the GESI strategy as well as baseline data for M&E. The provincial mapping will also provide a broad market assessment, labour market analysis, review of financial services and access to land. Economic inclusion objectives will be a central enquiry in all of these studies supporting more knowledge and profiling of challenges and opportunities specific to different asset profiles amongst young people. These studies will provide the broad template for the identification of 3-4 priority agriculture-based value chains as well as more detailed, participatory and operational mapping at the district level with the following objectives:

- The identification of inclusive value chains and economic interventions that have the following characteristics: (i) they have low entry costs for smallholders; (ii) they have the potential to involve large numbers of smallholders and youth, working from the market backwards; (iii) enable producers to adopt the new technologies as part of a diversified household livelihood and agricultural production strategy; (iv) do not crowd-out new market entrants and so are open to replication of ‘first mover technology’ uptake and demonstration; and (v) provide young people from poor households with models that will enable them to access financing from partner financial institutions. Market assessment studies will also contribute to an assessment and comparison of

- the existing and potential financial, capacity building and extension services that could be embedded in labour contracts such as contract farming and outgrowers' schemes and how they compare in terms of supporting the asset and risk profiles of different target sub-groups;
- the identification of value chains and economic activities that support graduated entry-points to enable young people to upgrade and improve their activities gradually and as commensurate with their resources and risk profile. Whilst the project objective is to achieve an economic return per labour, value chains and economic interventions should have a number of incremental improvements that can be made to stagger the investment and reduce the risk. This is also important as young people are likely to be pursuing investments alongside other livelihood pursuits and family obligations;
  - the construction of an evidence-based, agro-ecological zone specific 'results chain' for economic interventions and activities supported by the project, the purpose of which is to: (a) show how support for various interventions and activities will work together to lead to the desired changes in the market and ultimately to the intended impacts on young people; (b) provide young people with models that explain the investment opportunity, costs and risks, as well as options for graduated entry and risk mitigation and; (c) support targeting effectiveness by outlining a concrete theory of change regarding project investments and their impact on young people with diverse socio-economic profiles;
  - labour market assessments will be carried out at the provincial level, as well as within the context of the priority inclusive value chains identified through mapping, to investigate the following: (i) main employment patterns by type (informal, formal, seasonal, migrant etc), age group and gender; (ii) employment patterns by agricultural sector (agriculture – food, cash crop, plantation, forestry) and non-farm employment; (iii) employer profiles by type (formal, informal, corporate, local); (iv) salaries, pay, labour rights, career potential and sustainability of different employment types; (v) skill and capacity gaps in the labour market for the inclusive value chains identified in project mapping; and (vi) the capacity and potential of different socio-economic profiles to negotiate improved working conditions and salaries;
  - formal and informal financial services will be mapped with a view to understanding needs and constraints related to proposed project investments, as well as risks, vulnerabilities and capacity gaps in the financial access and literacy of different target sub-groups. The project will map target group access to the documents and certificates that will be required to access financing, such as land certificates, lease agreements, pro-forma invoices for machines, contract farming contracts etc. and advise on implications for financial inclusion;
  - migrant and remittance flows will be further mapped to identify: (i) for poor young migrants, the opportunity cost of migration and the opportunities that could match these and support poor young migrants to generate incomes from the local rural economy and; (ii) for non-poor and foreign migrants again, the opportunity cost, as well as opportunities for investing remittances in opportunities identified through the project;
  - the human resource potential of young students and graduates from formal education, as well as the capacity building needs of young people who have left the formal education system will be situated in the context of market, labour market and inclusive value chain analysis to identify: (i) best bet options for taking advantage of the human resource potential of students and graduates, given the opportunities identified in the results chain; (ii) options for building the capacity of young people who have dropped out of the formal education systems to bolster their negotiating position in the labour market and improve their capacities for entrepreneurship; and (iii) how to match these two intervention modalities to leverage greater benefits in the context of the opportunities identified in the results chain;
  - gender inclusion will be central to all of the mapping as well as the subject of a separate specialist assessment to ensure that project activities are based on what young women of different profiles themselves state to be their main constraints, aspirations and priorities, as outlined further below;

- finally, the mapping will review the access young people of different socio-economic profiles have to political, social, economic and knowledge networks to ensure that young people from the poorest groups are represented, either through existing forum or through ones developed by the project if these do not exist.

44. **Self-targeting and direct targeting.** The project will support an explicit and well-developed plan to ensure that the main target group has access to and is the main beneficiary of services and resources being developed by the project. This plan has three main mechanisms:

- Project mapping, as well as the results chain analysis that will be developed as an outcome of this mapping, will provide evidence-based comparisons of project investments on the main target group, as well as how the impact of direct (poor young people, students and migrants) and indirect (via agribusiness support) investments can operate together to support a modernised rural economy with greater opportunities for all types of target sub-groups. This analysis should be based on actual opportunities in the project area realisable within the project life-time and supported with evidence of returns from these opportunities;
- Self-targeting<sup>88</sup> will be supported as much as possible by the identification of investment opportunities that match the asset, risk and capacity profile of poor and less educated young people both through economic mapping and discussions with young people to understand their capacities, aspirations and likely up-take of activity;
- Direct targeting, which are specific measures to channel services and resources to a target group that would otherwise not be reached. It is anticipated that direct targeting will be needed both for two main reasons: (i) despite improved connectivity and mobility, poor young people remain excluded from the mainstream of social and economic life; and (ii) many of the investment options identified and project services, such as access to finance, are unlikely to be fully self-targeting and will be of interest to non-poor young people.

45. The project Gender and Social Inclusion (GESI) strategy, see below, will elaborate services that should be directly targeted and the sub-groups of target young people (for example: landless, women, indigenous, first movers and lead farmers) identified. The approach will be to: (i) identify the models and services suitable to different target group types based on the extensive mapping described above; (ii) validate the 'match' through consultations led by Mobilisers (explained further below) and verify profiles through rapid mapping and wealth ranking conducted in select locations and (iii) directly select the target group on this basis and/or define the criteria for inclusion. In recognition of the diversity of the asset base criteria for inclusion should be location, value chain and service specific but some illustrations are:

- Poor, as defined by the NPL and supported by documentation.
- Not already practicing commercial farming or using technologies and services that are being provided by the project.
- Not already recipients of formal finance/having access to formal finance.
- Land size restrictions as relevant for value chains.
- For lead farmers/first movers, having the capacity, networks, attitude and risk profile necessary for supporting development of poorer farmers.

46. **Gender and Social Inclusion.** The GESI strategy will be developed by a GESI specialist within the NPMU who will be responsible for ensuring that the project meets both economic targeting and social inclusion objectives. The GESI specialist will be appointed at project inception and work closely with the service provider appointed for project mapping to ensure that GESI issues are covered and that the GESI strategy is in turn informed by provincial and district mapping so that social constraints,

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<sup>88</sup>Self-targeting is the term used by IFAD to describe goods and services that respond to the priorities, assets, capacities and livelihood strategies of identified target groups, without any specific interventions necessary.

vulnerabilities and capacities are taken into account in the selection of value chains and economic interventions as well as the modalities of project outreach.

47. The GESI strategy will: (i) provide further and ongoing profiling of target sub-groups to support interventions; (ii) support the mainstreaming of responsibilities for inclusion in the terms of reference of all project staff and service providers; (iii) identify potential constraints to project targeting and inclusion objectives and options for mitigating these; (iv) reflecting *Rural Youth District Plans* will embody a gender-sensitive strategy for promoting youth engagement in the rural economy along diverse socio-economic profiles in the Youth in Agriculture Action Plans (see Component 2); (v) ensuring that multi-stakeholders' platforms are inclusive of women, poor and indigenous youth, and that GESI issues are addressed as part of their regular agenda; (vi) identify capacity building needs assessment of project staff and key partners; (viii) work in close cooperation with Youth Entrepreneurship Specialists and Mobilisers in Component 2 to ensure that inclusion objectives are being served; and (vii) develop an implementation plan with outcomes and indicators to be updated annually in conjunction with the AWPB.

48. Whilst the details will be elaborated in the GESI strategy, the following are the main measures anticipated to ensure gender and social inclusion:

- An overall gender participation rate of 50% of women amongst project beneficiaries.
- An overall gender participation rate of 30% amongst Mobilisers.
- An overall gender participation rate of 50% amongst Youth facilitators.
- The service providers recruited to support the project will be expected to have some experience in the principles and practice of gender and social inclusion.
- The service providers and international consultants contracted to undertake project mapping will be expected to demonstrate high levels of competence for the analysis of inclusion and equity issues.
- The terms of reference of all project staff will include responsibility for gender and social inclusion objectives and support will be given to the recruitment of women to ensure gender-balanced project implementer teams.
- Sex and age disaggregated MIS, M&E, knowledge products and other inclusion sensitive systems of information dissemination including studies on good practice and innovation emerging from project implementation, see para 47.

49. Gender has been mainstreamed into all activities as outlined in Table 3. Specific measures to support gender mainstreaming of these activities and achievement of the gender targets outlined above to be included in the GESI Strategy are: (i) support for women's groups where appropriate; (ii) training and extension tailored to women's needs; (iii) supporting women to be leaders and decision-makers and (iv) promoting gender sensitive career guidance services. These measures will be sensitive to differences in economic potential and capacity as well as age specific needs and could include:

- Support to negotiate the household labour reallocation that might be necessary for women to develop and benefit from entrepreneurship through modules/information integrated into gender sensitive business models promoted by PLUTs and the outreach network.
- Training modules on gender discrimination, dealing with harassment, managing male employees or negotiating with male suppliers can strengthen the value and benefit of training or consulting for women entrepreneurs. Rather than standalone provisions, these can be packaged with other business development services.
- Supporting women to cross-over into male dominated sectors to reduce persistent inequality between male and female earnings. The mapping exercises and activities offered by the project will support an exploration of potential cross-overs and the services and training required to enable women to enter more profitable male dominated sectors. Role models that can raise awareness of the benefits of working in different sectors will also be explored.

- Creating and facilitating a network of high-potential women entrepreneurs to meet, exchange knowledge, and form partnerships could help them improve business activities and expand to new markets.
- Growth oriented women entrepreneurs may shy away from business trainings, but might benefit from one-to-one consulting or mentorship services, that can help them with specific challenges such as expanding into new markets, improving business practices, and connecting to global value chains.

50. Measures to include indigenous young will include, inter alia: (i) including representatives of indigenous youth in project provincial platforms, annual forums and project campaigns; (ii) scoping value chains and opportunities to support, particularly those negotiated through land reform, in which indigenous young have been provided with access to land; and (iii) generally ensuring that the social disadvantage of indigenous young is taken into account in the identification of investments for entrepreneurship, employment and capacity development. District and provincial mapping will gather information on disabled youth and early discussions will be held with vocational training school BBRVBD (*Balai Besar Rehabilitasi Vokasional Bina Daksa* - National Vocational Rehabilitation Centre) to explore options for the inclusion of disabled youth in Project activities. The limited data available on disabled youth, their low official numbers and their general disengagement in the labour market does not enable meaningful provisions to be made during design.

51. The design provides for a comprehensive M&E, learning and knowledge management framework to guide project implementation, support economic decisions and policy-making, share knowledge and upscale good practices. GESI specialists will work closely with the Senior M&E Specialist and the Policy Development and KM Specialist to ensure that GESI objectives are integrated in the M&E system as well as the KM framework and implementation plan. The provincial and district mapping have an explicit GESI focus which will be reflected in the Annual Plans for Inclusive Innovation, Communication and Scaling Up in consultation with project stakeholders, the PPIU's and District and Provincial platforms. The GESI specialists, in close consultation with other technical specialists, will support the integration of inclusion objectives into these Annual Plans as well as their practical operationalisation.

52. The baseline and completion survey will disaggregate data by sex and age and mini-baseline surveys carried out as part of district mapping will be collected against both qualitative and quantitative indicators and disaggregated by gender, at the district level (where information will be gathered by DPIUs and the PLUT Outreach Network, and in particular Youth Facilitators. A web-based Management Information System (MIS), which will be compatible with PLUTs' MIS, will track and regularly update gender-disaggregated financial and technical data on project outputs and outcomes, lessons learnt and good practices. The GESI specialists will work closely with the Senior M&E Specialist and the KM and Policy Development Specialist to ensure that information dissemination is inclusive and accessible to all youth target groups.

53. **Operationalising the gender strategy** with respect to the four components. Comprehensive dedicated management provisions have been made to support the implementation of the gender strategy, which will be operationalised across the four components; Appendix 4 provides further detail on how GESI specialists will cooperate with component specialists, service providers, stakeholders and beneficiaries. The paragraphs below summarise how these are linked to the targeting measures recommended by IFAD.

54. **Empowerment of young people.** The project will support young people, especially from poor households, to develop the capacity and confidence to voice their needs and to participate in planning, decision-making and project activities. In addition to the interventions already described to build human resources and capacities, empowerment of young people, particularly the poor traditionally excluded from social and economic networks, will be achieved through the following measures:



- Youth in agriculture campaigns that will support young people to consider employment and entrepreneurship in agriculture and related fields will be directed at young people in all age brackets through Mobilisation Partners (see below). The Mobilisation Partners likely to be most relevant include Youth Associations, Farmers Associations and the Scouts. Inclusion will be supported through the following measures: (i) the campaign will show-case successful entrepreneurs who started their investments with the asset profiles of poor households as defined by the National Poverty Line; (ii) the campaign will target young people in the lower age bracket, particularly young girls, who are at risk of leaving school and; (iii) the campaign will support Awards for initiatives, innovations and technologies that are relevant to the target group.
- The mobilisers will empower young people with knowledge and information to support their livelihood and investment choices in agriculture and related business through age and gender specific youth camps in areas included in project value chain and activity mapping. The themes, adjusted for different age groups, will include: (i) simple introduction of investment models based on project value chain mapping and local realities; (ii) information on social protection and labour rights; (iii) citizenship rights, in particular how to participate in Village Government and influence the investment Village Fund investment choices; (iv) information on apprenticeships, mentorships, micro-franchising and employment emerging from the area mapping and (v) best-bet options for women in agriculture and related business and how to navigate family obligations. The GESI specialist will prepare information and knowledge products to support Knowledge and Information campaign. The campaign will be operationalised through Mobilisation Partners with support from the PLUT-Based Youth Entrepreneurship Specialist and Mobilisers.
- The project, through specialised service providers and in partnership with Farmers Associations and Civil Society Organisations, will prepare information and tools to enable young people to negotiate access to land. This capacity building is intended to empower landless youth from poor households to navigate the regulatory environment, as well negotiate with Village Governments.
- Young people representing the project target group, with proven legitimacy and outreach, will be invited to join project management forum such as the provincial and district multi-stakeholder platforms as active participants and decision-makers. The project will, where possible and commensurate with capacity, promote young people as project service providers.

55. **Enabling measures.** The project has a number of measures to promote a policy and institutional environment among stakeholders and partners that is favorable to pro-poor development, youth participation, gender equality and the empowerment of vulnerable youth. Component 1 is intended to address the enabling environment for youth engagement at the national and local level in order to improve the policy, regulatory and systemic environment for youth engagement. The provincial platforms will build coalitions of private and public stakeholders to share capacities, knowledge, develop synergies and support the development of multi-year province and district plans to promote youth engagement. Project targeting and GESI objectives will be mainstreamed into these components through: (i) inclusion of representatives of young people in all project forum; (ii) the mainstreaming of training and GESI objectives in discussions under the guidance of the GESI Specialist; (iii) the results chain and theory of change which will provide a method for evaluating and comparing options and interventions against expected impact, as well as the identification of enabling measures needed to support these and; (iv) the line of communication that runs from Youth Facilitators (see below), to Mobilisers, Mobilisation Partners, PLUT-based Youth Entrepreneurship Specialist at district level and the PPIU-based GESI Specialists that will support the inclusion of enabling measures to support targeting are kept relevant and linked to target group realities.

56. **Procedural measures.** The project provides for efficient targeting and inclusion through taking procedural measures to facilitate transparency in administrative procedures and remove unintentional obstacles that may hinder social inclusion and gender equality. These will be the responsibility of the GESI Specialist and will include the following: (i) ensure that project training and service provision is accessible to the target group in terms of their location, costs, timing and duration; (ii) ensure that project information is disseminated through networks and in languages and media accessible to the

target group; (iii) ensure that the procedural requirements for accessing project finance do not preclude target group participation and; (iv) support the clear definition of targeting and GESI responsibilities amongst project staff and project stakeholders.

## VIII. Implementation and Management Arrangements

57. The implementation and management arrangements for targeting and the operationalisation of the GESI strategy will include the following: (i) a part-time GESI specialist in the NPMU who will have the operational responsibility for meeting project targeting objectives, designing and supporting the execution of the GESI strategy; (ii) a GESI specialist in each of the PPIUs who will support the provincial and district mapping process and operationalise the results into concrete actions towards the targeting and inclusion objectives outlined above; (iii) support from an international consultant to develop the operating guidelines for GESI based on the provincial and district mapping process. The GESI specialists will assume the responsibility of working closely with all other specialists and service providers to ensure that gender objectives and targets are understood and mainstreamed throughout project services, *inter alia*, TVET, training, financial services, business development services and stakeholder platforms. In particular, early coordination with the Senior M&E Specialist and the KM and Policy Development Specialist will ensure that the baselines, district mini-surveys and mapping, the MIS and the KM framework include sex and age disaggregated information and are designed to guide project implementation and support GESI objectives.

58. At the district level, the Youth and Entrepreneurship Specialist within the PLUTs will have targeting and inclusion in their terms of reference and will liaise closely with the provincial GESI specialist for technical guidance and support. Responsibility for targeting and GESI outcomes will be mainstreamed in all terms of reference and the service providers and international consultants contracted to undertake provincial and district mapping will be expected to have a high level of competence in socio-economic mapping, as well as understanding poverty, growth and equity dynamics within value chains and economic sectors.

59. **Outreach and Mobilisation Network.** The outreach of the project from the PLUT to the target groups will be supported by an Outreach and Mobilisation Network that will rest on three main organisational mechanisms: (i) Mobilisation Partnerships based on existing Dinas, civil society and private sector networks; (ii) a mobilisation team attached to each of the PLUTs that will consist of a Mobilisation Manager and three Mobilisers; and (iii) the appointment of Youth Facilitators. As noted above, terms of reference and gender targets will ensure that the Outreach and Mobilisation Network has a gender balance as well as the skills necessary to provide for all target groups.

60. **Mobilisation partnerships.** Mobilisation partnerships will be specific to each PLUT and will include those organisations within the district who have considerable outreach and legitimacy amongst young people. These organisations will be identified during district mapping and may include *inter alia*: (i) Kelompok Tani (Farmers Groups); (ii) Village Youth Groups; (iii) Pendamping PNPM and Village Law Facilitators; (iv) Farmer Research and Training Centres; (v) Gerakan Pemuda Indonesia (the scouts); (vi) Farmers and Peasants Associations; (vii) AMAN and the Indigenous Youth Groups; (viii) the outreach programs of various Dinas at the district level in particular Agriculture, Cooperatives and SMEs, Village, Environment and Forests and Agrarian Transformation/Spatial Planning; and (ix) the CSOs that are part of the International Land Coalition.

61. **Mobilisation Teams.** The second outreach modality will be through market-oriented social mobilization teams established in every target district and consisting of a Mobilisation Manager and three Mobilisers. These social mobilization services will be contracted from external services providers, e.g. from experienced market-oriented NGOs or private service providers. They will report to both the Youth Specialist and the GESI Specialist in the PPIU. The Mobilisation Teams are necessary for the following reasons: (i) poor young people due to the evident inherent features of poverty, cannot automatically be expected to be part of the membership, networks and programs of Mobilisation Partners; (ii) mobilising poor young people takes time and skill and cannot be assumed

into MOUs with Mobilisation Partners; (iii) as described, the project targeting and inclusion objectives are complex and linked to particular value opportunities. These require a systematic approach to outreach, as well as a systematic approach to M&E and management linkages back to the PLUTs, results chain and provincial platforms. The mandate of the SMs will be to identify young people that suit the inclusion criteria, mobilise their participation, support their investments and proposals, link them to relevant value chain actors and monitor and evaluate their performance. The SMs will also identify factors that prevent inclusion such as exclusion of indigenous youth, gender constraints and immediate livelihood security constraints which will be communicated upwards to the DPIU and PPIU to enlist strategic support for inclusion objectives. Whilst inclusion and targeting objectives have been mainstreamed into the terms of reference of all the contracted specialists in the PPIU, it will be the mandate of the Mobilisation Manager to represent participant interests and needs in the PLUTs, PPIUs and MSPs and to ensure that the M&E are regularly updated.

62. **Youth Facilitator.** YESS mobilizers, in collaboration with PLUT consultants and other members of the Network, will identify and train young village-based people to become volunteer YESS Youth Facilitators (YFs). These will receive basic training to support mobilization and facilitate youth and families' engagement in the project, including migrants' families. The role of Youth Facilitators will be to sensitize young people to the activities and benefits of the project through meetings and information at village level, including for show-casing successful young farmers and entrepreneurs with different profiles and balancing migration costs and benefits with local opportunities promoted by YESS.

63. One-third of these Youth Facilitators will be trained by OJK to become trainers in financial education and will train: (i) young farmers and entrepreneurs in financial education as part of the start-up training package and (ii) the remaining two-thirds of Youth Facilitators, so these can provide basic financial education training to young people at village level, in application of the National Strategy for Financial Inclusion. It is estimated that in average every district will have 27 Youth Facilitators (of which at least 13 women) or 405 facilitators in total, who will be progressively identified and trained over the first 4 years of the project. Youth Facilitators will be supervised by Mobilizers and their activities will be monitored and evaluated through focus group discussions on an annual basis. Youth Facilitators will receive a tablet each (for the sensitization of young people and their training, as well as for contributing to YESS M&E system) and a performance-based allowance, the amount of which will be determined through their yearly evaluation (satisfaction index from focus group discussions; annual actual performance against annual target).

64. The YFs will communicate with the PLUT and PPIU through YESS mobilisers and constitute the lowest outreach point of the project. Relevant and likely profiles for YFs, scoped during the design, are locally resident non-poor young people, especially women, who have acted as facilitators for PNPM/Villages and/or who have some operational experience of market oriented mobilisation. The YFs will be nominated by participating young people and will be provided with basic training by SM to support project activities and facilitate youth and families' engagement. The definition of the 'group' will vary and be determined in large part by mapping activities but it can be, for example, young people in a community, a group of cooperatives, linked to a particular value chain activity through production or processing or a group of individual entrepreneurs.

65. YF tasks will include: (i) dissemination of the objectives, opportunities and services available through the project; (ii) support to young people to access these services; (iii) support with financial and business literacy and the preparation of loan proposals; (iv) support for local and logistical coordination of project outreach; and (v) supporting young people to link to private and public sector actors mobilised by project mapping. The YFs will also interact with young people at the household level, supporting investment decisions and livelihood choices to be integrated with household decisions, as well as supporting household resources and assets to be fully optimised. The YF will communicate factors preventing youth participation to SMs from an early stage so that when possible these can be addressed to support greater inclusion. YFs will constitute a major resource for the rural youth mobilization plan outlined in sub-component 4.1 both in contributing information to the agenda and in ensuring that the youth they represent benefit from sub-component activities.



**Attachment 1: Poverty Profile of Households (approximately 80% of young people are household dependents and 20% are household heads).**

Characteristics, Assets, Resources	Livelihood Strategies	Priority Needs
<b>Poor: Households that earn less than the National Poverty Line of IDR 361,496 per capita per month. Estimated at 14% of the rural population.</b>		
<ul style="list-style-type: none"> <li>• Small landholdings (differs by area) not sufficient for subsistence production.</li> <li>• High dependency ratio in households.</li> <li>• Household head has poor literacy.</li> <li>• Poor housing, limited household assets.</li> <li>• Cyclical food insecurity.</li> <li>• Vulnerable to shocks.</li> <li>• Basic connectivity/limited access to non-local social-economic-policy networks.</li> <li>• Eligible for various social protection schemes.</li> </ul>	<ul style="list-style-type: none"> <li>• Subsistence production with limited/no scope for producing surplus.</li> <li>• Engage in low-return wage labour, both on-farm and as migrants.</li> <li>• Petty trade in spot markets, micro-business with irregular income.</li> <li>• Draw down on household assets.</li> <li>• Reliance on formal and informal social safety nets.</li> <li>• Youth labour oriented to short-term household security objectives.</li> </ul>	<ul style="list-style-type: none"> <li>• Labour/decent employment.</li> <li>• Support with negotiating access to land.</li> <li>• Skill up-grading and vocational support.</li> <li>• Opportunity to pursue higher education.</li> <li>• Functional financial education.</li> <li>• Low interest working capital.</li> <li>• Low risk enterprise options.</li> <li>• Homestead based solutions in agriculture (ex: quail, mushroom, chicken, horticulture).</li> </ul>
<b>Near Poor: Households that earn less than USD 3.1 per day. Estimated at between 25% and 37% of the rural population.</b>		
<ul style="list-style-type: none"> <li>• Small landholdings (differs by area) with mixed subsistence/ weakly commercialised market production.</li> <li>• High dependency ratio.</li> <li>• Basic household assets; bike, radio etc.</li> <li>• Periodic food insecurity.</li> <li>• High levels of debt from both formal/informal</li> <li>• Reasonable connectivity, some access to non-local socio-economic-policy networks.</li> </ul>	<ul style="list-style-type: none"> <li>• Agricultural production subsistence oriented.</li> <li>• Market production limited/surplus based.</li> <li>• Migration and wage labour.</li> <li>• Petty trade, micro-business with irregular income.</li> <li>• Borrow for both consumption/production.</li> <li>• Youth labour oriented to both household security and independent economic activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Decent employment/labour</li> <li>• Production support services</li> <li>• Finance for working capital &amp; investment capital</li> <li>• Basic business and financial education</li> <li>• Support with assessing comparative risks of various agricultural investments.</li> <li>• Support with turning investments in education into employment and/or entrepreneurship.</li> <li>• Risk reducing market linkages.</li> <li>• Accessible, affordable services.</li> </ul>
<b>Non poor but vulnerable: an additional 10%</b>		
<ul style="list-style-type: none"> <li>• Landholdings (differs by area) sufficient for subsistence and some surplus.</li> <li>• Food secure</li> <li>• Dependents do not strain household security.</li> <li>• Household assets may include motorbikes, light agricultural equipment.</li> <li>• Food secure.</li> <li>• Credit from both formal/informal institutions.</li> <li>• Good connectivity/access to non-local socio-economic-policy networks.</li> </ul>	<ul style="list-style-type: none"> <li>• Subsistence secured, production for markets.</li> <li>• Integrated farm and non-farm livelihood strategies.</li> <li>• Agriculture pursued as a commercial option.</li> <li>• Skilled labour, formal employment, migration.</li> <li>• Invest in household health/education.</li> <li>• Young people able to pursue independent economic objectives.</li> </ul>	<ul style="list-style-type: none"> <li>• Finance for working capital &amp; investment capital</li> <li>• Advanced business and financial education</li> <li>• Support with assessing comparative risks of various investments.</li> <li>• Support with generating value from investment in education.</li> <li>• Risk reducing market linkages to justify greater investment</li> <li>• Accessible, affordable technical and financial services.</li> <li>• Support in developing business models connected to value chain activities.</li> </ul>

## Attachment 2: Targeting Checklist

<b>IFAD Measures Requested and Design Response</b>
<p><b>1. Does the main target group correspond to IFAD's target group as defined by the targeting policy?</b>            Yes, 80% of the target group corresponds to IFAD's target group.</p>
<p><b>2. Target subgroups identified and described according to their diverse socio-economic characteristics, assets and livelihoods.</b> The target group has been identified and described; sub-categories have been identified and the constraints and opportunities of different socio-economic characteristics and asset profiles have been extensively analyzed. The targeting strategy of the project identifies activities and outreach strategies that are cognizant of this target group profile, that provide diversified services to meet different sub-group needs and that enable inclusion of vulnerable groups.</p>
<p><b>3. Is evidence provided of interest in and likely uptake of proposed activities by identified target subgroups? What is the evidence (matrix on analysis of project components and activities by principal beneficiary groups completed)?</b></p> <p>The principal beneficiary groups per activity type has been described in section in the targeting rationale of activities.</p>
<p><b>4. Design features a feasible and operational targeting strategy through the following:</b></p>
<p><b>4.1 Geographical targeting</b></p> <p>Geographical targeting provides for the selection of two provinces of high poverty incidence and density which combined constitute a large percentage of the Indonesian population. Two other provinces have lesser poverty incidence and poverty but have districts with pockets of poverty that will be selected during Final Design. They are also areas of youth outmigration that have agricultural potential to support young people to generate livelihoods with project support. Combined the province selection will enable the project to develop models appropriate for different agro-ecological and geographic contexts (remote, inland, peri-urban, coastal, forest, plantation etc).</p>
<p><b>4.2 Direct targeting</b> The project provides for direct targeting of activities to the sub-groups identified in design analysis. The design provides for detailed mapping to refine sub-groups amongst young people and to develop interventions and economic activities that are based on their asset profiles. These will be directly targeted through a process of both deliberate inclusion and exclusion to access project support services.</p>
<p><b>4.3 Self-targeting.</b> The project activities are based on extensive analysis of target sub-group characteristics, needs and priorities and are self-targeting, insofar as they respond to target group needs. The design provides for detailed socio-economic profiling and market analysis to refine the 'match' in the first project year. As project services may also be of interest to non-target group members, self-targeting is combined with direct targeting, as described above, to ensure that the benefits are correctly identified and that the poor target group, as defined, are the main beneficiaries.</p>
<p><b>4.4 Empowerment measures.</b> Youth empowerment is central to project objectives and manifested in activities and interventions at the individual, household, community and service delivery levels as outlined in the targeting section.</p>
<p><b>4.5 Enabling measures.</b> The project has a number of measures to promote a policy and institutional environment among stakeholders and partners that is favorable to pro-poor development, youth participation, gender equality and the empowerment of vulnerable youth. These are outlined in the section on Enabling Measures and detailed in Appendix 4 and 5. The GESI strategy provides for the mainstreaming of enabling measures.</p>
<p><b>4.6 Procedural measures.</b> The project provides for efficient targeting and inclusion through taking procedural measures to facilitate transparency in administrative procedures and remove unintentional obstacles that may hinder social inclusion and gender equality. Procedural measures are further outlined in the section on procedural measures and are mainstreamed into Appendix 4 and 5.</p>
<p><b>5. Monitoring targeting performance.</b> The monitoring and evaluation framework provides for a comprehensive system of sex and age disaggregated monitoring based on best practice and recent IFAD experience.</p>

### Attachment 3: Gender targeting check-list

<b>IFAD Measures Requested and Design Response</b>
<p><b>1. PDR contains and design is based on gender disaggregated poverty data as well as an analysis of gender differences.</b> The project design is based on analysis of gender differences in assets, access, rights and aspirations by youth target sub-group outlined in Appendix 2 and supported with a Working Paper in the project life file. National datasets provide little insight into gender differences in youth income poverty as most youth and definitely most female youth are household dependents. National datasets on education, employment patterns, migration and demography as well as numerous secondary studies provide good insights into non-income dimensions of gender differences in poverty.</p>
<p><b>2. Project design articulates and the project implements actions to support women through:</b></p> <ul style="list-style-type: none"> <li>• Providing TVET capacity building sensitive to girl's/women's needs and capacities whilst stretching the boundaries of traditional gender limitations in TVET.</li> <li>• Expanding women's economic empowerment through access to/control over resources, particularly finance and land.</li> <li>• Strengthen women's decision making roles and their representation in leadership by setting targets for women's participation throughout project structures.</li> <li>• Achieving an equitable workload by supporting renegotiation of household labour allocations in the context of education, investment and employment choices.</li> <li>• Developing an enabling policy framework that recognises constraints to women's full economic and social empowerment and establishes practical steps to resolving these constraints.</li> <li>• Supporting young women to take full part and be leaders in defining a new narrative for rural youth (component 4).</li> </ul>
<p><b>3. The PDR includes a paragraph in the targeting section that explains what the project will deliver from a gender perspective.</b> The PDR includes a summary paragraph that has described gender target sub-groups and explains what the project will deliver from a gender perspective.</p>
<p><b>4. The design describes key elements in operationalising the gender strategy with respect to relevant components.</b></p> <p>Comprehensive dedicated management provisions have been made to support the implementation of the gender strategy, which will be operationalised across the four components. Appendix 4 provides detail on how GESI specialists will cooperate with component specialists, service providers, stakeholders and beneficiaries</p>
<p><b>5. The design provides for operational measures to ensure gender equitable participation in project activities which generally include:</b></p>
<p><b>5.1 Allocating adequate human and financial resources to implement the gender strategy.</b> The design provides for dedicated human and financial resources to support a gender strategy and for the integration of these resources into national, provincial and district project structures. . A part-time GESI specialist at the national level and full-time GESI specialist at provincial level will be responsible for operationalising the GESI strategy. All technical staff will have an induction into the GESI strategy and where relevant will have meeting GESI targets as part of their terms of reference.</p>
<p><b>5.2 Ensuring women's active participation in project related activities, decision-making bodies and committees, including specific targets for participation.</b> Yes, specific targets for participation have been established. these have been set and are laid out in para 44. Table 3 provides an overview of women's involvement in project related activities.</p>
<p><b>5.3 Ensuring that project management arrangements (composition of the PCU/PMU, project TORs of staff and implementing partners, etc.) reflect attention to gender equality and women's empowerment concerns;</b> Provisions for gender equality and women's empowerment have been made and will be reflected in the composition of the PCU/PMU whilst gender objectives have been mainstreamed into all of the terms of reference.</p>
<p><b>5.4 Ensuring direct project outreach to women (for example through appropriate numbers and qualification of field staff), especially where women's mobility is limited;</b> <input type="checkbox"/> An Outreach and Mobilisation Network ensures that project services will be extended to women whose mobility may be limited and gender quotas for the Mobiliser positions and TOR ensure numbers and qualification.</p>
<p><b>5.5 Identifying opportunities to support strategic partnerships with government and other development organizations for networking and policy dialogue.</b> <input type="checkbox"/> Gender will be mainstreamed into the comprehensive partnership and networking initiatives outlined in Component 4.</p>
<p><b>6. The project's logframe, M&amp;E, MIS and learning systems specify in design – and the project M&amp;E unit collects,</b></p>

**analyses and interprets – sex- and age-disaggregated performance and impact data, including specific indicators for gender equality and women’s empowerment.** Yes, see logframe and M&E section in MR.

## Attachment 4: Rural District Poverty Lines<sup>89</sup>

### West Java District Poverty 2015\*

District	National Poverty Line %			US\$ 3.1 (PPP) %			Gini Index
	FGT0 <sup>i</sup>	FGT1 <sup>i</sup>	FGT2 <sup>i</sup>	FGT0 <sup>i</sup>	FGT1 <sup>i</sup>	FGT2 <sup>i</sup>	
Sukabumi	8.90	1.20	0.20	31.93	7.07	2.29	0.34
Cianjur	12.20	1.80	0.40	46.73	10.25	3.07	0.28
Tasikmalaya	11.90	1.90	0.40	47.33	9.15	2.51	0.28
Subang	12.20	2.40	0.80	30.95	7.82	2.59	0.34

\*FGT0 – poverty headcount, FGT1 – poverty gap, FGT2 – poverty severity

### East Java District Poverty 2015

District	National Poverty Line %			US\$ 3.1 (PPP) %			Gini Index
	FGT0 <sup>i</sup>	FGT1 <sup>i</sup>	FGT2 <sup>i</sup>	FGT0 <sup>i</sup>	FGT1 <sup>i</sup>	FGT2 <sup>i</sup>	
Pacitan	16.60	2.90	0.90	45.07	11.44	3.91	0.37
Tulungagung	8.50	1.20	0.30	37.82	7.80	2.26	0.33
Malang	11.50	2.00	0.50	39.43	9.02	2.87	0.37
Pasuruan	10.70	1.40	0.30	40.12	9.07	2.83	0.30

\*FGT0 – poverty headcount, FGT1 – poverty gap, FGT2 – poverty severity

### South Sulawesi District Poverty 2015\*

District	National Poverty Line %			US\$ 3.1 (PPP) %			Gini Index
	FGT0 <sup>i</sup>	FGT1 <sup>i</sup>	FGT2 <sup>i</sup>	FGT0 <sup>i</sup>	FGT1 <sup>i</sup>	FGT2 <sup>i</sup>	
Bulukumba	8.10	1.20	0.20	37.60	7.97	2.26	0.39
Bantaeng	9.50	1.30	0.20	30.51	7.51	2.66	0.45
Maros	11.80	2.30	0.60	35.45	8.71	2.89	0.39
Bone	10.10	1.70	0.40	46.03	9.47	2.56	0.35

\*FGT0 – poverty headcount, FGT1 – poverty gap, FGT2 – poverty severity

### South Kalimantan District Poverty 2015\*

District	National Poverty Line %			US\$ 3.1 (PPP) %			Gini Index
	FGT0 <sup>i</sup>	FGT1 <sup>i</sup>	FGT2 <sup>i</sup>	FGT0 <sup>i</sup>	FGT1 <sup>i</sup>	FGT2 <sup>i</sup>	
Tanah Laut	4.50	0.70	0.10	18.74	3.92	1.21	0.26

<sup>89</sup> Poverty lines computed by SMERU drawing on National Poverty Lines and internationally recognized USD 3.1 threshold. [www.smeru.or.id](http://www.smeru.or.id)



Banjar Baru	3.20	0.30	0.00	14.00	2.37	0.70	0.35
Tanah Bumbu	5.50	0.60	0.10	21.23	4.65	1.38	0.31

\*FGTO – poverty headcount, FGT1 – poverty gap, FGT2 – poverty severity

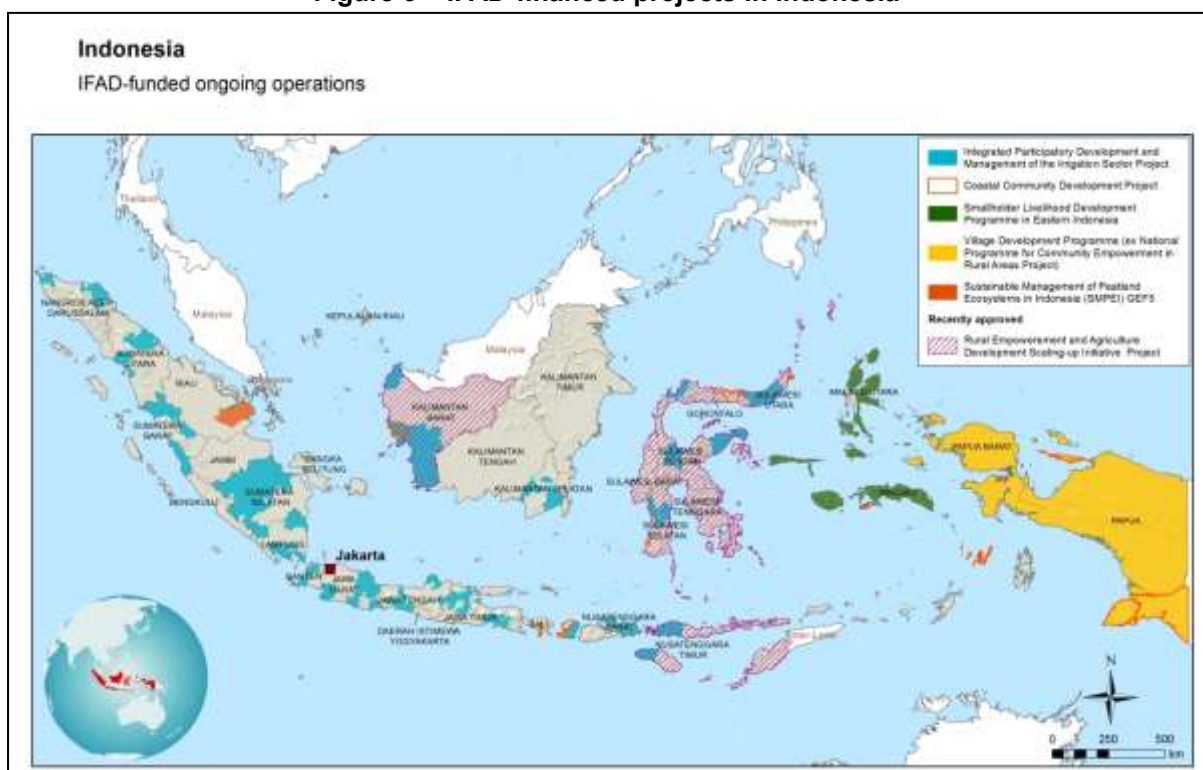


## Appendix 3: Country performance and lessons learned

### Past Results, Impact and Performance

1. **Portfolio.** Since first investing in Indonesia in 1980, IFAD has developed 17 loan projects, totaling an investment of USD 1,692 million, of which USD 550 million were financed by the Fund. IFAD's support has focused on the poor, food insecure and ethnic minority communities in rain-fed, upland, coastal and other marginalised areas. As shown in the map below, most projects have targeted Eastern Indonesia because of the higher incidence of poverty in this part of the country, weaker institutional capacity and lower level of engagement of other donors and the private sector. The country programme has also given prominence to women empowerment and the transformation of gender relations in socio-economic development.

Figure 6 – IFAD-financed projects in Indonesia



1. The current country programme includes four investment projects as shown by Table 1, with a fifth project (the Rural Empowerment and Agricultural Scaling Up Initiative) to start early 2018.

**Table 1 – IFAD Investment Projects 12/2017 (USD 000)**

Project Name	Total Project Cost	Effective Date	IFAD		Co-financing
			Loan&Grant Amount	% Disbursed	Amount
Integrated Participatory Development and Management of the Irrigation Sector Project	852,900	February 2017	100,000	0%	1,678,000
Village Development Programme (ex. National Programme for Community Empowerment in Rural Areas Project)	216,771	March 2009	68,530	95%	148,241
Smallholder Livelihood Development Project in Eastern Indonesia	65,001	July 2011	50,190	86%	14,811
Coastal Community Development Project	43,241	October 2012	26,200	94%	17,041

2. **CPE.** In 2013, IFAD's Independent Office of Evaluation undertook a second Country Programme Evaluation (CPE), which focused on operations since 2004. The CPE assessed overall portfolio achievement as moderately satisfactory. Project objectives were considered relevant, but project designs were deemed complex and insufficiently focused. Furthermore, it was found that most recent projects covered very large geographical areas with low population density, which led to spreading resources too thinly. The building of institutions, and in particular of self-help groups, empowering smallholders and opening access to savings and credit, was a cross-cutting feature of the portfolio. Women empowerment was another strong feature of the portfolio. Women increased their decision-making and financial management capabilities in their households, accessed functional literacy or started micro-enterprises. However, the CPE noted that insufficient attention was given to developing production or supporting value chain inclusion. Sustainability was another problematic area, because of still limited local capacities and of weak project knowledge management systems limiting the ability to learn from experience and to sustain success. Project cost per beneficiary household ranged from USD 126 to a high USD 1,414, which the CPE attributed to high transaction costs in remote areas.

3. On the country programme management, the CPE concluded that the 2009-2013 COSOP was strong on goals and expectations but that the implementation framework was weak. Results related to non-lending activities were deemed limited, particularly given Indonesia's MIC status, which would have warranted increased policy dialogue, knowledge management and partnership building. Synergies across projects and between lending and non-lending activities were deemed insufficient. The CPE concluded that IFAD had largely acted as a project-based organisation in Indonesia and recommended a paradigm shift, whereby IFAD would take up a leading role in supporting productive, competitive and high value smallholder agriculture, by promoting and scaling up agriculture innovation in partnership with the government and other strategic partners, such as producers organisations and the private sector.

4. **Strategic change.** Building on the CPE, IFAD has embarked on a major reorientation of the country programme. To better align the Fund's programming with the government's medium-term planning cycle, an interim country strategy (2014-2015) was endorsed in 2013, which gave emphasis to strengthening producers' organisations, enhancing productivity and marketing and developing enabling government policies and capacities in the agriculture and fisheries sector. Ongoing projects were restructured to focus on productive activities and market access, along value chains building on target areas potential. New models for partnering with private stakeholders have been built in the farming sector and in the broad sector of marine resources. Strategic alliances have been developed with development partners (including with the Asian Development Bank (ADB) in the key sub-sectors of irrigation and rice), building on IFAD's expertise in promoting small scale rural enterprises. New country and regional grants explore innovative approaches, support knowledge sharing and policy development. They also bring in new international partners and expertise in programme-related areas, such as high productivity cocoa farming (Swisscontact), roots and tuber development (International

Potato Centre), nutrition-sensitive value chains, certification-based supply chains (Agrofuturo Global, Sustainable Commodity Initiative and Institute for Ethical and Environmental Certification), sustainable management of peatland (ASEAN Peatland Forest Project), knowledge to policy models in the irrigation sector, and farmers' organisations participation in the policy dialogue. A country office is opening in Jakarta and the country team staff is building up, both in-country and at IFAD headquarters. These developments, which took place over the last year and half, lay the foundation for the 2015-2019 country strategy.

5. **Current COSOP.** The 2016-2019 Country Strategic Opportunities Programme (COSOP) is aligned to the Indonesia's Medium-Term Development Plan. Its goal is to support inclusive rural transformation to enable rural people to reduce poverty and achieve sustainable livelihoods. IFAD will achieve this through the provision of financing and technical support to develop innovative models that can be replicated and scaled up by Government and other partners. Investments made by IFAD will contribute to three interlinked strategic objectives: (i) Small-scale producers participate in remunerative agricultural markets; (ii) Small-scale producers and their families are more resilient to risks; and (iii) Rural institutions deliver responsive services meeting the needs of small producers.

6. The COSOP also reflects the importance of IFAD to work differently. As an ambitious middle-income country, Indonesia demands a stronger focus by IFAD on (i) developing innovative approaches to rural development for scaling up through Government programmes; and (ii) generating knowledge, informing policy and supporting Indonesia's South-South agenda.

7. The Indonesian government has prioritized rural and agriculture development (including maritime affairs) and addressing issues of inequity and sustainability. This is reflected in the national development plan for 2015-2019, which provides ambitious policy direction for the agricultural sector.

## Results.

8. IFAD is recognized as a partner delivering results for rural development, including:

- *Outreach:* IFAD-supported interventions benefitting over 13 million rural women and men;
- *Income:* more than 70% of IFAD-supported project beneficiaries report an increase in incomes;
- *Production Increase:* under IFAD-supported interventions, production increased significantly - up to 60% for rice, 193% for cocoa and 240% for coconut;
- *Food security:* 95% of IFAD-supported households consider themselves food secure.

## Lessons Learned

9. Main lessons derived from the CPE, annual COSOP reviews, ongoing projects and consultations held in preparation of the 2016-2019 COSOP point to the following issues:

- *Targeting remote areas:* working in remote areas entails specific constraints, including lower local capacities, lower infrastructure endowment, less market and partnership opportunities and costly logistics issues. Projects can generate significant and sustainable improvements in the livelihoods of communities in marginalised areas, provided such constraints are recognised and addressed in project design. This calls for projects with adequate financial and human resources, longer duration and carefully designed packages combining productive infrastructure, sustainable service delivery mechanisms and the capacity building of local organisations;
- *Empowerment and group formation:* empowerment through group formation and capacity building should not constitute an end in itself but rather a means to facilitate activities that can increase household incomes. IFAD strategy should focus on strengthening producers' organisations so that they generate direct benefits to their members, including accessing technical and financial services, engaging with markets, reducing transaction costs, partnering with private companies and enhancing their bargaining position. Group sustainability, individual motivation, ownership and incentive mechanisms for participation should be clearly established;

- *Role of communities:* village communities can play an important role in promoting development change by motivating groups, participating in the allocation of project resources to increase transparency and monitoring their utilisation;
- *Productive investment:* investment in physical infrastructure such as irrigation, post-harvest and processing facilities has generated high economic returns through increased productivity and value-added. However, sustainability is often problematic. Institutional arrangements for operation and cost recovery need to be agreed upon prior to investment, build on public-private partnerships and be supported by capacity building programmes;
- *Access to financial services:* self-help groups (SHGs) have been encouraged to mobilise savings and manage revolving funds. Savings mobilisation has enabled individuals and groups to access credit from the formal financial sector. However, SHGs have had limited sustainability because of insufficient capacities and low viability. On the other hand, Indonesia has a diverse financial sector, which has tried some unique innovations to enhance outreach to rural areas but access to finance remains a constraint for small producers in the agriculture and fisheries sector. Projects should partner with commercial banks, MFIs and other types of financial institutions to support the access of small producers and their organisations to a range of financial products meeting their needs and matching their capacities, including savings, loans, access to remittance and insurance products;
- *Participation of non-state actors:* the lack of qualified government staff in some remote target areas has hampered the development of viable and sustainable self-help and producers' groups. To provide support services and strengthen the capacities of local groups, projects should promote innovative models relying on a larger range of service providers, including producers' organisations themselves where they have a comparative advantage, private companies involved in the trading and processing of agriculture/marine commodities and in the provision of inputs, and non-governmental organisations (NGOs);
- *Participation of the private sector:* experience in the cocoa (READ) and marine resources (CCDP) sub-sectors have demonstrated how private companies can contribute to enhancing the livelihoods of rural small-scale producers, by facilitating their access to inputs, technology, advisory services and markets. Projects should facilitate and support partnerships linking private companies and small producers and their organisations, with a view to generating mutual business benefits by reducing transactions costs, sharing risks and improving efficiency and reliability for sourcing products and services.
- *Performance-based management system:* the use of a district level 'reward and punishment' system allocating funds annually based on performance, as used by the Coastal Community Development Project (CCDP), creates incentive, transparency and improves overall results. The system was applied based on a matrix with over 20 variables designed to measure implementation effectiveness. After screening, all districts are placed in 1 of 3 Clusters. First Cluster districts are provided additional funds, Second Cluster districts experience no increase in budget and Third Cluster districts have their financial support reduced but receive targeted support to up performance. Since the system is perceived to be fairly and transparently administered, it is well accepted by Project Implementation Units (PIUs). The 'reward and punishment' system generates a focus on results and motivates PIUs to improve their performance. Consequently, approximately one third of PIUs has been provided added support, improved their performance and, as a result, moved up performance categories. Application of the system, and the resulting targeted support, have the effect of fostering a very healthy relationship between national and local agencies.
- *A comprehensive and transparent management information system* is an effective tool to ensure project ownership by project staff and service providers and to support performance-based management. CCDP developed a Weekly Dashboard, with profile project implementation status and progress towards meeting key project indicators. The template was put together in order to respond to the project data and information requested from various parties such as Bappenas, MoF, Planning bureau at the Ministry of Marine Affairs and Fisheries, etc.
- *The phasing of activities* can help reduce the risk of elite capture if decisions concerning high value investments, such as infrastructure, are delayed until later in the project to allow the social

capital and confidence of poorer target groups to develop to ensure their voice is properly represented in these major decisions.

- *Flexibility*: the programme approach needs leave flexibility for local tailoring and allowing to reflect the diversity and respective opportunities for respective target locations. This lesson became highly visible in the IFAD-supported CCDP project, which was implemented in nine provinces throughout Indonesia, covering a large range of socio-economic, geographic and cultural contexts. The project design provided a general framework, which was adapted, in collaboration with communities and local stakeholders. This allows to maximise engagement, synergies and impact of interventions.

### Lessons Learned on working with Rural Youth

10. A recent evaluation of youth projects in the IFAD global portfolio<sup>90</sup> distils five key lessons for design: (i) mainstream youth issues in country programmes; (ii) invest in updating knowledge about youth issues in socio-economic profiles; (iii) resolve the issues of efficiency and equity in identifying target groups by matching target groups, activities and management capacity; (iv) disaggregate monitoring indicators by age to enable lessons to be learnt and scaled-up and (v) partner with other organisations in support of project objectives. Furthermore, experience gained in the IFAD portfolio in Indonesia point to the following:

- *Integrated support project*: financial support needs to be provided in form of an *integrated support package* coupled with non-financial support, such as technical and business development services, in order to maximise impact. This is an important lesson from other IFAD-supported investments, such as READ, which integrated community empowerment with targeted technical support. This turned out to be an effective delivery mechanism, particularly when support was made directly to village beneficiaries i.e. farmer groups. Further, discussions with rural youth show that they are hesitant to take a loan because they feel they lack sufficient technical skills.
- *Youth and agriculture*: young people in rural areas have an interest in remaining in and contributing to their community but lack the capacity to start their own business. Focus group discussions with rural youth revealed that the majority of them was interested in remaining in their community because this is where they felt they could make a change and bring social impact, a strong motivation for young people. Most of them were already running small agriculture or food related businesses and saw potential to further expand. However they lacked the confidence and support in taking the next step. Social enterprises, such as Javara and TaniFund show the economic potential of small farmers as future supply chain drivers if provided with the adequate backing and support.
- *Youth is an heterogeneous group*: age, gender, school enrolment and family situation shape young people's needs and preferences for financial and non-financial services and capacity building. However, there are universal life transitions that place similar types of financial and non-financial pressures on any young person, including going to school, working, getting married, having children and taking care of elderly family members. Youth are ready to engage in agriculture if the activities will generate high returns on investment, have short gestation period, confer business ownership to them and lead to social linkage opportunities;

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<sup>90</sup> IFAD, Rural Youth: Evaluation Synthesis, Independent Office of Evaluation, 2014.





## Appendix 4: Detailed programme description

### COMPONENT 1: RURAL YOUTH TRANSITION TO WORK

#### Sub-component 1.1 – Linking Education and Training to Jobs

1. The sub-component includes three sets of activities: (i) Capacity Building for Agricultural TEVT institutions; (ii) Career Orientation; and (iii) Improved PWMP.

2. It will be implemented in the four target provinces and will target: (i) all agriculture colleges (STPPs) and Agricultural Training Centres run by MoA; (ii) a selection of vocational high schools run by the Ministry of Education and Culture (SMKPPs) and of Training Centres run by the Ministry of Manpower (BLKs) that have an agriculture department; (iii) a selection of P4S centres (farmer-owned training centres); and (iv) universities – these however will only be considered for the PWMP. Table 1 shows the various types of eligible TEVT institutions in the four target provinces.

**Table 1: Eligible TEVT institutions in the target provinces**

	Agriculture colleges STPP (MoA)	Universities	Vocational high schools SMKPP (MoEC)	Agricultural Training Centres (MoA)	Training centres with Ag department BLKP (MoM)	Farmers' Training Centres P4S
East Java	STPP Malang	University of Brawijaya	SMKPP Nganjuk	BBPP Batu	BLK Pasuruan	115
			SMKPP Lemangan			
			SMKPP Sengkaling	BBPP Ketindan		
			SMKPP Tegalampel			
West Java	STPP Bogor	University of Padjadjaran	SMKPP Lembang	BBPP Lembang	BLKP Lembang	265
			SMKPP Tanjungsari	PPMKP Ciawi	BLK Karawang	
		University of Bogor	SMKPP Pangalengan	BBPKH Cinagara	BLK Purwakarta	
			SMKPP Banjasari			
			SMKPP Sumedang			
			SMKPP Cianjur			
			SMKPP Bale Endah			
			SMKPP Tasikmalaya			
SMKPP Cikole						
South Kalimantan		University of Lambung Mangkurat	SMKPP Banjarbaru	BBPP Benuang	BLK Kota Baru	14
			SMKPP Pelaihari			
			SMKPP Paringin			
South Sulawesi	STPP Gowa	University of Hasanuddin	SMKPP Rappang	BBPP Batangkaluku	BLK Makassar	30
			SMKPP Paulus Makale		BLK Luwu	
<b>Total</b>	<b>3</b>	<b>5</b>	<b>18</b>	<b>7</b>	<b>7</b>	<b>424</b>

3. Guidelines for defining eligibility criteria and a selection process based on calls for proposals extended to eligible institutions will be prepared by the NPMU in collaboration with the PPIUs. Selection criteria will notably cover the following: (i) number of students/teachers; (ii) adequacy of school facilities for teaching; (iii) partnerships with private sector. For P4S, only those in the advanced and intermediary categories will be considered and priority will be given to those in the target districts.

#### Activity 1.1.1 – Capacity building for Agriculture TEVT institutions

4. This activity aims at increasing the capacities of participating TEVT institutions to adopt a competency-based, trainee-centred instructional methodology and at better linking their education and training programmes to labour market demand, building on the labour market analysis conducted under Component 4, Sub-component 4.1.

5. **Enabling training programme.** A package of three modules will be designed and delivered to the selected institutions with a view to improving skill transfer to students and trainees and increasing

their employability. The package will be delivered to each participating TEVT institution and will include the following modules:

- *designing, implementing, and analysing Training and Development Needs Analyses*, targeting senior teaching and course planning staff;
- *designing, implementing and assessing Competency-Based Training*, targeting department heads, teachers, lecturers, and instructors;
- *Master Trainer (ToT) and Mentoring*, targeting the best participants in the first two modules.

6. Training will also cover key aspects of competency-based training and assessment theory and practice, principles of adult learning and group learning. Gender sensitivity in all aspects and the latest best practice will be integral to the training provided.

7. A service provider will be contracted to assist the PPIUs in selecting participating TEVT institutions, to design the package of three modules employing a competency-based training methodology, and to deliver it to selected staff, sensitive to gender targets, from the participating institutions. Training will be delivered along the following sequencing within the package: (i) training delivery will start with the first two modules; (ii) once completed, an agreed number of the best participants<sup>1</sup> will be identified for training and mentoring of master trainers, the third program in the package. After delivery of a first full package to a first cohort of participating institutions (first round), the service provider will deliver the same package to a new cohort (second round) jointly with master trainers/mentors who successfully completed the first master trainer training and mentoring program. In the third round, those master trainers/mentors who successfully completed either the first or second master trainer and mentoring program will deliver the package of programs by themselves, with the service provider conducting debriefing with the master trainers after each training day. This 'cascading' model will permit substantial numbers to be trained quickly, allow a pool of around 50 master trainers/mentors to practice their new skills immediately, and ensure sustainability. An adapted version of the package will be designed for and delivered to P4S.

8. Ideally and to ensure a harmonised approach across all four provinces, the same service provider should be hired by the NPMU to design the training package and deliver the three rounds of training in the target provinces. PPIUs will monitor the performance of the service provider and success of the training models against pre-established criteria, and will recommend adjustments accordingly.

9. **Specialised capacity building.** Once they have successfully completed the full package of training, each one of the participating TEVT institutions will be eligible to access a small annual financial allocation to improve the quality of service delivery, building on the Training and Development Needs Analyses, on the mapping studies to be carried out in the first project year as part of Component 4<sup>2</sup> and on interaction with the private sector. Annual allocations could cover activities such as: specialised training for teachers in areas of demand in agriculture and agribusiness; short-term placement of teachers in agribusinesses for both their professional development and to gain new up-to-date insights into modern agriculture; or employer satisfaction surveys with graduates, as these would be a very useful adjunct to graduate tracer studies (see below). Funds will be released in tranches, contingent on the presentation and approval by the PPIU/NPMU of a proposal describing proposed activities and implementation modalities for the year, with a justification. Once the activity is completed, a brief assessment of its success or otherwise will be provided to the PPIU with an itemised acquittal of expenditure. This sub-programme will be performance-based so that: (i) failure to provide an assessment of the activity and/or an acquittal of funds will result in no further approval for other activities in that year; and (ii) after the first year, the annual financial allocation will be revised to reflect performance, i.e. it could be reduced, or cancelled, in case of poor

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<sup>1</sup> Criteria for selection will include assessments of the quality of their participation and mastery of the concepts.

<sup>2</sup> And especially on the market assessment/value chain analysis, and on the labour market analysis/mapping of employment potential.

performance, along pre-established criteria to be developed by the NPMU. Guidelines will be developed by the NPMU, in collaboration with PPIUs, and distributed to participating schools.

10. In South Sulawesi province, ties will be forged between participating STPPs/SMKPPs and the NextGen programme developed by the Mars Cocoa Academy, which is already IFAD's partner in Indonesia<sup>3</sup>.

11. **Graduate tracer studies.** Graduate tracer studies provide useful empirical feedback to TEVT institutions, employers and government, provided they are conducted on an annual basis so that trends in employment can be discerned over time. A gender-sensitive methodology for conducting tracer studies focused on post-graduation employment outcomes for graduates from vocational education institutions (STPPs and SMKPPs) in the target provinces will be designed to collect data on: the number of graduates who gained employment post-training, are still seeking employment, have stopped seeking employment or have returned to further education and training; how long it took to gain employment; graduates' perception on education experience and competences; and whether the employment gained is related to the training they received. Three rounds of surveys will be organised (starting three months after the conclusion of the academic year in project year 2), with a view to cover all of STPPs and SMKPPs in the target provinces, on the condition that they commit to mainstream annual tracer studies in their regular activities.

12. The same service provider as above will be hired for: developing the methodology; conducting the surveys; developing guidelines to be used by TEVT institutions to conduct and use graduate tracer studies every year; training relevant staff; and monitoring/supporting implementation. Guidelines will build on the experience of GiZ-financed Innovation and Investment for Inclusive Sustainable Economic Development Project with tracer studies. Furthermore, the NPMU will seek guidance from the National Centre for Vocational Education Research in implementing this activity.

#### **Activity 1.1.2 - Career orientation**

13. This activity aims at developing gender-sensitive career services for career guidance and advice on job and career opportunities available in the agriculture-based sector, building on province labour analysis studies (Sub-component 1.1). It will target three target groups: (i) junior high school students in years 8 and 9; (ii) students in agricultural vocational schools (SMKPP and SMK); and (iii) rural unemployed young people. Activities, sensitive to gender differences mapped in the studies, will be as follows:

- **Junior high schools.** A training programme will be designed and delivered to teachers of junior high schools (SMP) students who are performing the role of a career guidance teacher able to provide for the needs of both boys and girls in years 8 and 9. This program will be a basic introductory course (about 2 days), which will focus on establishing effective career guidance service delivery, collecting career information on the employment landscape in each province, particularly opportunities in agriculture and in the agriculture service sector and study pathways, and organising field trips;
- **Vocational agricultural schools.** A training programme will be designed for career guidance teachers of students of SMKPPs and SMKs<sup>4</sup> in years 10 or 11. This will be a more advanced course (about 3 days), which will recap on establishing effective career guidance programs, collecting career information on the employment landscape in each province with a special focus on opportunities in agriculture and in the agriculture service sector and career pathways involving further study in the higher education sector. The training programme will support career guidance teachers to be cognisant of constraints by gender and to be active agents in exploring new opportunities and narratives on gender roles in the rural sector. Participating SMKPPs and SMKs

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<sup>3</sup> The NextGen programme aims at supporting SMKs in delivering state-of-the-art cocoa farming and at facilitating alumni engagement in entrepreneurship in relation to cocoa farming. The current pilot running until 2019 is focusing on two SMKs out of YESS target area in South Sulawesi but will generate lessons learnt and material for upscaling starting 2020.

<sup>4</sup> With reasonably sized agriculture and agriculture services related programs.

will also get support to organise one open day, that they could then repeat annually under their own responsibility;

- **Target districts.** Similar training will be adapted for and delivered to PLUTs, building on district mapping of employment and business opportunities and on interaction with the district platform.

14. Each training package will include a session in which participants will be helped in designing the modalities of a career orientation service in their respective institutions.

15. **Agricultural job fairs.** To complement these services, agricultural job fairs will be organised in the target provinces. Agriculture job fairs could provide a platform for employers seeking to recruit young people into careers in agriculture and agriculture support services to engage with and interview job seekers in these areas. Alongside employers, associations of agricultural entrepreneurs, individual entrepreneurs, PLUTs, and finance and business services providers could also be encouraged to set up displays to promote their array of products and services. The participants, particularly employers and business and financial service providers, will be encouraged to illustrate their track record on gender inclusion, fair wages and gender sensitive services.

16. **Implementation.** The training programmes will be designed and delivered by a single service provider, in close collaboration with Dinas Agriculture and Education, and will benefit around 100 teachers from 100 SMPs and 150 teachers from all the SMKPPs and a selection of SMKs in the target provinces. The service provider will also produce guidelines and training modules as appropriate, which will be available for reproducing. Guidelines will include a process for selecting participating schools. One key selection criterion will be school commitment to organise and deliver career guidance to students, in line with training received.

17. A first agricultural job fair will be piloted in one target province in year 2 in conjunction with the Annual Forum organized by the provincial multi-stakeholder platform (see Component 4) and in close partnership with the platform (possibly through the creation of a dedicated working group), under the leadership of the relevant PPIU and with support from a service provider. The service provider will be responsible for marketing and organizing the fair and for identifying sponsors. It will also have to assess outcomes and participants' satisfaction as well as lessons learnt. The Mid-Term Review in early year 3 will decide on the opportunity of scaling-up agricultural job fairs to the other target provinces and on their periodicity, based on the pilot assessment. In case of upscaling, guidelines should be prepared to support the organization of agricultural job fairs, possibly by the same the service provider, and disseminated, including to YESS online platform (see Component 4). Gender and social inclusion and relevance of the agricultural job fairs to the employment and entrepreneurship opportunities of girls and women will be a key criterion to assess the pilot.

### Activity 1.1.3 – Improved PWMP

18. **PWMP evaluation.** An evaluation of PWMP will be conducted, which will build on a sample of beneficiary TEVT institutions (all STPPs and a selection of SMKPPs and universities) and PWMP participants, reflecting the diversity of PWMP-supported businesses and of participants' gender and socio-economic profile. The evaluation will assess strengths and weaknesses of the current PWMP<sup>5</sup>, with a view to design an improved PWMP. The evaluation will be conducted by a service provider hired by the NPMU and based on a methodology to be agreed with the NPMU. Important areas to be taken into consideration include: selection process of participating institutions and participating students/graduates (including their socio-economic profiling); implementation modalities (modules, organisation, support provided to recipients, including training, technical and business management support, market information, access to financing, mentoring etc.); integration of PWMP activities into students' curriculum; post-PWMP support provided to recipient; support provided to teachers; impact. The evaluation will also assess PWMP projects' outcomes, particularly in terms of revenues and profitability, social and economic impact (such as jobs/services/market creation) and sustainability. It

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<sup>5</sup> See chart summarising current PWMP in Attachment 1.

will also assess the extent to which poorer students do access PWMP and how their participation in the improved PWMP could be enhanced.

19. **PWMP guidelines.** Based on the evaluation outcomes and recommendations, guidelines for an improved PWMP will be designed to start implementation in project year 2, possibly by the same service provider. The YESS-supported improved PWMP (which will be rebranded) will target students from STPPs and SMKPPs, organised by clusters of three. It is expected that a number of current features will be preserved, and a number of innovations introduced. As is currently the case: the improved PWMP will be based on a call for proposals; STPPs and SMKPPs meeting a set of minimal criteria (to be defined STPPs and SMKPPs by the revised PWMP guidelines) will be asked to indicate the number of clusters they can manage; clusters of students will submit business ideas in the field of agriculture and agribusiness; clusters will receive support from teachers to develop their ideas into business proposals and to develop these. Main innovations to consider will include the following:

- *Preparatory activities:* they will be organised in participating institutions to provide information to students on areas with market/business opportunities (building on mapping studies under Sub-component 1.1) as well as basic training as to how to prepare a business proposal;
- *Social impact, innovation and scaling-up:* one key selection criterion will be the extent to which business proposals will bear social impact, such as creating market outlets for farmers/producers, providing services to farmers/producers, creating job opportunities etc. This will be presented to students as their contribution to developing a project entirely financed by grants. Other important criteria would be that the proposal would have to be technology-based, introduce innovation, and have potential for scaling-up;
- *Capacity building, coaching and mentoring:* technical and management support will be redeployed so that business planning and market analysis are built into developing business proposals, and will be matched with more regular monitoring and coaching by teachers to foster success, as well as mentoring. Mentors will be sought from the business community through the provincial multi-stakeholders' platforms (Component 4) to provide regular interaction with student clusters. Capacity building will also be made available to teachers so that they understand and are able to implement the guidelines and provide coaching to students. Consideration will also be given as to how to facilitate the integration of PWMP into students' curriculum.
- *Enhanced market linkages:* The project will pilot an *Agripreneur Lab* approach within selected TVETs in collaboration with private sector. This approach builds on the experiences of the MoA vocational schools in Medan whereby support has been provided within the coffee value chain to improve quality, marketing, and branding of young entrepreneur activities. The services of the *Agripreneur Lab* will also be extended to non-students;
- *Post-PWMP:* in the course of the second year, teachers will facilitate the development of linkages between student clusters and financial and business development service providers as well as with PLUTs, with a view to support business sustainability and development beyond students' graduation. Teachers will also assist PWMP graduates in developing a network for exchanging knowledge and providing mutual assistance.

20. **Implementation and financing.** Each PWMP cluster will receive support over two years<sup>6</sup>. The call for proposals will be organised, as is currently the case, by AEEHRD. The service provider who will design the guidelines will also: (i) organise preparatory activities; (ii) assist AEEHRD in the selection of participating institutions and clusters of students; (iii) provide training to teachers; (iv) facilitate the mobilisation of mentors, with support from the PPIU; (v) facilitate the raising of private sector resources for financing incremental costs; and (vi) developing an M&E module to be used by participating institutions, AEEHRD and the NPMU. YESS will finance the cost of the service provider. The GESI Specialist will collaborate with the service provider from the outset to ensure that the project GESI objectives are reflected in the guidelines and activities. Other costs involved in implementing

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<sup>6</sup> As opposed to the current three years, building on feedback received during the design mission.

PWMP will be shared between YESS and MoA. They will include costs related to hiring specialised trainers in some specific areas not covered by the teachers of participating institutions (as is currently the case), as well as seed money provided to students' cluster, based on the average amount supplied by MoA to STPPs and SMKPPs for the financing of 2016-2017 PWMP seed money. YESS will finance one third of these costs, as an incentive to build capacities and experience and to facilitate PWMP scaling-up and mainstreaming in regular MoA/agriculture education institutions programmes. YESS financing will be contingent to GoI covering the remaining two-thirds of the cost. Furthermore, YESS will provide support (through the service provider) for facilitating the raising of resources from the private sector to contribute to the programme through their Corporate Social Responsibility programmes. A rapid PWMP evaluation will take place at the end of project year 4, based on which an exit strategy for YESS and full take-over strategy for MoA and possibly the Ministry of Education and Culture will be developed. Altogether it is proposed that 2,400 clusters or 7,200 students will benefit from PWMP.

21. With respect to the Agripreneur Lab, a call for proposals will be undertaken from interested TVET. Submission from the TVETs will include details about business plans, cost sharing arrangements, and private sector involvement. The selection process will be overseen by the Project Steering Committee. It is envisaged that one Agripreneur Lab will be piloted in each participating province.

### **Sub-component 1.2 – Apprenticeship**

22. The Ministry of Manpower (MoM) runs a national apprenticeship programme that is open to young people with a minimum age of 17 and no particular education requirement, who are enrolled to take apprenticeship of maximum 12 months in a company, i.e. an individual or corporate business, public or private and with or without legal entity. MoM evaluation shows that a significant percentage of apprentices who complete a twelve-month apprenticeship are kept on by the employer in full-time, paid employment. At the moment the national apprenticeship programme does not cover agriculture or agribusiness. YESS will partner with MoM to develop certified apprenticeship programmes in priority agriculture/agribusiness-related occupations in the target provinces, which will then be rolled out by MoM through its regular structures. The pilot, and the subsequent roll-out will be particularly targeting high school and SMK rural graduates, as well as unemployed school drop-outs. Activities below build on MoM usual methodology.

23. **Awareness campaign.** In every target province, the PPIU and MoM will organise an awareness campaign in collaboration with the provincial Forum of Apprenticeship Communication Network (FKJP (*Forum Komunikasi Jejaring Pemagangan – FKJP*)<sup>7</sup> as well as the provincial multi-stakeholder platform (Sub-component 4.1). The campaign (a series of meetings) will target Dinas Agriculture and Dinas Manpower, schools partnering with YESS, Farmers' Training Centres (P4S) and farms and businesses in the target value chains/areas with most employment potential for young people, and particularly for poor/near poor youth with lower education, both young women and men. The campaign will aim at: informing participants on the benefits of apprenticeship for apprentices and farms/businesses, and how it is organised; and at identifying target occupations in which apprenticeship programmes will be developed. This will build on the mapping studies carried out at project start in every province (market assessment and labour market analysis - Sub-component 4.1) as well as, as much as possible, on available competency standards<sup>8</sup>. The output will be an agreement on a selection of 20 occupations (5 in each of the target provinces) for which apprenticeship programmes will be designed.

24. **Design of apprenticeship programmes.** The next step will be the design of apprenticeship programmes and related learning material by MoM, in partnership with MoA, MOA's national training

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<sup>7</sup> The FKJP gathers representatives of Dinas Manpower, APINDO, KADIN and local associations of professionals, receives subsidies from MoM and is responsible for assisting MoM with apprenticeship delivery.

<sup>8</sup> Competency standards in the agriculture sector cover extension, horticulture, fruit production and fruit processing, organic agriculture.

centres and provincial stakeholders. In areas where there are no competency standards defined yet<sup>9</sup>, these will first have to be established with the provincial Certification Body for Professionals (*Lembaga Sertifikasi Profesi – LSP*). MoM will obtain certification from the National Professional Certification Board (*Badan Nasional Sertifikasi Profesi – BNSP*) for the 20 programmes.

25. **Pilots.** Five pilots (1 pilot per apprenticeship programme) will be organised in every province, focusing on the target districts. Each pilot will enroll 25 apprentices (of which minimum 12 young women) and will have a maximum duration of 5 months. FKJP will assist in disseminating information about the apprenticeship programmes, in collaboration with target district Dinas Agriculture, P4S and PLUTs, to identify modern farmers and agribusinesses willing to receive apprentices. Youth Facilitators, Mobilisers and district multi-stakeholders' platforms will help in identifying apprentices in the target areas ensuring dissemination to all youth groups and respecting gender targets. The selection of participants will be jointly decided by the Dinas Agriculture and Manpower, based on pre-agreed criteria (to be defined by MoM and MoA). The pilots will be monitored by an Implementing Team set up by MoM. Each apprentice will receive a certificate from the National Professional Certification Board. YESS financing will cover: a monthly fee (70% of the provincial minimum wage), insurance, print-outs and certification for apprentices; incentives for mentors (from participating farms/businesses) and theory instructors (from MoM); and the cost of the Implementing Teams.

26. **Finalisation of apprenticeship programmes.** Once the pilots are completed, MoM will run an evaluation for each of them, based on which programmes will be amended as needed. Finalised programmes will then be rolled-out through MoM regular systems and budget, and will become available to young people throughout Indonesia.

27. **Scaling up.** Existing apprenticeship programmes are run either with MoM, which then provides subsidies amounting to 70% of the minimum wage, or directly by companies, with variable subsidizing arrangements. The number of apprentices benefitting from programmes directly organized by companies is therefore much higher than those getting subsidies from MoM, which is limited by budget resources. YESS will support the scaling up of apprenticeships by agribusiness and modern farms, to benefit unemployed youth and school drop-outs in the target districts. To this effect, the NPMU will carry out a study to explore possible options and related implementation modalities. The study will be made available to the Mid-Term Review (MTR - see Section III E), which will make decisions as to how best to implement an apprenticeship scaling up programme, for which resources have been set aside in an Apprenticeship Scaling Up Facility. It is anticipated that up to an additional 6,000 apprentices could benefit from short-term apprenticeships (up to 5 months) in line with the newly designed programmes, with an average cash subsidy of USD 200 for the apprenticeship period and non-cash incentives to be defined.

28. **Implementation and financing.** The NPMU will establish an MoU with MoM, which will define respective responsibilities. It will also estimate the number of apprentices that MoM expects to deliver annually once the new apprenticeship programmes are rolled out. In consultation with MoM, the NPMU will hire a national consultant to provide support to MoM in implementing the whole set of activities up to the implementation of the pilots.

### Implementation arrangements for Component 1

29. Each PPIU will include a TEVT and Transition to Work Specialist, who will be responsible for ensuring the effective and efficient delivery of Component 1 activities, in partnership with provincial Dinas for Agriculture, for Education and for Manpower. This will include: (i) preparing terms of reference for and organising the selection of service providers; (ii) monitoring implementation by the service providers and providing guidance; (iii) liaising with the GESI Specialist to ensure compliance with the GESI Strategy and foster the access of the low-asset, low-skill target group to project services; and (iii) liaising with the provincial platforms and supporting the mobilisation of the

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<sup>9</sup> *Standard Kompetensi Kerja Nasional Indonesia (SKKNI)*. Existing competency standards in the agriculture-based sector cover organic agriculture, horticulture, fruit production and fruit processing, as well as for extension.

agribusiness community to improve the relevance of TEVT institutions' programmes and to support apprenticeship. This may require the creation of a Platform Working Group for School to Work Transition, for which terms of reference would be drafted with support from the NPMU.

30. The four specialists will be coordinated by a Senior TEVT and Transition to Work Specialist in the NPMU, who will also ensure the sharing of knowledge and lessons learnt between the four PPIU Specialists. An allocation for international technical assistance is available to provide guidance in developing the component. The TEVT and Transition to Work Specialist will receive technical support from international technical assistance as described above. The NPMU will also seek guidance from the National Centre for Vocational Education Research.

31. Ties will be built with the Netherlands-financed pilot project, which supports two agriculture vocational schools in West Java and East Java until 2020, with the aim of improving their relevance to the job market. YESS will build on their lessons learnt and successful achievements and will align with policy decisions that might ensue. To support collaboration, the two schools should be represented on the multi-stakeholder platforms that YESS will support in West Java and East Java (Sub-component 4.1).

32. YESS will also establish a close relationship with GiZ-financed Innovation and Investment for Inclusive Sustainable Economic Development Project, which is currently being designed and expected to promote employment and entrepreneurship, including in the food industry.

## **COMPONENT 2 - RURAL YOUTH ENTREPRENEURSHIP**

33. **Component 2 - Rural Youth entrepreneurship.** Investments in this component aim at promoting inclusive youth farming, agri-business and rural entrepreneurship in YESS target districts, by facilitating the access of rural youth to business development and intermediation services suited to the needs of different categories of young people, i.e. women and men with different socio-economic profiles and education, and including young migrants. The component taps on the existing network of Centres for Integrated Business Services or PLUTs. It builds their capacities and those of district players to mainstream assistance to young farmers and entrepreneurs into regular services and to ensure inclusive youth entrepreneurship development in the district.

34. PLUTs will play a pivotal role in the institutional set-up of this component. Together with a network of BDSPs, they will assist young farmers and entrepreneurs to transform their ideas into a viable and bankable business through the provision of pre-financing and post-financing training and capacity building. PLUTs will provide multi-dimensional training and assistance to young farmers and entrepreneurs enabling them to elaborate a business plan to be submitted to financial institutions for financing and to implement and manage their business. Youth Facilitators and Mobilizers contracted by the project at PLUT level will ensure increased geographical and human outreach. PLUTs will also promote sustainable linkages between young farmers and entrepreneurs and other value chain stakeholders to access a range of diversified markets and services. Finally, PLUTs will also connect young people with existing SMEs having unmet job opportunities. However, considering the high demand from young people to start their businesses resulting in a dense workload for PLUTs staff, this last function will be gradually implemented starting from PY3.

35. The outcome of this component is that young small farmers and rural entrepreneurs access markets and services in the target value chains and sub-sectors. The component is divided into two sub-components: (i) Capacity Building for Business Development Service Providers, and (ii) services to young farmers and entrepreneurs.

36. Figures 1 and 2 below detail the phasing of target districts over YESS first years. Operations at district level will start during PY2 in 10 districts where a PLUT is already operating and will extend to five more districts in PY3. PLUTs in these five districts will become operational in time to start operations during PY3. Three out of the planned 5 PLUTs are already on the list of PLUTs to be financed in 2019 while the remaining 2 PLUTs will be or are expected to be on the list of PLUTs to be financed in 2020.





**Figure 1 - Phasing of target districts**

Province	Districts	Sub Districts	PLUT	PLUT category	P4S	Nbr of poor (000)	Phasing	
West Java	Cianjur	32	x	excellent	11	261	Y2	Y3
	Tasikmalaya	39	x	good	4	196		
	Sukabumi	18	x	good	12	199		
	Subang	10	x	good	25	170		
East Java	Malang	33	x	poor	8	284	Y2	Y3
	Pasuruan	24	Kota	under construction	8	166		
	Tulungagung	19	x	good	2	83		
	Pacitan	12	x	good		85		
South Kalimantan	Banjarmaru	5	x	excellent		11	Y2	Y3
	Tanah Laut	10			4	15		
	Tanah Bumbu	10			1	18		
South Sulawesi	Bantaeng	8	x	good	1	19	Y2	Y3
	Bulukumba	10			2	37		
	Maros	14			2	43		
	Bone	27			2	88		
<b>TOTAL</b>		<b>271</b>	<b>10</b>		<b>82</b>		<b>10</b>	<b>5</b>

PLUT status	
10	Existing
3	On 2019 list
2	To be included by MoCSME in 2020 list

**Figure 2 - Timeline for PLUTs implementation of activities**

CALENDAR YEARS	2019												2020												2021												2022			
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A
PLUTs status in YESS project area	Cianjur, Tasikmalaya, Sukabumi & Subang (West Java) Malang, Pasuruan, Pacitan & Tulungagung (East Java) Banjarbaru (South Kalimantan) Bantaeng (South Sulawesi) Tanah Laut & Tanah Bumbu (South Kalimantan) Bulukumba (South Sulawesi) Maros & Bone (South Sulawesi)																																							
- Operating PLUTs as at January 1st, 2019																																								
- Setting up 3 new PLUTs on 2019 list																																								
- Programming 2 new PLUTs on 2020 list																																								
- Setting up 2 new PLUTs on 2020 list																																								
PROJECT YEARS	PY1												PY2												PY3												PY4			
MONTHS	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2		
YESS Project Implementation	Preparatory Activities												YESS Activities start in 10 PLUTs (PLUTs operating as at January 2019)												YESS Activities start in 5 remaining PLUTs (PLUTs set up in 2019 and 2020)															
- Activities	Preparatory Activities												YESS Activities start in 10 PLUTs (PLUTs operating as at January 2019)												YESS Activities start in 5 remaining PLUTs (PLUTs set up in 2019 and 2020)															

NB. It has been assumed that the project can effectively start at the end of the first quarter 2019.

**37. Sub-component 2.1 - Capacity Building for business development service providers.**

Activities under this sub-component will focus on: (i) developing an enabling environment for young farmers and entrepreneurs through strengthening capacities of PLUTs, P4S and selected Business Development Service Providers (BDSPs) and, (ii) developing PLUTs outreach in YESS target districts.

**38. Activity 2.1.1 - Enabling environment.** Four activities will be implemented: (i) preparation of business models adapted to the specificities of each YESS district; (ii) strengthening the capacities of Business Development Service Providers including PLUTs and P4S; and (iii) knowledge management.

**39. Business models.** Building on the mapping studies carried out at project start (see Sub-component 4.1 – Building partnerships), a range of detailed business models will be prepared to assist young people in choosing on-farm and off-farm profitable businesses adapted to local potential and to different socio-economic profiles. Business models will also show entry requirements and solutions for accessing land<sup>10</sup>. A business model would consist of (non-exhaustive list): (i) a

<sup>10</sup> Building on the Land Tenure Guidelines and a Land Tenure Access Kit prepared under Sub-component 4.1 – Partnership building.

description of the activity, state-of-the-art technology including for climate change adaptation, market, assets/pre-requirements, costs and expected revenues, financial and cash-flow projections; (ii) growth path; (iii) market players, linkage opportunities; (iv) relevant BDSPs available (private BDS providers, P4S as well as extensionists, youth associations and cooperatives, outreach partners), where, upon what conditions (including an initial package of capacity building activities to support building business idea into basic a business plan); (v) financial services/products available, with terms and conditions as well as their impact on the financial projections, and (vi) identification of the type of youth profiles that the model would best suit. Business models should be by: sector-based categories (such as agriculture production and processing, eco-tourism or waste recycling), crop (such as mushroom or vegetables) and youth socio-economic profile (landless, asset-less). Business models will be sensitive to gender constraints in operationalizing their content, and will provide solutions for supporting young women's access.

40. Business models are not meant to be prescriptive - in other terms, young people seeking support from PLUTs to develop a business proposition will not be turned down if the proposition does not fit in the business models, as long as their proposition is financially and economically feasible. Business models are rather meant for young people who are interested in developing a profitable activity in their rural area but are unsure of what it could be.

41. Business models will be prepared by a local service provider contracted by the NPMU firstly at provincial level and then fine-tuned for each target district taking into consideration their specificities. To ensure harmonisation, the NPMU will prepare a template to be followed across all provinces and guidance will be provided by the NPMU/PPIUs. A validation workshop organized by PLUTs will take place in each target district with the participation of all relevant players operating in the districts (PPIU; PLUTs; BDSPs; financial institutions; relevant ministries at provincial and/or district level; and TVETs institutions). Business models will be updated by a consultant every second year to ensure inclusion of new techniques and technologies as well as improved inputs, materials and equipment. Documentation will be made available to young farmers and entrepreneurs through PLUTs and the network of BDSPs and individual advisors.

42. **Strengthening capacities of BDSPs.** The project will support the building of capacities of BDSPs to better accommodate the needs of young agricultural entrepreneurs and to mainstream youth in their activities. A local consulting firm will carry out an assessment of existing PLUTs, P4S and other service providers in the project area, building on the methodology developed by KOMPAK<sup>11</sup>. This assessment will focus on activities and services proposed by BDSP to young entrepreneurs, as well as on linkages established with other organizations (BDS providers, farmers' training centres, migrants' organizations, and extensionists' network). Based on the findings of the assessment and building on mapping studies (Component 4) and the business models, the same local consulting firm will assist each BDSP to develop a Youth in Agriculture 3-year Action Plan, which will develop a strategy for promoting youth engagement in the agriculture-based sector, tapping on local potential and addressing the needs and aspirations of diverse socio-economic profiles. The plan will define customized objectives and target numbers to be achieved over the plan duration with regard to the creation/expansion of farms or other agri-based enterprises owned by young people. It will propose a mix of objectives and activities that will be suited to match the potential and needs of different categories of young people (women and men, with higher education or none, land owners and landless, migrants' households and returnees) and will include measures enabling the participation of poorer youth. In the case of PLUT it will later be included in the overall Business Development Plan. The provincial GESI specialist will support the capacity building through integrating GESI objectives,

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<sup>11</sup> KOMPAK is an Australia-Indonesia Government partnership working to reduce poverty in Indonesia by supporting the Government of Indonesia (GoI) to improve basic services and economic opportunities for the poor and vulnerable, which includes supporting PLUT staff in enhancing their capacities as business development consultants. It has developed a PLUT capacity assessment and 8 training modules, which were implemented in five pilot PLUTs, of which one, Banjarbaru, is in a YESS target district <http://kompak.or.id/en>.

distilling the lessons from mapping studies and their practical implications and supporting networking towards GESI objectives.

43. The Youth in Agriculture Action Plan will also include a capacity building development plan for PLUT consultants. Annual performance of each BDSP will be evaluated by a local consulting firm against the targets set in the 3-year Action Plan and corrective measures will be introduced (such as additional training and capacity building, review of network linkages and implementation strategy).

44. To further strengthen PLUT capacities as well as to cope with the incremental workload resulting from the implementation of YESS activities, the project will finance additional staff. In every district, a Youth Entrepreneurship Specialist, an M&E/KM Officer and a Financial Manager will provide assistance in implementing YESS activities.

45. In addition, to facilitate PLUT activities throughout the district, the project will finance for each PLUT one vehicle (7 to 9-seater minibus) and its operation and maintenance costs, as well as equipment such as tablets, computers, docking station, camera, GPS, projector, photocopier and printer. For P4S, the project will support the upgrading of facilities, technologies to strengthen service delivery for young farmers.

46. Finally, a national consultant will be recruited by the NPMU to upgrade PLUTs Management Information System, to reflect new activities and targeting, and to support M&E and KM. The revised MIS will support the monthly production of dashboards measuring performance on a number of indicators common to all of the 15 PLUTs, building on the system developed by IFAD-financed Coastal Community Development Project (CCDP). The dashboard will have two main objectives: (i) identifying weaknesses and facilitate the implementation of corrective measures, including guidance from PPIU/NPMU; and (ii) support the performance-based allocation of resources to PLUTs (see Implementation arrangements below).

47. **Strengthening capacities of BDSPs.** BDSPs and other grassroots organizations related to youth and/or migrants will be identified in different ways: (i) through the PLUT networks; (ii) using existing rosters (e.g. BDS Association of Indonesia, FOKUS, etc.); (iii) through partner organizations operating in the district (e.g. producers' organizations and cooperatives, farmer's associations, KADIN members) and (iv) launching a call for expression of interest at district level open to all Indonesian BDSPs. Interested BDSPs will submit a standard application including basic information about areas of expertise, the type and cost of services, their experience (references), number of professionals permanently involved. A rapid assessment of their capacity will be conducted by each PLUT (screening their application and then Skype call). Capacity and track record of providing business services to women will be one key criterion of the assessment. Based on this rapid assessment, the National Association of BDS Providers will assist PLUTs consultants to develop a common methodology and provide technical guidance for the elaboration of training modules limited to areas of common interest with YESS activities. These modules will be delivered by PLUT consultants together with the Team of Mobilizers (see below) and the National Association of BDS Providers. Furthermore, each PLUT will be responsible for ensuring the quality of services provided by BDSPs to YESS target groups. In that respect, a yearly quality control will be organized by each PLUT through focus group discussions with beneficiaries of BDSPs services. Further partnership with BDSPs will be subject to their positive evaluation.

48. **Knowledge management.** A district multi-stakeholder forum, chaired by Dinas Agriculture and gathering relevant departments of the district government, youth and migrant organizations, private sector and the PLUT will be conveyed twice a year in every district. Forums will build on existing platforms as much as possible<sup>12</sup>. They will provide a venue for sharing information and discussing successes and challenges to develop remunerative youth livelihoods in the district. They will also be associated in the preparation of the Youth in Agriculture 3-year Action Plan (see above). These biannual meetings would feature presentations and discussion panels around innovations, activities

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<sup>12</sup> And on existing models, such as the Economic Development Forum of Central Java.

and services. Stakeholders will ensure effectiveness of implementation of project activities, and of targeting as well as appropriateness of activities implemented. During these meetings, stakeholders will have the possibility to suggest changes in the project activities and their implementation to better reach objective and target population (in particular low-skill youth and poor young farmers). The GESI specialists will be responsible for ensuring that gender and social inclusion concerns and successes remain central to meetings and discussions.

49. Furthermore, starting from PY2, the NPMU will contract a service provider to develop online training modules for PLUTs and BDSPs staff, on issues such as business evaluation and planning in the agriculture-based sector, risk management and assessment, financial instruments and financing possibilities, support to entrepreneurs... Finally, to support the scaling up of new tools and approaches throughout the country-wide network of PLUTs, the NPMU will organize a workshop with PLUTs and relevant ministries to discuss the development of a National Competence Standards for PLUT staff and the harmonization of curricula to ensure similar quality of services is provided across Indonesia.

50. **Activity 2.1.2 - District Outreach and Mobilization Network.** YESS will support young people, especially from poor households, to access information about project services and to develop the capacity to participate in planning, decision-making and project activities and to voice their needs. To this effect and to increase the outreach of PLUT at grass-root level, the project will organize a gender-balanced<sup>13</sup> Outreach and Mobilization Network in every district to ensure inclusive access to business development services for different profiles and interests of young people, including poorer and less skilled ones, as well as migrants' households and returnees. The Network will gather relevant district players and build on the potential offered by existing district human and institutional resources (such as PLUT mentors<sup>14</sup>, Dinas Agriculture and the network of extensionists, P4S, youth groups and associations, cooperatives, existing young entrepreneurs or BDS providers, cooperatives, alumni of agriculture schools, KADIN members, migrants' organisations...). The main mandate of the Network will be to: (i) identify young people of different socio-economic profiles interested in developing a farm/off-farm business and mobilise their participation; (ii) make information available on business opportunities (including through business models), contract farming opportunities and PLUT services; and (iii) provide mentoring services, including to support business creation/development, group formation, linkages to value chain players and performance evaluation<sup>15</sup>.

51. In every PLUT, the Outreach and Mobilisation Network will be organised, trained and supported by a project-financed team of four district-based mobilizers (one senior and three junior, of which at least two women), which will be recruited through an NGO or other service provider. The team of mobilizers will empower young people with knowledge and information to support their livelihood and investment choices in agriculture and related business. To this effect, it will train network members and specifically assist in disseminating information and mobilizing the participation of low asset/low skills young men and women, support their investments and proposals, promote their group formation, link them to relevant value chain actors, and monitor their performance. Each mobilizer will be equipped with a motorcycle and a tablet and project will also finance operation and maintenance.

52. YESS mobilizers, in collaboration with PLUT consultants and other members of the Network, will identify and train young village-based people to become volunteer YESS Youth Facilitators. These will receive basic training to support mobilization and facilitate youth and families' engagement in the project, including migrants' families. The role of Youth Facilitators will be to sensitize young people to the activities and benefits of the project through meetings and information at village level, including for show-casing successful young farmers and entrepreneurs with different profiles and balancing migration costs and benefits with local opportunities promoted by YESS.

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<sup>13</sup> I.e. with equal participation of women and men.

<sup>14</sup> MoCSME is planning to establish 15 mentors per district, to support PLUT efforts and provide mentorship services to entrepreneurs, building on a model successfully implemented in a few PLUTs. Mentors are selected among successful entrepreneurs in the district.

<sup>15</sup> Also refer to Appendix 2.

53. Additionally, one-third of these Youth Facilitators will be trained by OJK to become trainers in financial education and will train: (i) young farmers and entrepreneurs in financial education as part of the start-up training package (see below and Sub-component 2.1 on financial education); and (ii) the remaining two-thirds of Youth Facilitators, so these can provide basic financial education training to young people at village level, in application of the National Strategy for Financial Inclusion. It is estimated that in average every district will have 27 Youth Facilitators (of which at least 13 women) or 405 facilitators in total, who will be progressively identified and trained over the first 4 years of the project. Youth Facilitators will be supervised by Mobilizers and their activities will be monitored and evaluated through focus group discussions on an annual basis. Youth Facilitators will receive a tablet each (for the sensitization of young people and their training, as well as for contributing to YESS M&E system) and a performance-based allowance, the amount of which will be determined through their yearly evaluation (satisfaction index from focus group discussions; annual actual performance against annual target).

54. **Knowledge management.** Mobilisation will be supported by information and communication activities, including for show-casing successful young farmers and entrepreneurs with different profiles, and by the provision of awards for initiatives, innovations and technologies that are relevant to YESS target groups. Award competitions will be organized at provincial level. Candidates for the three categories will be selected by PLUTs, Mobilizers, and Youth Facilitators as well as by the network of BDSPPs. A pitch on their innovations, initiatives and technologies will be elaborated by selected candidates with the guidance of PLUTs and submitted to the PPIU. For each of the three categories, a jury of 3 persons composed of the PPIU director, one representative from the civil society (i.e. YESS partnering institution) and one representative from the PLUT's relevant ministry will reward 3 young farmers/entrepreneurs with in-kind awards such as study tour, or participation to a national exhibition or additional training. Successful young farmers and entrepreneurs, competitors and award recipients will be showcased on the Youth in Agriculture Platform, and they will be offered to participate in the annual competition for Young Ambassadors (see Sub-component 4.2).

55. **Sub-component 2.2 - Services to young farmers, entrepreneurs and SMEs.** Activities under this sub-component will focus on: (i) detailing business motivation pathways from finding their idea to developing their business for young farmers and entrepreneurs; (ii) delivering start-up training packages; (iii) developing a network of mentors who will accompany entrepreneurs once they have been financed, and (iv) promoting alternative business linkages and partnerships between young farmers and entrepreneurs and other value chain stakeholders. Furthermore, support will be extended to lead farmers and existing SMEs, including FinTech and AgriTech companies, which can either provide job opportunities for young people and/or provide access to markets and services to YESS-supported young farmers and entrepreneurs (SMEs readiness for investment). All of these sub-component activities will be supported by the GESI specialist to ensure compliance with GESI objectives. Financial support to young farmers and entrepreneurs is detailed in component 3.

56. **Activity 2.2.1 - Business Motivation and Start-Up Training Packages.** Business Motivation Pathways will be developed around the ILO methodology of "Find your idea, Develop your idea and Implement your idea as a business" or similar methodologies already successfully implemented in Indonesia. The methodology will be adapted to different types of businesses (farming, processing, and services). The Business Motivation Pathways will be provided in 2 to 3 sessions of one-day each and will include: (i) the Knowledge Pathway, describing the various business models available in the district as well as the necessary technical and management skills required to implement and develop them and from which service provider(s) to get them and, (ii) the Investment Pathway describing the different ways of financing a business as well as the different types of financing modalities provided by financial institutions. Specific focus will be put on: (i) capitalization of the activity/enterprise as too many times enterprises are facing bankruptcy because of under-capitalization; (ii) commercialization channels and marketing; (iii) pricing; (iv) production organization, and (v) interconnectivity with value chain stakeholders. The NPMU will partner with ILO to adapt its methodology and design guidelines as well as material for the Business Motivation pathways. A workshop will be organized in each of the 4 YESS provinces to validate the pathways with all relevant financial and non-financial players in the

province. ILO-certified trainers will be contracted by the NPMU to train PLUTs staff to organize and moderate the workshop as well as the Business Motivation Pathways sessions.

57. Young people identified by Youth Facilitators, Mobilizers and the network of BDSPs and willing to develop a farming or enterprise activity, individually or collectively, existing or new, will be invited to participate in a Business Motivation workshop, where they will be presented with opportunities in the district matching their aspirations and profile, based on district mapping and business models. PPIU and PLUTs will organize these workshops in each district at least once every quarter during the first two years of YESS implementation. Based on the effective demand emanating from young people in a given district, the periodicity during the first two years and during the remaining 4 years of the project will be adapted. A proper documentation (leaflet, webpage) will be developed by each PLUT and by the NPMU/PPIUs.

58. **Start-up training package.** The objective of the start-up training package is for the young farmers and entrepreneurs acquire skills to develop, implement and manage their business and to elaborate a bankable business plan, which could then be submitted to one of the financial institutions partnering with YESS (see Component 3). The content of the business plan will vary from one activity to the other: a simple Profit and Loss statement or cash-flow projections for a farming activity to a more elaborate business plan with marketing study and financial projections for processing activities.

59. After the Business Motivation workshop, PLUT staff will carry out a rapid assessment on entrepreneurs (individual or group) to identify their training needs. Youth/groups will be offered a start-up training package consisting in two sets of training modules: (i) general training modules that will be made available for every young entrepreneur/group and cover: business planning, basic technical skills/access to technical services, financial management, market access and access to financial services, business development services and information, and mentorship, and (ii) advanced training modules tailored to various types of business, target groups and business models in agriculture, agribusiness and related areas; these modules will mainly focus on specific technical skills and access to specific technical services, alternative to debt financing, marketing and commercialization, approach to markets (branding, packaging) and production pricing. The package will also include financial education insights focused on YESS services to spark a saving routine, linking with partner financial institutions to open a bank account and putting in practice financial education on a daily basis through the financial literacy mobile app (see Sub-component 3.1).

60. The design of the training modules will be undertaken by the same consultant contracted by the NPMU for the adaptation of the Business Motivation Pathways (basic Financial Education as part of the general training module and advanced Financial Education as part of the advanced training modules are further detailed in sub-component 3.1).

61. PLUTs will also ensure that business plans elaborated by young farmers and entrepreneurs are consistent with requirements from financial institutions and with the level of financing they are requiring from financial institutions. In that respect, PLUT consultants will internally review business plans and ensure their compliance with financial institutions' requirements in terms of documents to be submitted such as title deed for land.

62. YESS will also facilitate access to technical training (such as for climate-smart production) through Farmers' Training Centres or Agriculture Training Centres partnering with YESS (see Component 1.1).

63. **Activity 2.2.2. - Mentorship.** YESS assistance to young farmers and entrepreneurs will not be limited to the pre-financing and financing phases. Post-financing assistance is of paramount importance for both young farmers/entrepreneurs to ensure their business is developed along best practices as well as for securing lending from financial institutions as it provides them with a "guarantee" that loan beneficiaries are not left alone with no assistance and that they will benefit from advisory services in case of difficulties. To assist start-up package recipients in developing their business by receiving regular advice and hands-on support, the project will develop mentoring services building on district resources such as modern farmers, cooperatives, KADIN members,

existing entrepreneurs, alumni from TVET institutions, who will be trained to become mentors. It is expected that mentoring services would last a maximum of 2 years per entrepreneur.

64. In that respect, each PLUT will identify mentors within the Outreach and Mobilisation Network. PLUTs will ensure that mentors identified are covering the largest segment of activities implemented by young farmers and entrepreneurs. It is expected that each PLUT would identify approximately 25 mentors. Identified mentors will twice receive refresher training courses from PLUT consultants on risk and business management, marketing, pricing, financial management and problem solving. The project will provide them with a tablet. A quality control exercise will be carried out by each PLUT to ensure that services provided by mentors are up to the standards and to what young farmers and entrepreneurs require. PLUT consultants will have Skype conference or WhatsApp discussion with young farmers and entrepreneurs to evaluate the quality of mentorship. As is the case for mentors being established by PLUTs, YESS-supported mentors for young entrepreneurs will work on a voluntary basis but will be rewarded through non-financial incentives such as study tours, participation to national and international exhibitions, or certification recognized by vocational schools.

65. **Activity 2.2.3 - Contract farming and business partnerships.** YESS will facilitate the development of business linkages between young farmers/entrepreneurs and value chain stakeholders (off-takers, suppliers, financial and non-financial service providers) and will encourage the former to join into other collective forms of organization such as clusters or cooperatives. In particular, YESS will support young farmers to enter into contract farming and other marketing arrangements with lead farmers, cooperatives, SMEs and agriculture AgriTech and FinTech companies. These have access to sustainable domestic and international markets but require more suppliers to meet their growing demand. In addition to providing access to markets to young farmers, they also have the possibility to extend additional services such as access to improved inputs, access to new technologies, access to advisory services on yield and quality improvement, marketing, and post-harvest/loss reduction activities as well as access to financial resources through tripartite agreements.

66. YESS will also support young farmers' groups with an economic purpose to develop into profitable ventures (cooperatives or SMEs) or to develop linkages with existing cooperatives, building on the model of successful experience in the dairy sector in West and East Java.

67. Based on local current practice and international experience, an international consulting firm/consultant will be contracted by the NPMU to develop guidelines for good practices on contract farming and to train PLUTs and BDSPs staff on that subject. PLUTs and BDSPs staff will assist young farmers and lead farmers, AgriTech and FinTech entities to broker sustainable arrangements. For a better understanding of contract farming agreements and their requirements, the project will finance inter-province study tours for Youth Facilitators, PLUTs and BDSPs consultants.

68. Finally, YESS will finance training and capacity building of PLUTs and BDSPs staff, including Youth Facilitators, on each and every new financial product implemented by financial institutions such as the warehouse receipt financing or receivables financing. PLUTs and BDSPs staff will promote these schemes in close collaboration with financial institutions (see Component 3).

69. **Activity 2.2.4 - SME Readiness for Investment.** Existing SMEs in YESS target provinces, as well as AgriTechs and FinTechs scouting for agricultural products demanded by the market across Indonesia, have the possibility to significantly contribute to the achievement of YESS development objectives if they would access finance. This could enable them to: (i) increase the number of unskilled and skilled job opportunities for young people, (ii) increase the volumes of product sourced from YESS target groups and thereby improving their access to markets, and (iii) improve young farmers' and entrepreneurs' access to support services. However, currently only a small portion of rural SMEs or SMEs involved in agri-businesses are effectively accessing financial resources to expand their operations.

70. The scope of this activity is therefore to provide incentives to SMEs, Fintech and Agritech to expand their operations to the benefit of YESS target groups in two ways. On the one hand, YESS will



support the development of an investment-ready pipeline of SMEs and tech companies so they could become eligible for investment by investment funds or other financial institutions. On the other hand, the project will build the capacities of impact investment funds to assess investment opportunities in the rural sector and consider financing YESS-supported SMEs. Finally, research will identify an adequate financial instrument to mobilize Indonesian Diaspora resources and invest them into agriculture and agri-business development.

71. **Pipeline development.** YESS will promote the development of a sound and investment ready pipeline of eligible enterprises. To this end, the project will organize 2-day workshops during which SMEs will receive interactive trainings regarding sustainability and scalability, investment readiness and fundraising. An information session on Impact Investment Funds will also be delivered. During these trainings, participants will be evaluated, and the best ones will receive one-on-one assessment as well as, where necessary, further capacity building under the form of advisory services and training. Workshops will be organised in the economic hubs of each YESS target province as well as in provinces where FinTech and AgriTech and other entities are doing business, possibly in partnership with BEKRAF (*Badan Ekonomi Kreatif Indonesia* or Indonesian Agency for Creative Economy). Areas for capacity building include (not exclusive): agribusiness sourcing; analysis of investment opportunities (including due diligence); feasibility and business planning; and understanding of financial instruments. Capacity building will be provided by PLUT consultants (who will receive training as appropriate) and local experts. Investment-ready SMEs will be directed to either Impact Investment Funds or other commercial/state-owned financial institutions, depending on whether they are looking for equity financing, debt financing or a mix of the two (see below).

72. This activity will contribute to expanding the capacity of eligible SMEs to impact YESS target groups and to enlarge PLUTs current range of clients, which is essentially composed of micro- and small enterprises.

73. Three different categories of entities willing to expand their businesses will be eligible to the support provided by YESS under this activity:

- SMEs sourcing from farmers for processing and value adding;
- SMEs and lead farmers that match market demand with supply from young farmers/producers, and further provide them with access to services and finance. This category includes FinTech and AgriTech, as well as innovative initiatives promoted by development partners (such as Mercy Corps Agrifin Mobile<sup>16</sup>) or the private sector (for example Allianz Micro-Equity Initiative<sup>17</sup> or Fonterra Dairy Scholarships<sup>18</sup>) that have been successful at micro-level (geographical or in terms of beneficiaries) and have potential for scaling up;
- SMEs in agriculture-related and other YESS target sectors (see Main report, Section I B) that employ young people.

74. Eligible enterprises to the SME Readiness for Investment Facility will be those: (i) belonging to an eligible category; (ii) willing to expand their activity; and (iii) planning to offer new job opportunities from young people OR sourcing from additional numbers of young farmers/entrepreneurs OR extending services to additional numbers of young farmers/entrepreneurs of YESS target districts. It is expected that eligible SMEs and lead farmers will mostly be operating in YESS provinces while FinTech, AgriTech and other entities would not necessarily be already operating from YESS provinces but would be seeking to expand their activities within YESS provinces.

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<sup>16</sup> Agrifin Mobile is a project funded by the Swiss Cooperation, providing smallholders with access to a bundle of financial and non-financial services to implement their business (around 60,000 have already been formed in Indonesia).

<sup>17</sup> Allianz Micro-Equity Initiative aims at providing micro-entrepreneurs with financial resources adapted to the level of development of their activity. During the first phase (2 years), micro-entrepreneurs receive up to four 6-month interest free loans of maximum USD 150 to finance the start of their business. During the second phase (3 years), a mentor (i.e. a successful micro-entrepreneur within the initiative) assists the micro-entrepreneur while similar loans continue to be extended (6 loans maximum). During the third stage (4 years), the micro-entrepreneur creates his/her company with 30% of the shares given to Allianz Initiative and 10% to the mentor (equity financing). During the 10<sup>th</sup> year, Allianz Initiative sells its shares for profit.

<sup>18</sup> Fonterra Dairy Scholarship is part of Fonterra's commitment to develop Indonesian dairying capabilities, grow local supply and empower dairy farmers.

75. **Provision of capacity building to IIFs.** YESS will provide capacity building to Impact Investment Funds so that they could provide financing to YESS-supported SMEs. This will require capacity building and trainings focused on agribusiness financing in the context of small investments (USD 5,000 to 100,000) such as: (i) risk management; (ii) assessment and due diligence of SMEs, and (iii) monitoring, reporting and portfolio performance. YESS will partner with relevant and established organizations that provide capacity building in these areas, such as Capria, an IFC-supported platform providing financing and mentoring to fund managers.

76. The project will issue a call for expression of interest to existing venture capital companies (such as YCAB Ventures, Bina Artha Ventura and Indika Energy PMV) and venture capital companies that are in the process of being registered and are expected to be operating by PY3, such as the Sustainable Development Goals Negara Impact Fund established by UNDP and managed by the Angel Investment Network of Indonesia (ANGIN) to partner. Partnership programmes will be tailor-made to the needs of each entity and will consist of trainings and advisory services. Local enterprise development experts will deliver trainings and conduct assessments. Potential service providers include: Unlimited, ANGIN, Mercy Corps, 500 Startups, Kinara, Plug and Play.

77. **Impact investment.** YESS will not provide financial resources for impact investment on its own budget. However, IFAD will seek to leverage its upcoming Agri-Business Capital Fund (ABC)<sup>19</sup> to benefit Indonesia and IFAD target groups more specifically. It is expected that ABC will have the possibility to either invest in equity directly in social enterprises or to extend resources to Impact Investment Funds. Should ABC resources become accessible, they could be used to open a specific window in an existing impact investment fund, to be selected based on call for expression of interest and ensuing due diligence. A budgetary provision has been made in YESS cost tables to facilitate the creation and initial implementation of the Agriculture Impact Investment Window. A possible setup and process for implementing such a window is outlined in Attachment 2.

78. **Research.** Whether ABC resources would become available and support the opening of an Agriculture Impact Investment Window or not, YESS will explore the possibility of mobilising financial resources from the diaspora to finance agri-based and/or youth-led business ventures sustaining rural employment. There are consistent calls from throughout the Indonesian public and private investment community to increase the participation of diaspora investment for the development of Indonesia. During the Indonesian Diaspora Global Summit in August 2017, Bappenas urged diaspora to develop the Indonesian economy. During a July 2017 meeting with representatives of the Indonesian Diaspora Global Network's executive committee, President Jokowi conveyed his hope that diaspora could work together with Gol to improve exports and attract foreign investment to Indonesia, and there are many other examples of similar appeals to diaspora to invest. Diaspora as investment partners offer unique benefits, as they are often motivated by more than just financial returns and are eager to invest back home.

79. YESS will finance a market research and a feasibility study on the implementation and development of Social Impact Bonds, Development Impact Bonds, as well as Diaspora Bonds which will be carried out in two stages:

- **Market Research.** A local consulting firm will be hired to conduct a research on Social Impact Bonds (SIBs), Development Impact Bonds (DIBs) and Diaspora Bonds (DBs), building on the existing and growing literature and examples around the world and on promising impact investing experiences in Indonesia matching similar social and financial investment goals. The aim of the research will be to: (i) understand how and when SIBs/DIBs/DBs can be set up and issued, and analyse successes and failures as well as good practices of SIBs/DIBs/DBs worldwide, with a focus on diaspora targeting ; (ii) assess the viability of an instrument to leverage

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<sup>19</sup> ABC will be launched as an impact fund with a company structure, targeting a total first raise in the range of US\$50 million to 100 million in concessional funding in the form of grants. During this first phase, the SIF aims to provide debt and subordinated debt finance in the range of US\$100,000 to US\$1 million directly to SMEs and to larger, more structured rural producer organizations <https://webapps.ifad.org/members/eb/122/docs/EB-2017-122-R-37.pdf>.

diaspora resources for investment into rural businesses; (iii) provide an overview of the impact investing Indonesian ecosystem and of the promising models that could fit into the issuance of social, development and diaspora bonds with a rural orientation. The study will be conducted in partnership with IFAD's Financing Facility for Remittances. The learnings of the research will be shared in a multi-stakeholders' workshop with relevant government, diaspora and financial institutions as well as YESS programme partners, whom will be consulted throughout the process.

- Feasibility study. Should the research and workshop generate enough interest within the Indonesian impact investing ecosystem, and upon the identification of promising and convenient investment vehicles, a feasibility study will ensue. The study shall: (i) identify potential social causes in line with government's development priorities and rural development which can be tackled through social, development and Diaspora Bond; (ii) identify among the most advanced and promising investment vehicles, the key partners, their respective intention, investing potential, expectations and roles in setting up a DB; (iii) engage in preliminary consultations with relevant players to clearly understand how a DB can be implemented in the legal and governance context of Indonesia, and (iv) establish detailed steps for designing a DB, from the operational work to the government endorsement process. The feasibility study will also include a diaspora survey, which will assess diaspora's appetite for a DB as well as preferences and requirements. It will be conducted by a team of local and international consultants to leverage both local knowledge and international experience in SIBs and DBs, and in collaboration with FFR.

## **Implementation arrangements for Component 2**

80. Overall coordination and guidance for activities implemented under Component 2 will be provided by the Senior Youth Entrepreneurship Specialist assigned to the NPMU and the Provincial Youth Entrepreneurship Specialists assigned to each PPIU. They will also be responsible for harmonizing services and developing linkages and public-private partnerships beyond district borders. International technical assistance will be hired by the NPMU to assist in developing guidelines for the Business Development Pathways and Start-up Training Packages, in collaboration with ILO. The part-time GESI specialist at the national level will support the integration of best practice into component activities and work closely with the Senior Youth Entrepreneurship Specialist to ensure that GESI objectives are mainstreamed.

81. District-based activities will be implemented by PLUTs, with support from a YESS-financed team led by a Youth Entrepreneurship Specialist as explained above. Every year, the PLUT-based team will prepare an annual work plan and budget to be part of YESS Annual Work Plan and Budget. In the first year of operations, PLUTs will receive the same allocation of resources, based on the budget projections in the cost tables. In subsequent years, resource allocation will depend on performance, which will be measured against targets in the PLUT's Youth in Agriculture Action Plan, building on IFAD-financed CCDP project. PLUTs achieving their targets will receive the same allocation. PLUTs achieving more than their targets will receive additional resources, while those achieving less will receive lesser resources but also increased capacity building.

82. The NPMU will establish a Memorandum of Understanding with MoCSME, which is the ministry responsible for PLUT development. Within YESS framework, MoCSME will be responsible for providing overseeing and guidance as part of its regular supervision of PLUTs and for disseminating YESS-related knowledge and good practices throughout the PLUT network. The MoU will also specify the role of PLUT core staff and interaction with the YESS-financed team.

83. The SMEs readiness for investment activities will be implemented by a service provider, supported by grant financing under the overall supervision of the NPMU. Detailed implementation modalities for the SMEs Readiness for Investment activities will be developed by the service provider in close collaboration with the NPMU and outlined in the grant agreement. IFAD Financial Facility for Remittances will provide technical guidance for the implementation of the market research

and feasibility study on the implementation and development of Social Impact Bonds, Development Impact Bonds and Diaspora Bonds.

### **COMPONENT 3: INVESTING FOR YOUTH IN AGRICULTURE**

84. Component 3 has four objectives: (i) promoting financial inclusion for rural young people; (ii) leveraging savings and migrant remittances for investment in youth rural businesses; (iii) facilitating access to sustainable financial products for young farmers and entrepreneurs willing to start a business with no past experience, and (iv) strengthening the capacity of financial institutions to meet the needs of young farmers and entrepreneurs with adequate products and services.

85. This will be achieved by providing financial education to the target group, extending capacity building to financial institutions and developing partnership with financial institutions to incentive extending access to financial services to young entrepreneurs. Component 3 includes two interrelated sub-components: (i) Capacity Building for Financial Inclusion, and (ii) Access to Financing.

#### **Sub-component 3.1 - Capacity Building for Financial Inclusion**

86. Activities under this sub-component will focus on: (i) preparing the young generation of banking customers to manage their financial affairs; and (ii) building the capacities of partnering banks to provide adapted services to young people in the agriculture-based sector.

87. Activity 3.1.1 - Financial education. Financial education will be an essential component of the qualification process to build the financial capabilities of the target group. It will rest on internationally-recognised best practices for empowering youth with mostly no prior experience of financial services<sup>20</sup>, such as: considering teachable moments; learning by doing; providing reminders and default options (e.g., default savings options); sharing practical tips and familiar mental shortcuts easy to remember and apply; using games and other approaches to make learning enjoyable; tailoring the programs to specific customers or groups; and using the power of social connections to provide support and positive reinforcement to customer. The financial education approach will be backed by two core principles: (i) multiply the financial literacy touch-points in order to forge a savings culture and to develop good attitudes and knowledge on money management and use of financial services on the long run; (ii) provide immediate applications to concepts and notions learnt through effective use of financial services and supporting tools.

88. Financial education activities will build on existing OJK modules and on OJK's know-how in relation to training material adaptation and training logistics (organization of training of trainers, supervision of trainings, trainers' certification and mobilization, etc.). Financial education modules would include: knowledge on savings products, knowledge on loan products and duties/responsibilities as a borrower, knowledge of other financial products and services such as leasing, insurance, money transfer, remittances, basic financial management for agri-based activities, basic book-keeping, budget planning for agri-based activities, and overall budget planning for the household.

89. Adaptations to existing modules, both to the content and the delivery methods, will be made to take into consideration: specific features of agriculture and rural enterprises; youth specificities – different youth socio-economic profiles and age, including candidates to migration and migrant households' specifics; financial services made available through YESS, i.e. savings to loan products, as well as savings associated with remittances; delivery methods best suited to the target group characteristics and their particular circumstances (including language).

90. Adaptations to migrant households' specifics will consist in : (i) integrating key messages such as setting long term financial goals aligned with migration goals, to be negotiated among households' members, and (ii) identifying how best to adapt and complement delivery approaches in areas of high migration, in synergy with other Government-led initiatives such as the Demisgratif project led by the

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<sup>20</sup> Julia Arnold and Elisabeth Rhyne, "A Change in Behavior: Innovations in Financial Capability," Center for Financial Inclusion, April 2016. <https://centerforfinancialinclusionblog.files.wordpress.com/2016/04/a-change-in-behavior-final.pdf>

Ministry of Manpower and the village-based initiative handled by the BNP2TKI. Upon discussion with the BNP2TKI, the intervention of YESS/OJK trainers might be envisioned during pre-departure seminars in areas of migration. The content addressing migrant households' characteristics will be adapted by the trainers depending on the composition of the trainees in one given areas. Furthermore, key messages to assess the costs and benefits of migration will be integrated within the mainstream financial education activities.

91. Two main channels of delivery will be used:

- *community-based financial education*: this channel will convey basic financial education messages (resource and budget management, savings, basic bank services...) and will orient the youth towards YESS-promoted financial services, partnering banks and online applications to enhance their financial capabilities. It will combine short village group trainings and one-on-one counseling to adapt financial advices to every one's circumstances, before and after financing. Training will mostly be provided by Youth Facilitators, who will be trained by OJK existing master trainers. In addition, in areas of migration, one representative of a migrants' organization will receive training of trainers as well. OJK will also train one mobiliser (from YESS-financed mobilisers' team, see Component 2) to become responsible for supervising community-based training activity at district level. It is expected that 600,000 young women and 60,000 young men will be trained by 105 trained Youth Facilitators (seven per district) and that 80% of them will open a bank account as a result of the training and further regular advice from the Youth Facilitators;
- *class room-based financial education*: this channel will focus on advanced financial education notions (including profit and loss account, loans for investing into an enterprise or farm, collateral and savings-to-loan products) and will link young participants to YESS partner banks. Training will be compulsory for all the participants in the start-up training package (see Sub-component 2.2), whether or not applying for financing from participating partner financial institutions. OJK senior certified trainers will use the adapted modules to refresh their existing network of trainers and enlarge it by extending financial education training of trainers to partnering financial institutions' staff and selected Youth Facilitators. The PLUT staff responsible for financial linkages in the core PLUT team will also be trained to be familiarized with the approach<sup>21</sup>. Finally training of trainers will also be provided to enterprises implementing contract farming, so that they can in turn train young contract farmers with basic or advanced financial education according to their needs. Once FinTech and AgriTech companies will be operating in YESS provinces, training of trainers will also be provided to their staff so that they can train young farmers they partner with. All of the 60,250 young people benefitting of start-up training packages (see Component 2.2) will receive advanced financial education. Furthermore, it is estimated that up to 37,500 young contract farmers will get basic or advanced financial education.

92. The first trainings organized by new trainers will be supervised by OJK certified trainers to ensure the proper delivery of key messages and tools and the full ownership of training technics for both the class-room and community-based channels. One on one follow-up and advice will be ensured by Youth Facilitators and mentors.

93. The project will also assist OJK to fine tune its mobile application for financial education, notably for young people who have not graduated from the formal education sector. Building on the existing OJK app, YESS will support the development of a mobile app designed as a financial assistant/coach with specific features to set financial goals (in particular for migrants), related budget and savings goals for specific investment purposes, with possible SMS/email reminders and rewards. This app could also be synchronized with partnering banks' accounts.

94. **Activity 3.1.2 - Capacity Building of Financial Service Providers.** Banks' loan portfolio with agriculture and agri-related businesses represents less than 5% of the banks' total lending portfolio<sup>22</sup>

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<sup>21</sup> But likely not to become a trainer, which would add too much of a workload to their other duties.

<sup>22</sup> IFC for 2016.

while only 21 % of KUR-subsidized loans benefit the agriculture sector<sup>23</sup>, due to banks' lack of familiarity with the agriculture sector and perception of risk, as well as to the lack of adapted products and services that can match the specificities of the agriculture sector<sup>24</sup>. Activities under this sub-component aim at strengthening the capacities of participating financial institutions to promote adequate and relevant financial products and services to YESS-supported young farmers and entrepreneurs. In that respect, the following activities will be implemented: (i) design of new products and services matching young farmers and entrepreneurs' needs, (ii) assisting participating financial institutions to adapt their current products to agriculture and agribusiness activities; (iii) training assessment in particular for BPDs and training of staff of participating financial institutions on new and adapted products and services, and (iv) marketing of new and adapted products and services.

95. These four activities will be implemented in partner financial institutions and BPDs operating in YESS provinces. Considering that to have BPDs participating in the YESS project, it would require the involvement of provincial governments and the assessment of their financial capacities (see below), it is expected that the project will start implementing these 4 activities during PY2, while they will only be implemented at the level of BPDs during PY3. Where possible, commercial banks will participate in some of these activities, particularly staff training and adapting current products and services to young farmers and entrepreneurs. In addition, the project will closely work whenever possible with the *Tim Percepatan Akses Keuangan Daerah* (Regional Finance Acceleration Team - TPAKD) developed by OJK, which aims at encouraging economic development and community empowerment through improving SME and communities access to finance across the country.

96. **Design of new products and services.** A first set of new products and services will be promoted, including: (i) savings to loan products; (ii) warehouse receipt financing; (iii) receivables/non-invoice financing, and (iv) tripartite agreement financing.

97. Savings to loan product. This is a financial product whereby young farmers/entrepreneurs can save and use their accumulated savings as a collateral to access loan resources. Each and every youth attending the financial education training and willing to benefit from a PLUT-sponsored start-up training package to develop his/her own business (see Component 2.2) will be requested to open a specific saving account at one of the partnering financial institutions and make regular deposits during his/her training period. Candidates to migration and migrants (through migrants' households) will also be requested to open a savings account prior to their departure and make regular deposits through their remittances. Such a mandatory approach should instil a savings culture in each YESS-supported young farmer or entrepreneur. After start-up training and once their business plan has been approved by the partnering financial institution, the accumulated savings will be used as collateral against the loan extended by the financial institution. Financial education training as well as advisory services from mentors and Youth Facilitators will also focus on the advantage of accumulated savings that would enable the young farmer/entrepreneur to borrow a loan of a larger size to finance the expansion and growth of his/her business.

98. Linking remittances to savings. Technical assistance will be provided to banking partners located in areas of migration to provide the migrants abroad and their family members receiving remittances with an efficient and cost-effective package linking remittance to savings. The technical assistance provided will optimize existing products and processes in order to receive/send remittances to a transactional account and enable senders/recipients to move money seamlessly to a goal-oriented savings account. The aim is to provide migrant households with a practical scheme to save money from received remittances and other incomes in order to get eligible to access commercial financing from partner financial institutions. The technical assistance will support FSP to strengthen the existing remittance and savings products, the related processes and systems and to develop a marketing strategy (including financial literacy guidance) tailored to migrants and remittance recipients.

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<sup>23</sup> The President of Indonesia has indicated that agriculture in general should benefit from at least 50% of the KUR resources.

<sup>24</sup> Banks' loan portfolio lending to the MSME sector in general represents only 18% of the banks' overall loan portfolio.

99. *Warehouse receipt financing.* The project will build on the successful implementation of this financing instrument by Bank Kalsel in South Kalimantan (which is expected to partner with the project). This product is meant to facilitate access to loans for the production of crops that have significant price variation depending on the time of selling. Smallholders are usually selling their production just after harvest because of the need to cover household expenses. But that is also the time when market prices are at their lowest while a few weeks later market prices have significantly increased. The warehouse receipt financing allows farmers to defer the time of selling their production until market prices are higher and yet accessing a loan right after harvest, by storing their production into a warehouse co-managed with the bank and using the stored production as a collateral against the loan.

100. Financial institutions would finance the construction/rehabilitation of a village-based warehouse. The production would be stored in the warehouse and the financial institution would extend credit to farmers, using the value of the stored production as a collateral. Stored production would be sold when market prices have increased, farmers would reimburse their loans, pay for the warehouse operating costs, and contribute to the repayment of the rehabilitation/construction costs of the building (to be amortized and paid-back within at least 15 years). Risk would be extremely limited for lending financial institutions as the value of the collateralized stored production would exceed the amount of the loan. Farmers would benefit from higher market prices and even after paying the warehouse operating costs and contribution to its rehabilitation/construction, they would enjoy an increased income.

101. *Receivables and non-invoice financing.* These two financial instruments will enable AgriTech, FinTech and lead farmers entering into contractual arrangements with smallholders to access financial resources so they can timely pay their suppliers. These instruments aim at enabling the bank to advance funds on the basis of: (i) invoices (receivable financing), or (ii) bills of delivery signed by the buyer and AgriTech/FinTech or lead farmer (non-invoice financing), until the buyer has effectively processed payment. Receivable financing and bills of delivery financing have already been successfully tested by financial institutions in Indonesia (BRI and BNI).

102. *Tripartite agreement financing.* This financing instrument will be promoted together with farming contracts. It is based on current practices among some of the financial institutions operating in Indonesia (BNI and BRI). Instead of extending a large number of micro and small loans to smallholders, a financial institution will lend the same amount to a lead farmer (or buyer/processor/intermediary) based on contracts signed between the lead farmer and smallholders. The lead farmer will use the loan proceeds to purchase the equipment, material and inputs needed by smallholders. At harvest time, the lead farmer will pay back the loan to the financial institution by withholding a percentage of the purchase price of commodities delivered by smallholders. This mechanism can be used until smallholders form a legal entity (cooperative or association) and have direct access to loan funds from a financial institution. Contracting farmers/buyers will be identified in target districts/provinces through the mapping exercise at project onset, as well as information meetings between buyers and young farmers, to be arranged by PLUTs. PLUT consultants will review and assess terms, conditions and modalities of proposed contracts, and will advise contracting lead farmers financial products to finance the cost of contract farming arrangements.

103. The Component 3 Financial Sector Team (see below) will assist the partnering financial institutions to fine-tune the design of these new products and to implement them to the benefit of YESS target groups in particular.

104. **Adaptation of products and services.** Currently, available products and services do not always match the needs of farmers. They have mostly been designed for activities that generate a regular and periodical cash-flow which can sustain the repayment of the loan based on periodical instalments, unlike farming activities. It is important that repayment schedules of loans extended to farmers do meet the cash-flow of the activity financed. In addition, repayment schedules should take into consideration market price volatility and should include a time period after harvest enabling farmers to wait for higher market prices before paying back their loans. The Financial Sector Team will



assist participating financial institutions to modify their current loan products to better match farmers' repayment capacities. Products that have been modified will also be promoted for young entrepreneurs who need grace period and more favourable terms and conditions when starting their business.

105. The Financial Sector Team will also assist each participating financial institution to further elaborate a development plan aiming at increasing its outreach using modern technologies such as mobile phone banking applications. This assistance will be tailored to the needs of each financial institution and only demand-based.

106. **Capacity assessment and staff training.** The Financial Sector Team will carry out a capacity assessment at the level of each participating partner financial institutions operating in YESS target area. This capacity assessment will include their entire staff. As a follow up, a tailor-made capacity building plan will be elaborated by the Financial Sector Team and validated by the respective financial institutions. Training will be provided by the Financial Sector Team with OJK guidance and will focus on: (i) new products and services promoted under YESS, and (ii) adapted products and services. Training will also be provided to financial institutions' staff on agriculture and agri-related businesses such as risk assessment, specificities and constraints of these activities. Training will be provided to financial institutions' credit officers and agents, their supervisors, accountants and senior management in two stages: the first training during the first year of the financial institution participation in the YESS project, and a refresher training a year later.

107. As part of its general guidance and supervision contract (see below), OJK will supervise training courses extended by the Financial Sector Team. Other non-participating financial institutions such as private banks will be invited to the training sessions and to send credit officers and senior management staff to attend.

108. **Marketing of new and adapted products.** Together with the participating financial institutions, the project will finance the publication of leaflets with a summarized presentation of new and adapted products and services, as well as information on good practices or case studies. These will be distributed to young people through the financial institutions but also through PLUTs, Youth Facilitators and the network of BDSPs. Similar information will be placed on the YESS and the multi-stakeholder platforms websites. The NPMU will contract a local communication specialist to adapt these communication tools to their targets, building on content provided by the Financial Sector Team in consultation with pa

### **Sub-component 3.2 - Access to Finance**

109. **Objective.** In line with the National Strategy for Financial Inclusion, this subcomponent aims at increasing the engagement of young people within the financial sector. Currently, as advised by the Bank of Indonesia, financial institutions are not extending any loans to people who have not at least 6 months experience in the lines of activities (this prudential limit is even pushed up to 2 years for some financial institutions). By the strict application of this prudential rule, people having no or less than 6 months experience cannot access loans and can only finance their activities through self-financing or family loans. Such a prudential measure prevents an important number of young people to finance the start their activity or to borrow money in order to finance the acquisition/leasing of land necessary to start a farming activity.

110. Considering that these young people have no prior experience in their lines of activities constitute a major part of YESS target groups, the project will facilitate access to loans for these young farmers and entrepreneurs through building partnership with selected national and provincial financial service providers. The objective will be to work with the partner financial institutions to build their understanding and confidence in extending sustainable financial services, including loans, to young people, leveraging the technical support provided under YESS to develop bankable business proposals by young entrepreneurs. Based on the partnership under YESS it is expected this will also assist young entrepreneurs building positive credit histories to enable future access to loans extended by financial institutions as regular bankable clients (graduation).

111. Financial education provided to all borrowers, PLUT assistance to borrowers to develop a bankable business plan, as well as regular mentorship will also contribute to decreasing risk for partner financial institutions. Capacity building provided to partner financial institution staff especially on agriculture, micro-businesses, and start-ups risk assessment, as well as the adaptation of loans terms and conditions to the actual needs of farmers and micro-entrepreneurs and to the cash-flow cycles of their activities, would also be key factors to decrease the final risk.

112. **Activities.** Specific activities under this sub-component are:

113. *Assessment of rural finance environment for youth.* A comprehensive assessment of on-going initiatives by financial institutions, for which the YESS target group could potentially qualify, will be initially conducted at the national level and in participating provinces. This mapping will seek to identify challenges and opportunities for young people accessing finance and ascertain what products and services are available for supporting youth access to finance. This will assist the project in identifying potential partner financial institutions at both national and provincial level and to tailor the support provided under YESS to facilitate sustainable access to finance. The assessment will not only review traditional commercial, public, non-government rural financial services providers but also new players, such as digital finance providers. The mapping will also seek to identify the main policy and regulatory constraints to youth in accessing financing in rural areas to guide the project's knowledge and learning agenda.

114. *Financial Service Partnerships.* Based on the above assessments, an open competitive process will be launched to identify potential partner financial institutions. Partner institutions will be selected in year one onwards on the basis of the relevance of their products and schemes with the project objectives in terms of; suitability of products and schemes to the needs of youth; geographical coverage; social inclusion performance; and; value for money in terms of the project's necessary investment into the partnership. Eligible partner financial services providers may be private or state-owned, regional or national in scale but must already be active with a widespread presence in at least one project province.

115. The project will establish partnerships through MOUs with selected partner institutions within the programme areas and work with them to promote access to financial services for youth and young entrepreneurs. It is envisaged that approximately 6 partners will be selected, including 1-2 national-scale institutions that are active in all the programme locations, 3-4 provincial and/or rural banks, and 1 innovative finance provider. It is desirable for more than one institution to be active in each location in order to promote competition and a choice for young entrepreneurs and migrants. The final selection of partners will be presided by a panel consisting of representatives from MoA, MoF and OJK. Following the selection of financial service partners, the NPMO's Finance Partnerships Specialist will work with selected partners to identify potential products or schemes that may be extended to young people, or to adapt their existing product/initiative for the needs of young entrepreneurs. Building on the business development support provided to young entrepreneurs under Component 2, additional support will be provided by the District Financial Advisors in consultation with partner financial institutions to ensure that viable business proposals are developed and submitted to participating financial partners.

116. *Partnership performance evaluations.* Partnerships will be managed through established performance-based milestones that are periodically reviewed. In order to build the case for rural youth as a business case for financial service providers, an accompanying study will assess performance of young entrepreneurs, repayments and impact of the credit on their enterprises and future capital needs.

117. **Target.** The target population consists of young people with no prior experience in the field of activity/business they want to implement. This target population will include young people willing to

start an on- or off-farm micro-enterprise or cooperative<sup>25</sup> in the agribusiness sector (processing, trading or agriculture support services) or other sectors eligible under YESS. It is expected that 23,175 young women and 23,175 young men will benefit from the component activities, and that 75% will graduate to regular bank products and services afterwards.

118. **Implementation arrangements for component 3.** The NPMU will mandate OJK for the overall supervision of and guidance to the implementation of all activities covered by Component 3. In particular, OJK's responsibility will cover the compliance of new products and services promoted under YESS with the current Banking Law and related regulations in force in Indonesia and modification of the design of new products and services for a strict compliance to the Law and its regulations as needed.

119. Furthermore, OJK will be responsible for the implementation of Activity 3.1.1 – Financial education. Modules' adaptation will be handled by a team of two specialized consultants that will combine local knowledge and international exposure to financial education and in-depth understanding of migrant households' financial capabilities. They will also support OJK in the supervision of the first series of trainings to ensure quality and fix eventual methodological issues. The team will be financed by a grant extended by IFAD's Financial Facility for Remittance as parallel co-financing to YESS and will be recruited and fielded by FFR, in close consultation with the NPMU.

120. In addition, the NPMU will contract a Financial Sector Team for the duration of the project, consisting of one senior and one junior financial inclusion specialist. The procurement of the senior and junior and the financial specialist will be carried out by MoA, based on a short list to be provided by OJK, and possibly with OJK participating in the bid selection. The team will be based at the NPMU and will work in each YESS target province with the partnering financial institutions. In addition, at the district level, the project will also hire District Financial Advisors that will work closely with partner financial institutions and also assist young entrepreneurs in developing robust and financeable business proposals.

121. The Financial Sector Team will be responsible for: (i) assisting financial institutions to design and implement new products and services promoted under YESS; (ii) assisting financial institutions to adapt their current products and services in order to better meet the requirements and constraints of YESS-supported young farmers and entrepreneurs; (iii) providing support to financial institutions' staff through the provision of training related to agriculture and agri-businesses as well as on new and adapted products and services; (iv) following up on the selection and inclusion of partner financial institutions; (v) training PLUT consultants on risk and agriculture-related business assessment and Youth Facilitators on basic assessment of financial needs and on basic financial advisory services; (vi) assisting each participating financial institution in reporting on the implementation and impact YESS activities; (vii) organizing focus group discussions YESS beneficiaries to assess the relevance of project activities and if any change should be introduced; (ix) organizing a workshop with representatives from all stakeholders from the Indonesian financial sector to draw conclusions YESS implementation and to assess the possibility to modify the prudential norms and have it rolled out across the whole country, (x) consolidating monthly financial reports submitted by participating financial institutions, and (xi) monitoring the overall partner financial institution activities.

122. As support to the Financial Sector Team, the NPMU will contract international technical assistance at project inception for three months. The support should be focused on: (i) agriculture financing, and (ii) lessons from other countries where similar new products and services as well as fine-tuning of existing products have been successfully implemented. The international technical assistance will also bring international experience and best practice on financial inclusion and liaise with the national GESI specialist as part of their implementation support.

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<sup>25</sup> Micro Enterprises are productive businesses owned by an individual and/or group of individuals that have net assets worth a maximum of IDR 50 million (not inclusive of land and buildings where the business is located) or an annual sales revenue that do not exceed IDR 300 million. Cooperatives are business entities that have individual members or cooperative legal entities that base their activities on cooperative principles as well as public economic movements based on the principle of family. Source: Bank of Indonesia.

## **COMPONENT 4: ENABLING ENVIRONMENT FOR RURAL YOUTH**

### **Sub-component 4.1 – Partnerships building**

123. The sub-component includes two sets of activities: (i) Provincial partnerships; and (ii) Provincial mapping studies and land tenure reviews

#### **Activity 4.1.1 Provincial partnerships**

124. In every province, a multi-stakeholder platform will be set up with support from the PPIU. Platform participants will include representatives of:

- *Relevant departments of the provincial government*, including: Agriculture; Cooperatives and SMEs; Education; Labour; Youth and Sports; provincial department of the National Land Agency; and participating PLUTs;
- *Agriculture TEVT institutions*, including agriculture vocational high schools (SMKPPs and SMKs) and colleges (STTPs), agriculture training centres, farmers' training centres (P4S) and universities;
- *Youth organisations* (such as provincial chapters of the Young Farmers' Association, the International Association of Students in Agricultural and Related Sciences - IAAS), the Young Entrepreneurs Association - HIPMI) and NGOs or civil society organisations developing activities related to youth engagement in the agriculture-based sector;
- *Private sector*, including the Provincial Chamber of Commerce and Industry (KADIN), the organisation of employers (APINDO), Business Indonesia (Association of BDS providers), representatives of agribusinesses and of financial institutions partnering with the project.

125. Where possible, Provincial Platforms will build on existing multi-stakeholder platforms that share similar objectives, such as Team Sinergitas set up by Dinas Cooperative in East Java, which gathers representatives from the government, business, banking, knowledge institutions and media to jointly address issues facing SME development. It is expected that each Provincial Platform could hold 2-3 plenary sessions per year and that an executive structure and/or working groups could be set up to facilitate work. The Provincial Platform will have a Youth Working Group composed of youth associations and other youth representatives, which will provide a separate forum where young people can prepare their interventions in the Provincial Platform, to ensure that young people have a steady voice in the guidance to and overseeing of YESS.

126. The Provincial Platform will provide guidance to YESS implementation, share knowledge and outcomes, develop synergies and special events aiming at promoting YESS objectives and will progressively develop multi-year provincial plans to promote youth engagement in the agriculture-based sector. This will include the following activities:

- *Planning youth engagement in the agriculture-based sector in the province*: each Provincial Platform will prepare a plan describing a strategy and objectives to promote inclusive youth engagement in the agriculture-based sector, building on identified provincial potential. The plan will define customised objectives and target numbers to be achieved with regard to rural youth decent wage employment and the creation/expansion of farms or other agri-based enterprises owned by rural young people. Plans will propose a mix of objectives and activities that will be suited to match the potential and needs of different categories of young people (women and men, with higher education or none, land owners and landless) and will include measures enabling the participation of poorer youth. It is expected that the plan will be developed progressively, starting with limited activities in the first year and progressively evolve into a full-fledged 2022-2026 plan, in line with the timeframe of the national planning cycle. The Platform could also be involved in the preparation of the provincial AWPB;

- *Annual Forum*: a small budget will be available for financing an annual provincial forum to promote youth engagement in the agriculture-based sector (starting in year 3). Annual Forums will be organised around a theme, that, at least in the first years, could be the same for all provinces. The theme of the first Forums could be around 'Province potential and opportunities for youth in the agriculture-based sector'. Forums will feature presentations, discussion panels and show booths/tables for participants to display innovations, activities and services. Forums design will ensure that content and organisation will be accessible and of interest to the diversity of youth profiles, and in particular to low-skill youth and poor young farmers. To that effect, Forums will be organised in a different target district every year and will be prepared closely with PLUT and partners. Forums will be mediated, including through activities described under Sub-component 4.2 – Youth Mobilisation;
- *Knowledge management*: mapping studies (see below) undertaken at provincial/district level will be shared and discussed with the Platform, as well as good practices and innovation developed through YESS or other initiatives in the province, and will support planning and the development of practical initiatives by Platform participants. Knowledge management will also facilitate the identification and documentation of policy gaps and policy measures, which will be further discussed by the Platform and conveyed to the NPMU and relevant administrations at provincial and national level (also see Sub-component 4.3).

#### **Activity 4.1.2 - Mapping studies and land tenure reviews**

127. **Mapping studies.** YESS will finance a set of mapping studies in every target province at project onset to orient activities in the province and support plan preparation. Provincial studies will generate information to orient the implementation of project activities, to support the preparation of YESS GESI strategy and to generate baseline data for the M&E system. The preparation of mapping studies will rest on a mix of documentation review, statistics, interviews and focus groups, and will combine analysis at the provincial level and in the target districts. They will include:

- *Rural youth socio-economic profiling*: this study will identify diverse, gender-sensitive types of rural youth socio-economic profiles and aspirations, and the challenges faced in engaging in employment, entrepreneurship or farming in the agriculture-based sector. This will also include: (i) youth employment and entrepreneurship trends; (ii) the profiling of students in agriculture TEVT institutions; and (iii) the profiling of young migrant women and men at different stages of the migration cycle, along with young migrant households receiving remittances and a mapping of youth migration trends, from and to the target provinces. The rural youth socio-economic profiling will help in adapting project activities to the diverse YESS target groups, especially low-skilled young people, in orienting the GESI strategy and in providing baseline data for the M&E system;
- *Market assessment and value chain analysis*: this study will focus on YESS target sectors (see Main report, para. 15), and will identify business opportunities and prerequisites for young farmers and entrepreneurs to integrate key sectors and value chains with the highest returns and share of added value, based on available resources and market demand within the province and beyond. This will include gender-sensitive analysis of a small number of priority agriculture-based value chains to identify crops with strong comparative advantages and business opportunities along the value chain that could match the diversity of profile and particularly those of less skilled, poor/near poor young people (also see Appendix 2). Value chain analysis will cover: the identification of main production areas, market channels and specific market opportunities with potential for increasing farmers' income; challenges and prerequisites for young farmers and entrepreneurs to participate in the value chain; key players and existing value chain relationships between chain. The study will also identify fintechs, agri-techs and other SMEs sourcing from smallholders within the province, and assess their potential for expansion in the target districts. More detailed mapping will be carried out in the target districts, including: (i) poverty mapping; (ii) business and contract farming opportunities, particularly in the priority value chains; (ii) financial and non-financial service providers; and (iii) youth associations and initiatives, farmers' groups/cooperatives and migrant associations and assess their capacities. The market

assessment and value chain analysis will help in orienting project activities under Component 3 – Youth entrepreneurship;

- *Labour market analysis and mapping of employment potential for diverse profiles of young people:* building on the outcomes of the youth socio-economic profiling above, this study will be based on gender-sensitive analysis and will: (i) identify current labour demand and employment potential for diverse youth socio-economic profiles generated by MSMEs and larger enterprises operating in the target provinces and target sectors (see Main report, para.15); (ii) assessing corresponding skill demand and supply as well as the extent to which formal and informal TEVT institutions in the province meet skill requirements; and (iii) any other factors impacting demand and supply on the provincial labour market in the target sectors and for the target groups (also see Appendix 2). A survey of a representative sample of businesses will be conducted as part of the study and a database will be established to support rapid local labour market assessments in subsequent years. Furthermore, a set of case studies will be developed on different pathways successful entrepreneurs have pursued, with a view of developing knowledge and promotional material<sup>26</sup> on entrepreneurship in the agriculture and food processing sectors. The case studies will focus on acquired skills deemed critical to success and how the skills were acquired, as well as other critical enabling factors such as access to finance, services and markets. The labour market analysis and mapping of employment potential will help in orienting project activities under Sub-component 1.2 – School to Work Transition, and in improving the matching between demand and TEVT programmes in the province;
- *Mapping of available financial and non-financial services* present in the province that are or could be made available in the target districts to support farming/entrepreneurship (including the current and potential role of youth associations in the province, as well as existing or potential models of embedded services, i.e. built into sub-contracting or contract farming arrangements). The study will also outline possible modalities of involvement in delivering project services suited to YESS target groups;
- *Corridor-based migration survey and assessment of migrant households' financial needs:* this study will complement and build on the socio-economic profiling mapping, along a gender-sensitive approach. The survey will adopt a corridor-based approach, which consists in assessing in one given area the main migration destinations and the related characteristics of the migrants in terms of educational attainment, incomes, migration duration, willingness to return, remittance and investment patterns. Existing migrant organisations along with their institutional capacities will be mapped: membership among migrant families and/or abroad, existing chapters in districts/destination countries, main services delivered to the members, ability to disseminate information and to get involved as a training force or as facilitators to reach out to migrant families and migrant abroad. The survey will build on existing data gathered by the World Bank survey<sup>27</sup> and will take advantage of the Desmigratif and BNP2TKI village-based interventions to refine the knowledge of migration patterns and the identification of districts of concentration of migrations. It will also assess the prevalence of domestic migration among youth and its main determinants, motivation and characteristics. The migrant households' financial needs assessment will use household questionnaires and qualitative focus group discussions to better understand their financial literacy (money management skills, perception, knowledge and effective use of financial services). The survey and the assessment will help in customizing the specific messages to be conveyed through financial education (Sub-component 3.1 addressing migrant households' specific needs and in supporting their adoption of the savings-to-loan a schemes. They will also facilitate the mainstreaming of young migrants' households and returnees into district-based service delivery to young farmers and entrepreneurs and will be used to familiarise district stakeholders to migrants' features, assets and needs, including district multi-stakeholders' forums,

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<sup>26</sup> The production of promotional material and mediatisation of successful entrepreneurs will be secured under Sub-component 4.2 – Mobilising youth.

<sup>27</sup> Indonesia's Global Worker: Juggling Opportunities and Risks, World Bank 2017.

PLUT teams, Mobilisers, Youth Facilitators and mentors, under the responsibility of the PLUT-based Youth Entrepreneurship Specialist.

128. The initial mapping studies will be updated in the fourth year of project operation.

129. **Provincial tenure reviews.** Access to and tenure security of land constitute one of the main constraints for youth engagement in agriculture and for accessing finance. There is a significant diversity in tenure arrangements and challenges that may be faced by young people in accessing land between different provinces and localities. In general, young people mainly access land from their parents, or through sharing cropping arrangements or by renting land. They can also be granted permission to use state-owned or village land. Sometimes they are able to buy land but often lack the financial means to do so. Using land to leverage finance is often constrained by a lack of adequate documentation of ownership or use rights.

130. A review will be conducted of the specific tenure and land access situations and associated challenges and opportunities for young people in the target provinces. This will include: (i) a review of GoI national, provincial and district spatial development plans as well as plans for improving land access for poor rural communities and for registering land or transferring the management of forest lands; (ii) focusing on the target districts, a sample survey of young people interested in farming and other enterprise opportunities that may require some land, to ascertain their challenges and aspirations as well as opportunities in accessing lands; (iii) a stakeholders' analysis covering key agencies and organisations – government, Civil Society Organisations (CSO) and private sector – that can play a role in improving young people's land access and tenure security, with an assessment of their capacity to do so; and (iv) suggested actions for improving youth access to land and tenure security in the province that could be supported under the programme - such actions will focus on: providing information and facilitating linkages to service providers (government, CSOs and private sector) that can assist in improving access and tenure security and on developing Land Tenure Guidelines and a Land Tenure Access Kit to be used by PLUTs and their partners (see Component 4 – Enabling Environment for Rural Youth ).

131. The identification of opportunities for improving land access and tenure security will be discussed in the Provincial Platforms and District Forums (Component 2 – Rural Youth Entrepreneurship). Key government, CSO and private sector agencies and organisations will be identified and encouraged to participate in these discussions and a directory of prospective service providers that can support young people to access land and secure their land rights will be compiled.

#### **Implementation arrangements for Sub-component 4.1**

132. Provincial Platforms will be set-up with PPIU support. The PPIU will also help participants in defining the platform modalities of operation, which will depend on provincial specificities and existing platforms to build upon. An overall objective will be to ensure the sustainability of the Provincial Platforms beyond project completion, provided they demonstrate their usefulness to promote broad-based actions for youth engagement in the agriculture-based sector.

133. A start-up workshop will be organised in every province at project onset to present the project and agree on the platform's mandate and mode of operation.

134. Provincial studies will be carried out by service provider(s) (either national or provincial) selected through competitive bidding by the NPMU/PPIUs, with support from international consultants to develop the overall methodology and assist in delivering the final outcome. Terms of reference for the studies will be established jointly with the NPMU GESI Specialist to reflect GESI concerns. Provincial platforms will contribute to the drafting of the ToR, facilitate the engagement of public and private stakeholders as well as youth organisations, validate studies and disseminate outcomes to members and clients.

135. For the labour market analysis and mapping of employment opportunities and case studies, potential service providers invited to bid could include universities present in the target provinces, provided there is an interest and they meet requirements (see Implementation arrangements for the Sub-component).

136. For the migration corridor-based survey and assessment, an international consultant, NGO or consulting firm with proven expertise in leading market and household surveys relating to migration, remittances, financial education and access to financial services in rural areas will be hired (such as the Access Advisory firm which benefit from a collaboration track record with IFAD's Financial Facility for Remittances - FFR). This activity will be financed by FFR under a parallel co-financing grant and will be implemented directly by FFR, in collaboration with the NPMU and the District Project Implementation Units.

137. For the provincial tenure review, service providers (or one single service provider) will be contracted by the NPMU to do the initial provincial tenure assessments and follow-up district assessments, in collaboration with the relevant government agencies and CSOs and coordinated by the PPIUs. Technical guidance will be provided to ensure that all provincial reviews follow a harmonised methodology that can ultimate concur to the production of unified guidelines (as described in Sub-component 4.3 – Policies and Scaling up Youth in Agriculture).

#### **Sub-component 4.2 – Rural Youth Mobilisation**

138. **Objective.** This sub-component will be implemented at the national level and will aim at: (i) changing youth perception of agriculture to be more positive; (ii) providing information and knowledge supporting youth engagement in the agriculture-based sector; (iii) connecting young farmers and agripreneurs with the community and helpful partners; and (iv) disseminating good practices and successful models, including those developed under YESS auspices in the four target provinces. This will be achieved through two complementary programmes:

- **Young Ambassadors:** it will use youth champions to inspire and motivate young people to enter the agriculture-based sector. It will build on UNDP's Global/Indonesian Youth Engagement Strategy, which promotes icon Young Leaders as role models for the advancement of Sustainable Development Goals and has been perceived as a positive approach<sup>28</sup>, and also will build from the successful *Duta Petani Muda*<sup>29</sup> (young Ambassadors), a bi-annual programme from AgriProFocus and Oxfam to engage successful young farmers and agribusiness owners in communication events throughout the provinces with a view to encourage young people to start their own business in agriculture and food business;
- **Digital Rural Youth:** it will develop an online platform and use digital marketing approaches to engage with large target audiences, building on increased youth access to internet. The online platform will be in the form of both a website and applications, and will provide agricultural information for rural youth, news about activities related to YESS, and online courses. Solutions for making information accessible offline will also be proposed. With the increasing popularity of YouTube in Indonesia<sup>30</sup>, using video in the digital marketing approach will be one of the primary options to reach Indonesia young citizens.

139. **Youth Mobilisation Plan.** The NPMU will prepare a Youth Mobilisation Plan, which will plan activities under this sub-component, building on the description below. Planning will be based on interaction with the Youth Advisory Group<sup>31</sup> and the province-based and Youth Working Groups<sup>32</sup>. The plan will form part of YESS Annual Work Plan and Budget. Considering the highly dynamic nature of communication trends and of youth preferences, activities proposed below should be adapted as required to fit the overall objective, rather than regarded as fixed prescriptions. Any major changes would have to be approved as part of the AWPB process, including by the Project Steering Committee.

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<sup>28</sup> UN (2017) , UN announces worldwide search for exceptional Young Leaders to drive implementation of the Sustainable Development Goals, [www.un.org/youthenvoy/2017/10/un-announces-worldwide-search-exceptional-young-leaders-drive-implementation-sustainable-development-goals/](http://www.un.org/youthenvoy/2017/10/un-announces-worldwide-search-exceptional-young-leaders-drive-implementation-sustainable-development-goals/), retrieved 1/12/2017.

<sup>29</sup> [www.dutapetanimuda.id](http://www.dutapetanimuda.id)

<sup>30</sup> Tempo (2017), Pertumbuhan Watch Time untuk YouTube di Indonesia Naik 155 Persen, [seleb.tempo.co/read/861697/pertumbuhan-watch-time-untuk-youtube-di-indonesia-naik-155-persen](http://seleb.tempo.co/read/861697/pertumbuhan-watch-time-untuk-youtube-di-indonesia-naik-155-persen), retrieved 28/11/2017.

<sup>31</sup> Attached to the Project Steering Committee, see Appendix 5.

<sup>32</sup> Attached to the province-based multi-stakeholder platforms, see Sub-component 4.1 and 1.3 respectively, in Appendix 4.



140. A Senior Media/Communication Specialist with minimum 10-year experience in media planning, marketing communication and/or public relation will provide technical support and guidance for preparing the plan in the first year and for taking stock of achievements and updating the plan, in collaboration with service providers involved in implementation, in the following years. The output of this specialist will be an Annual Youth Mobilisation Plan, which will ensure consistent communication strategies and messages across all activities in the Youth Mobilisation sub-component as well as synergies with activities developed under other YESS sub-components.

141. **Youth Advisory Committee and Youth Working Groups' meetings.** The meetings will aim at: (i) giving insight of rural youth activity and media consumption behaviour; (ii) reviewing the performance of key activities in the Youth Mobilisation sub-component; and (iii) making suggestions for the Annual Youth Mobilisation Plan, at the national (for the Youth Advisory Committee) or provincial level (for Youth Working Groups). Meetings will use design thinking method<sup>33</sup> as an approach to solve the problem. In the first year of the project, there will be training for design thinking method for the facilitator. The participant of this training is 10 persons, which is 2 person each from the national level and the provincial level.

### **Youth Ambassadors**

142. This set of activities aims to change the agriculture narrative in the young people perception so that agriculture is not perceived as a dirty, non-innovative and poorly remunerative job, but one that can support good livelihoods and bring good returns, integrate innovation and technology, and generate positive social and environmental impact. The Youth Ambassadors programme will also show opportunities in the field of agriculture that are related not only to on-farm but also off-farm activities and that can add value in the agricultural product value chain.

143. Every year, 15 successful young entrepreneurs, of which a minimum of 7 young women, in agriculture and food business will be selected and promoted to be ambassadors of youth engagement in agriculture. Ambassadors will represent different socio-economic profiles and gender, as well different economic activities and geographic locations (including but not exclusively from the target provinces) so as to appeal to a large audience, including the project target groups. Young Ambassadors will be responsible for: (i) showcasing their experience and success; (ii) participating in YESS-sponsored media activities such as video production, speaking engagements and talk shows; (iii) regularly posting on social media about their or other activities related to encouraging youth participation in agriculture. Ambassadors will become real life example for other youth, demonstrating that they can live independently through farming or entrepreneurship in the agriculture-based sector, while expressing their passion for the agri-food sector. Some of their social media post material will be prepared by service provider that handles content production (see below). Travel expenses, accommodation, and allowance of the ambassadors during YESS-sponsored activities (training, speaking engagement and talk shows) will be paid by the project budget.

144. The Youth Ambassadors programme will be implemented by a service provider who will be responsible for arrangement of the following activities: (i) Submission; (ii) Selection; (iii) Training and launching; (iv) Speaking engagements and radio talk shows; and (v) Mentoring. The service provider will prepare guidelines detailing implementation modalities for each set of activities. The guidelines will be available on the online platform

145. **Submission.** There will be open submission for the candidate of Youth Ambassadors with some criteria included but not limited: (i) owner of agri-related business for at least 2 consecutive years; (ii) 17 until 30 years old when registering; and (iii) write essay about their vision and what impact they would make if they are chosen as Youth Ambassadors. In this open submission phase, it is expected that there will be around 2,000 applications submitted online from minimum 20 provinces across Indonesia.

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<sup>33</sup> Design thinking is a human-centered approach to innovation integrating the needs of people, the possibilities of technology, and the requirements for implementation success. [www.ideou.com/pages/design-thinking](http://www.ideou.com/pages/design-thinking)

146. A roadshow for gaining more exposure about the program will be held in 10 provinces, including the 4 YESS target provinces. The agenda of the roadshow will include seminar and informing about the open submission of Youth Ambassadors program. The seminar in each location is recommended to have a local successful young agripreneur as one of the speakers. The outcome of the roadshow events is to have total minimum 1,500 participants, 50 media coverage articles (including online media), reaching 50,000 audiences, and 50 social media posts.

147. **Selection.** Applicants will be screened by the service provider, to come up with a pre-selection of 50 candidates. The second stage of the review will be done by a committee consisting of representatives from MoA, youth agriculture associations, agriculture NGOs and other organisation(s) that are considered necessary to be included. The composition of the selected 15 Youth Ambassadors including, but not limited: (i) 50% women; (ii) diverse socio-economic background; (iii) have representatives from the 4 YESS target provinces.

148. **Training and launching.** The selected Young Ambassadors will attend a 6-day training session provided by the service provider. All the travel ticket, accommodation and allowances will be paid by YESS budget. The objective is to build the ambassadors capacity on agribusiness development, public speaking and leadership. The launching event will be held after the training session end. The purpose of the event is to celebrate and introduce the selected 15 Youth Ambassadors, inviting youth organisations and youth media. The expected outcome will be 100 participants attending the event, 10 national media coverage (including online media), 10,000 audience reached, and at least 50 social media posts.

149. **Speaking engagements and radio talk shows.** These will be arranged as follow-up after the launching. They will be held in 12 provinces every year, including the 4 YESS target provinces (and possibly the target districts), and the other 8 provinces is open for change annually, to be decided by the NPMU/Project Steering Committee, upon suggestions from the service provider. This series of events will be targeting at least 3,600 participants , 60 media coverage articles, partnering with 12 local radio stations, reaching 120,000 audiences, and 120 social media posts per year. The event setup in each province will be one speaking engagement and one radio talk show, utilising the Youth Ambassadors and other partners as speakers, such as agribusiness owners, successful young farmers and entrepreneurs, angel investors, successful young migrant returnees etc. It is advisable to choose or prioritize local radio stations that: (i) target young people as their main listeners; and (ii) have radio streaming services over the internet, so talk shows can reach youth audiences who are used to listen to radio streaming via mobile phone, laptop or desktop.

150. **Mentoring.** There will be mentoring activity for the selected Youth Ambassadors, begin after the post-launching event. The purpose is to help the ambassadors solving their problems and support the development of their agribusiness, ensuring they will have good business sustainability. The mentors are selected from agribusiness entrepreneurs who have proven track record, and will be selected by the service provider. To optimize effectiveness and impact of mentorship, one mentor is suggested to support maximum two ambassadors. The mentor-ambassador matching arrangements will be adjusted based on the sector similarity or main area which the ambassador feels lacking. The mentorship period will be conducted for 6 months, mainly through weekly online communication or phone call. The mentors are voluntary based, which mean they do not get paid for their services but will be provided with a budget for compensating the phone credits and the internet packages. After conducting each mentoring activity, the mentee must write the main point of advice and assignment (if there is) given by the mentor in the online cloud-based coaching log document to be provided by the service provider.

## Digital Rural Youth

151. The aim of the Digital Rural Youth programme is to engage Indonesian youth, especially in rural areas, through internet and expose them to the agricultural sector in appealing ways so they would have more positive image about it. This approach is built on the fact that in 2017 more than 74% of Indonesian youth with age 13 to 34, is connected to the internet, which is higher than the population

average (54.68%)<sup>34</sup>. This approach will consist of three major activities: (i) Rural Youth Online Platform; (ii) Videos; and (iii) Digital Marketing. These activities will be implemented by a service provider.

152. **Rural Youth Online Platform.** This will be an online facility making information and e-learning accessible to young people as well as to other players interested in participating in the promotion of youth employment and entrepreneurship. This platform will exist in website and two mobile applications, and will include an option for content to be downloaded for offline use, so that it can be made available to young people in poorly connected areas. It will aim at: (i) informing young people about news and opportunities in the agriculture-based sector; (ii) providing information on YESS objectives, activities and achievements; (iii) facilitating young agripreneurs learn essential agri-related and food business development through e-learning course, enriched with various learning resources; (iv) helping young agripreneurs join the community, connect with their peers for solving their business-related problems, and gain opportunities through potential partners; and providing financial literacy advice and hands-on tools to build youth financial capabilities to engage into agriculture-based activities. Table 2 shows the relation between the platform aims features.

**Table 2: Rural Youth Online Platform Aims and Features**

Aims	Corresponding Features
Informing about news and opportunities in the agriculture-based sector	Information
Informing about YESS objectives, activities and achievements	
Learning about agri-related and food business development	E-Learning Course Resources
Connecting with community, peers and partners	Community Partners

153. **Online platform features.** The online platform will have several features, such as the following (not exhaustive):

- **Information:** this section would give the user information and updates, which could have sub-sections:
  - News: newly received information related to farming and agri-food business, including recent YESS activities and achievements. To make it appealing for youth, it will also cover topics on latest agricultural technology, AgriTech/FinTech start-ups that are engaged in agricultural sector.
  - Events: highlighting upcoming events related to farming and agri-food business, including the speaking engagements of the ambassadors.
  - Article: any written content that is not categorized as news and events, such as opinion essays, tips, listicles and reviews.
  - District Agricultural Profile: showing the agriculture crops and livestock potential by district or city. Data will be provided by Ministry of Agriculture.
  - Job Vacancies: informing about job offers in agri-food companies and AgriTech/FinTech start-ups
  - Financial services and products offered by financial institutions specifically for youth along with financial education advices and links to online resources
  - Media Gallery: contain photos, videos, infographic, or other multimedia.
- **Resource:** this section would give knowledge for learning about managing agri-related business:
  - Guide: helping user to start and manage agrifood business in text or articles.
  - Courses: helping user to start and manage agrifood business step by step through series of tutorial videos.

<sup>34</sup> APJII (2018), Penetrasi dan Perilaku Pengguna Internet Indonesia, 2017.

- Toolkit: list of downloadable or printable practical tools that could help user solve their problems, such as: Business plan template; Business Model Canvas, Value Proposition Canvas, Investment Readiness Level, etc.
- Research Report: list of links to read or download research reports related to agri-food business ecosystem, such as: consumer trends, market size analysis, etc.
- E-Learning: this section will consist of video-based learning courses for users to learn how to develop an agri-related and food business, step by step. This e-learning feature should be utilized in PLUT incubation or mentoring activities. Subjects will be identified every year by the NPMU, based on suggestions from target PLUTs and PPIUs. E-learning material could consist of video courses and tutorials, online training, modules or toolkits for the online platform, including for shaping business ideas or video tutorials on financial management, financial products features and a downloadable financial literacy app (developed by OJK, see Component 3). Downloadable modules will also accompany the video courses, ensuring the participants will have comprehensive understanding of the subjects. There will be various courses to be taken, including for shaping business ideas. The learning progress of the participants will be displayed in their dashboard and there will be printable or downloadable automatic generated certificates of completion after the participant completes the course.
- Community: this section would give user to interact with the community, making possibilities for collective problem solving and collaboration:
  - Instant Messenger Group: primarily through WhatsApp, the most popular messenger in Indonesia, but it is also allowed if there is significant request to also open it in other messenger such as Telegram or LINE.
  - Social Media: connect the user to the online platform social media account, including Facebook Group
  - Newsletter: user could subscribe to the latest update of the community and info, will be sent regularly to their inbox.
- Partner: This section will help user connect with other YESS project partners
  - Partner List: contain list of YESS project partner in categories such as: financing, production, business development, marketing, capacity building, etc
  - Partnership Submission: open for other parties to join, support and give help to the programme. This submission process is suggested using step by step interface approach, clarifying what resources or capabilities they have, and in what area they would like to help.

154. The Online Platform will also host YESS website, and in particular packages of activities implemented under the project, capacity building programmes, studies and KM products.

155. At the end of each year since the platform goes live, the service provider will report about platform performance, reviewing key activities, showing the key metrics achievements, analysing effectiveness and drawing lessons learned. This report will be used as a consideration for next year Youth Mobilisation Plan preparation.

156. **Web development.** The website should be developed using notable Web Application Framework such as for example Laravel or Symfony, and have sufficient cyber security protection to protect from common cyber-attacks. The website also should be mobile responsive, assuring visitor accessing from mobile will have the same full information and experience comparing through desktop version. After the web development is finished, there will be proper documentation or manual of the website as a guidance for the daily operation. The website will emphasize on content quality rather than quantity - it is expected to have minimum 5 new contents per week, and it could utilize the content from Videos & Digital Marketing activity. Main target visitors for the website are 16 to 30-year-old men and women interested in agriculture or food sector. In the end of the project, the outcome of this website is: (i) 100,000 monthly visitors; (ii) 90% visitors came from organic search, direct traffic or

social media referral; (iii) less than 40% bouncing rate; and (iv) not less than 3 minutes average time on site.

157. Content development will be preceded by resource mapping to locate available online resources, toolkits and research reports that are accessible and relevant for the online platform visitors, and then organize it as a link in the platform. Content development activity may also create articles and other digital content to support the main objective of the online platform. At the time when the website goes online, it has to become top of search in key research fields related to youth engagement in the agriculture-based sector in Indonesia. To maximise the traffic to the platform, the content creation activity should be perceived as a way to optimize inbound marketing (non-paid), primarily through Search Engine Optimization and email list approach. The content should also open for contributors, such as other youth blogger, youth organisations, agriculture associations and AgriTech/FinTech start-up community.

158. **Mobile applications development.** There will be two mobile applications developed under this sub-component: (i) one that 'copies' almost all the features of the web version; (ii) one for e-learning feature. Both apps will: use hybrid mobile app development framework; have a feature to download the selected content and accessing the same user database of website version; and there will be proper documentation or manual of the apps as a guidance for the daily operation. Both of apps will be Android based, since Android is the dominant mobile operating system in Indonesia (more than 90%)<sup>35</sup>, and considered more relevant to the target audience. The first app will have the same feature as the web version except the e-learning course. When the user taps the e-learning course menu, it will be recommended to download and install the second app. The main target user for the first app is the same as for the website: 16 to 30 years old men and women interested in agriculture or food sector. In the end of the project, the outcome of the first app is: (i) 50,000 app downloads; and (ii) 5,000 monthly active users. The e-learning course app will specifically for learning, pulling content from the web version, with addition of gamification elements for more interactive learning experience. The main target user for the e-learning app is 16 to 40 years old men and women interested in starting or developing agriculture business or food business. In the end of the project, the outcome of the app is: (i) 50,000 app downloads; and (ii) 5,000 monthly active users.

159. **Brand development.** This activity will aim at developing a brand identity system with the purpose to create a good perception in the audience mind, mainly through brand naming, logo design and brand identity design. The service provider will find the best name for the online platform that is associated with agriculture, appealing to youth, easy to remember and minimizing the mistype possibility, and submit to the NPMU for approval. This name will also be used in any social media account related to this online platform (see below). The logo design should be memorable, distinctive, clear and appropriate. The outputs of this activity are: (i) logo file; (ii) visual social media post template; (iii) brand identity guideline book.

160. **E-Learning material development.** This activity will create sets of learning courses. Each set will explain particular topics, through series of videos, a learning module, worksheet, and an evaluation test. The minimum cumulative videos length for each series is 150 minutes, each video should not exceed 10 minutes long and have specific learning outcome. The learning modules are generally the text book version of the videos and will be possible to be downloaded and printed. There will be minimum 10 learning courses produced every year. The video lessons should be delivered in engaging and interesting ways for young people. The learning course topics creation will be based on the incubation and mentoring needs at PLUTs. Learning courses will be developed by the service provider, but it is also allowed for other experts, organisations, or academics who are interested in contributing to create or post learning courses and voluntarily sharing their knowledge, using the standard given.

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<sup>35</sup> StatCounter (2018), Mobile Operating System Market Share Indonesia. <https://www.statista.com/statistics/262205/market-share-held-by-mobile-operating-systems-in-indonesia/>.

161. **Maintenance and operation.** The purpose of this set of activities is to assure the online platform will operate appropriately and filled with up-to-date content, ensuring the visitor engagement and traffic growth. These activities will be handled by the service provider, and will include:

- **Technical maintenance:** this will handle bugs problem and troubleshooting issue. Also ensure the website and apps updating with good user experience design and with the current mainstream web technology, preventing user from technical difficulties accessing the online platform
- **Change request:** this is a technical request for an addition, adjustment or removal of a feature in the online platform. The request may come from the senior media / communication specialist, Youth Advisory Committee, or NPMU, with a clear direction and proper explanation.
- **Operation:** the online platform will be managed daily by the service provider, which is suggested to at least have this position: (i) Content Writer, create articles and other content to be posted on the platform; (ii) Community Manager, nurturing member discussion and growing the community; (iii) Graphic Designer, provide photo / illustration for the articles, create infographics and visual social media posts. Since the platform have several ways to interact with the members or followers, it will provide the possibility for gathering feedback to ensure that project activities are still in line with audience needs and will propose alternative, together with corrective activities if needed;

162. **Income generating:** the service provider will be requested to utilize the platform to generate income such as through advertisement, from Corporate Social Responsibility funds, creating sponsored events, and other sources of income potential. The purpose of this activity is to ensure the online platform has a sustainable revenue stream to continue its operation after the YESS project is completed. This activity is recommended to start at year two of the platform until the end of the project. The revenue will be reserved on a special account and will be available to support operational costs in the first stage of platform operation once the project is completed (see below). However, every year a fraction of it is allowed to be used as an incentive for the service provider through approval from NPMU.

163. **Launching event.** The online platform will have a launching event, inaugurated by the Minister of Agriculture to make more news coverage. The event will have panel discussion session, launching session, and press conference session, addressing not least than 20 nationwide media journalists including youth online media and 5 YouTube-star or video blogger. The event will invite representatives of youth organizations, AgriTech/FinTech start-up community & agriculture related associations, inviting at least 300 participants. Both of short version and long version of the video documentation will be uploaded to project owned YouTube channel. The outcome of the event is having at least 20 media coverage articles (including online media), reaching 100,000 readers / audiences, and generating 100 social media posts (total from the official account and the participant account).

164. **Online platform continuity.** The online platform must continue to exist and operate after the project finished. To this end, a study will be accomplished by the Senior Media/Communication Specialist, along with the NPMU's Youth Mobilisation Specialist. before the second project review, to investigate the best options for the next ownership of the online platform. There are four post-projects scenarios to be considered: (i) the platform is taken over by an agricultural youth association or a group of agricultural youth associations; (ii) it is taken over by the service provider; (iii) it is taken over by a media company selected through competitive bidding; and (iv) any combination of the previous scenarios. The results of the study will be presented to the second interim review, which will make recommendations as to the best option. If the decision is choosing option (i), then the service provider should start involving the representatives of the association(s) in the online platform operation at the very least one year before the project ends. The involvement in this case will bring the representatives into the daily operation team. The budget for their salary will come from the reserved income from income generating activity. At the end, YESS will finance the cost of legal fees and registration involved in ownership take-over.

165. **Videos.** The main purpose of this set of activities is to build awareness of youth that starting an agri-related and food business is an interesting life choice, because it is distinguishing them from the mainstream of youth job seekers, and contributing to the nation's food sovereignty is a noble pursuit. This yearly activity will consist in creating short videos (not longer than 3 minutes) with a narrative or storytelling approach aiming to inspire the viewers, who will then share it, making the video circulated broadly (viral). It is anticipated that at least 25 videos will be produced every year, and it is suggested publishing them biweekly. Videos will not only cast Youth Ambassadors, but also referrals by Food Startup Indonesia<sup>36</sup>, PWMP beneficiaries, PLUTs, youth associations etc. The format might be one video featuring several agripreneurs, or several videos focusing on one agripreneur each, depending on the yearly strategy developed from Youth Mobilisation Plan. Accompanying that, other type of videos that could be produced by the service provider include (not limited): reaction videos (responding to certain news), Q & A, interviews, testimonials, challenge videos and event recaps. Beside videos, another content type that must be produced is visual content, such as infographics, inspiring quotes, rural landscape photos, fun facts and other kind of interesting posts, with a target of at least 156 visual content per year (52 weeks x 3 post).

166. **Digital Marketing.** This activity will involve the creation of several social network accounts and the use of digital advertisement to reach Indonesian youth, spreading the content that has been produced. The social network accounts should be on the 5 top social media platforms used by Indonesian youth, which are: Facebook, YouTube, Instagram, LINE and Twitter, and the name of the account should be the same across the social platforms and be the one developed in the Branding activity (above).

167. To attract larger numbers of audience from day 1, people will be pushed to the online platform and social media accounts through digital advertisement, which will target specific audience to ensure they are aware of the Online Platform and social network.

168. The main target will be youth from 16 to 30 years old, living in the rural areas. The minimum outcome of this paid promotion per year will be: (i) total 2 million impressions across online ad-network; (ii) total 50,000 views on YouTube; (iii) total cumulative 50,000 followers / subscribers across social media accounts. Other than using online advertising network, the service provider is allowed to run an online contest and also to use key opinion leaders among youth to promote the message, for example facilitating the Young Ambassador to be a guest in an Indonesian YouTube star channel.

169. A smaller target will be young farmers and entrepreneurs in the target districts, who will be persuaded to go to nearest available PLUT to seek help in starting or growing their business, leveraging the online platform website to get location and contact details. The minimum outcome of this paid promotion per year is total 150,000 impressions across online ad-network. This paid digital advertisement will use the customized visual content post format for each district to have better response from the audience in target districts.

170. The service provider is allowed to use paid digital advertisement (such as: Facebook ads, Google Adwords, etc) and other non-advertising promotion approach (such as: running contest, merchandise giveaways, organic social media referrals, opt in email lists and web notifications, etc).

171. The Senior Media/Communication Specialist should observe and evaluate if the five social media platforms are still relevant for the youth, if not, then the service provider should open new account in the new, more relevant popular social media for Indonesian youth. The service provider will provide a biannual report, reporting the actual outcome of the digital marketing campaign, analysis of effectiveness and lessons learned. This report will be used as a consideration for next year Youth Mobilisation Plan preparation.

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<sup>36</sup> A programme organized by BEKRAF (Indonesia Creative Economy Agency) to curate growing food businesses and scaling them up through integrated ecosystem. More details on: [www.foodstartupindonesia.com](http://www.foodstartupindonesia.com)

## **Implementation arrangements for Sub-component 4.2**

172. The implementation of Sub-component 4.2 will be coordinated by NPMU Youth Mobilisation Specialist, who will be a part-time appointed staff. In particular the Youth Mobilisation Specialist will be responsible for: organizing tenders for hiring service providers, jointly with NPMU Procurement Officer and Consultant; monitoring Sub-component activities; ensuring coordination between the Sub-component and other project activities; and assist the transfer of ownership of the Online Platform. Activities will be implemented by two service providers, one for the Youth Ambassadors programme and one for the Digital Rural Youth programme, and will receive annual support from a Senior Media/Communication Specialist, as detailed above.

## **Sub-component 4.3 - Policies and Scaling Up Youth in Agriculture**

173. The sub-component includes two sets of activities: (i) Policy development and youth participation in policy dialogue; (ii) Knowledge sharing, mainstreaming and scaling-up.

### **Activity 4.3.1 – Policy development and youth participation in policy dialogue**

174. YESS will contribute to enhancing the policy and regulatory environment in key priority areas required to promote inclusive youth engagement in the agriculture-based sector, building on policy gaps identified through the provincial mapping studies, YESS project operations and recommendations made by District Forums and Provincial Platforms. Priority areas for the development of policy studies and instruments will be decided annually by the NPMU, building on the provincial mapping studies and on the identification of policy gaps through the provincial platforms. An international consultant will assist in defining a methodology and in providing guidance for implementation. YESS will finance policy studies as well as multi-stakeholder policy workshops to support the preparation of policy studies or to present and discuss the results of such studies.

175. Policy areas and activities required to address identified policy gaps will be validated by the Project Steering Committee.

176. The following areas have been pre-identified during the project design process:

- *Youth access to land*: a set of guidelines and tools will be developed for improving access to land for young people. The guidelines will broadly cover two areas: (i) doing district and local level participatory assessments of the land access and tenure security needs, constraints and opportunities for young people (building on the provincial land tenure reviews and available research material); and (ii) identifying and improving opportunities for enabling young people to access and secure their rights to land, particularly with regard to: identifying state and village land that could be allocated to young farmers and entrepreneurs (especially for poorer youth and for young women); requirements and procedures for accessing state and village land; inheritance/succession laws and formats for producing wills (targeting in particular requirements for young women); negotiating fair rental terms and rent contract formats; land market information (both rental and sales); financing for land acquisition<sup>37</sup>; negotiating land purchases and formats for sales/ purchase agreements; requirements and procedures for land registration. The guidelines will make use of existing tools developed by various government, CSO and private sector organisations. Guidelines will be developed in the first year so that they are made available to PLUTs and partners, under the form of a Land Tenure Access Kit in the target districts and can support youth information and improved access to land tenure in conjunction with business creation or expansion. Training will be provided to provincial and district relevant players, including PLUTs and their outreach networks.
- *PLUTs and rural youth entrepreneurship*: YESS will assist PLUTs in the target districts to adapt their services to the needs of young farmers and entrepreneurs and to expand their outreach

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<sup>37</sup> Also see Sub-component 3.



building on district resources, including to poorer youth, and to better build on opportunities in the agriculture-based sector to support youth entrepreneurship. It is expected that this will enable PLUTs to turn their services more youth-oriented and gender and socially equitable, but also that it will help them in improving their efficiency and impact as a whole. Improvements will be piloted in the target districts, monitored and then will be mainstreamed through the national PLUT network. Resources under this component will be available to reflect such improvements into MoCSME policies and guidelines for the PLUT programme, to present them to the annual PLUT forum and to organise related events as needed. These activities will be implemented by the NPMU, in partnership with MoCSME (and reflected in the MoU with MoCSME) and close collaboration with PPIUs.

177. Furthermore, activities under Sub-component 1.2 – Apprenticeship will lead to the expansion of the national apprenticeship programme run by MoM to cover occupations in the agriculture-based sector. If required, Sub-component 4.2 could make additional resources available to support the rolling-out of YESS-financed pilot into MoM's systems.

#### **Activity 4.3.2 - Youth Participation in Policy Dialogue**

178. YESS will support relevant youth associations at national and local level (including chapters of farmers' organisations) in acquiring the capacities required to participate in policy dialogue with government agencies and in policy fora on issues relating to youth engagement in agriculture. This might also include support in institutionalising youth participation in policy dialogue, in particular with MoA and MoCSME, at the national and local level.

179. With support from an international specialised consultant, the NPMU will map and assess youth organisations with a mandate and interest to participate in policy dialogue at the national and local level (focusing on the target provinces, where this study will be coordinated with the provincial mapping studies) and will prepare a Programme for Youth Participation in Policy Dialogue. The Programme will be updated every year, based on actual achievements and new challenges and opportunities. It could cover activities such as workshops and networking activities, capacity building, studies (in particular for assessing needs and opportunities for institutionalising youth participation in policy dialogue) and study travel (in particular for South-South exchange and learning from other IFAD projects) for and proposing related modalities), which would be implemented at the national level and in the target provinces by selected service providers.

#### **Activity 4.3.3 - Knowledge sharing, mainstreaming and scaling up**

180. Project implementation will lead to the development of innovative models addressing challenges experienced by young people in the agriculture-based sector. The project will have a focus on replicating and scaling up the YESS model to ensure that more young Indonesian rural people benefit. To support the mainstreaming and scaling up of most successful models through government agencies, youth associations, TEVT institutions and service providers, YESS will support the following activities:

- *Annual Plans for Inclusive Innovation, Communication and Scaling Up*: every year, in consultation with PPIUs, District Forums/Provincial Platforms and project stakeholders, and with support from an international consultant, the NPMU will prepare an Annual Plan for Inclusive Innovation, Communication and Scaling Up, which will be part of YESS Annual Work Plan and Budget and will cover the following: (i) identifying inclusive innovative approaches/models with potential for scaling up, based on a set of agreed upon indicators; (ii) documenting models, including detailed indications on pre-requisites, implementation modalities and costs; (iii) detailing agendas and responsibilities for scaling up proof-tested innovative models; (iv) reviewing progress achieved; (v) building partnerships with government agencies, youth organisations, private sector and development partners to mainstream innovation into regular processes and to scale up successful models; (vi) building stakeholders' capacities at the provincial and national level to support the identification and documentation of innovative models. Priority will be given to promoting models

and approaches facilitating: the engagement of low-skilled and poorer youth; access to land; support to youth entrepreneurship; inclusive finance; and leveraging migration remittances to invest into youth-owned agri-business.

- *Replication of YESS to new provinces and districts:* Based on knowledge and learning generated, YESS will proactively engage with other interested provinces and districts that are interested in replicating project activities. The project provides funding to support initial project activities in new areas and also for the potential replication of project activities in new provinces that meet the YESS targeting criteria.
- *Knowledge Management:* YESS will set up a project-based knowledge management system, which will track good practices and document successful models. The KM system will build on the YESS M&E system and on orientations provided by District and Provincial Platforms (see Appendix 6). KM products will be developed to share learnings and models with project stakeholders, such as guidelines and tools, technical and policy briefs, analytical case studies, etc. Products will be adapted to different types of audiences and players at the national and local level.
- *Communication:* project learnings and documented successful models will be disseminated under appropriate formats to relevant government policy making bodies (in particular MoA, MoCSME and OJK), youth, farmers' and entrepreneurs' associations, as well as through YESS-sponsored online platform and communication activities. Information and knowledge will be shared at five main levels:
  - *district level:* linkages between young farmers/entrepreneurs, apprentices, graduates and students, migrants, service providers will be developed through peer-learning groups and learning events organised by PLUTs and the outreach network – this will take place as part of Component 2;
  - *provincial level:* PPIUs will be responsible for supporting the exchange of information and knowledge across target districts within a province, including through annual workshops;
  - *national level:* the NPMU will be responsible for developing knowledge and communication products, in close collaboration with PPIUs, including through the Youth Inspiration Programme and the online platform (Component 4). The online platform will also have a YESS webpage. Knowledge products will also be presented and discussed at the Project Steering Committee, where policy issues in particular will be highlighted;
  - *inter-project:* knowledge will be shared with other IFAD-funded projects and through IFAD channels (IFAD Asia webpage, Rural Poverty Portal webpage, IFAD social reporting blog).
- *Capacity building:* capacity building trainings will be offered to MoA and Dinas Agriculture in the target provinces and districts to facilitate their participation in project activities and to familiarise themselves with YESS-supported and documented innovations, particularly in the areas of support to youth farming/entrepreneurship, contract farming and linking with agri-techs and fintechs, and financial inclusion.

## Implementation arrangements

181. The implementation of the sub-component will be the responsibility of NPMU Policy Development and Knowledge Management Specialist, in collaboration with the Youth Mobilisation Specialist (see Sub-component 4.2). Short term international technical assistance will be hired by the NPMU to: assist in devising and implementing a methodology for the policy development set of activities; develop the KM framework (see Appendix 6) and design the Annual Plan for Inclusive Innovation, Communication and Scaling Up (possibly the same consultant); design and support the implementation of the Programme for Youth Participation in Policy Dialogue. A service provider will be hired to develop the project page on the online platform. The maintenance of the project page will be done by the same service provider responsible for the maintenance of the online platform.

182. M&E/KM Officers in the PPIUs will be responsible for coordinating the preparation and implementation of the Annual Plan for Inclusive Innovation, Communication and Scaling Up at provincial level.

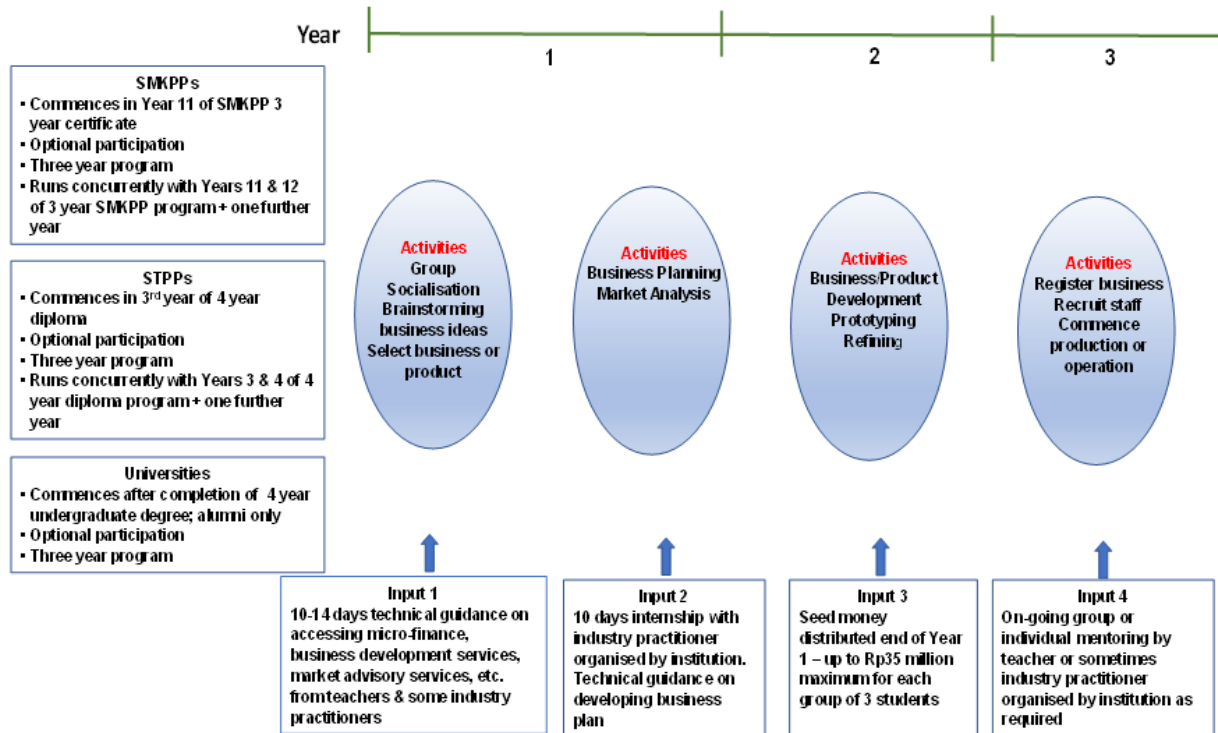
183. Furthermore, an independent CSO, or consortium of CSOs, will be appointed by the NPMU to monitor the project's ability to address land access and tenure security issues faced by young people and in particular those from poor households and young women. Lessons learnt will be documented and policy recommendations will be made and shared with project implementers, provincial platforms, relevant government departments and on the YESS-sponsored online platform. It is anticipated that linkages will be made to ongoing CSO efforts being facilitated by the other members of the International Land Coalition under their joint National Engagement Strategy. Documentation of achievements, policy dialogue and policy recommendation will also contribute to improving the guidelines and tools in project year 4, and the guidelines will be widely disseminated online and offline, from national to district level.

#### **Sub-Component 4.4 – Project Management**

184. The approach and activities related to Project Management are described in Appendix 5.

### Attachment 1 – Current structure of PWMP

Structure of Current PWMP



## Appendix 5: Institutional aspects and implementation arrangements

1. YESS is designed to support youth employment and entrepreneurship, mainly in the agriculture and agribusiness sectors, through a range of activities fitting the needs and interests of different target youth groups and falling under the responsibility of four ministries: the Ministry of Agriculture (MoA), the Ministry of Cooperatives and SMEs (MoCSMEs), the Ministry of Education and Culture (MoEC) and the Ministry of Manpower (MoM). The implementation set-up reflects the project multi-sectoral nature and ensures that project activities will abide by the policies and norms of the different ministries, and that they will build on existing organisations and consolidate them, rather than creating new, project-driven structures.

2. An equally important requirement is that the institutional framework enables a smooth and timely project implementation despite the institutional complexity and the implementation of activities at three complementary territorial levels.

3. To this end, the implementation set-up builds on the successful experience of the Coastal Community Development programme (CCDP), a project financed by IFAD in a different sector (fisheries) but similarly spread over three provinces and twelve districts, particularly with regard to project organisation at the national and district level, phasing and the flow of project resources.

### Overall Organisation

4. Against this background, the main features of YESS implementation setting are currently as follows:

- *A Programme Steering Committee* gathering the representatives of line ministries and other public and private stakeholders involved in YESS implementation will provide overall guidance and oversight. A Youth Advisory Committee composed of representatives of national youth associations and of Young Ambassadors (see Component 4 – Youth Mobilisation) will have an advisory role;
- *MoA* is the Lead Project Agency and has overall responsibility for project implementation;
- *A National Programme Management Unit (NPMU)* will assist MoA/MoCSME in carrying out project implementation responsibilities;
- *A Provincial Programme Implementation Unit (PPIU)* will be established in every target province to support the implementation of project activities at the provincial level, carry out overall coordination throughout the province, provide technical assistance to PLUT-based district units and ensure knowledge management across the region;
- *A District Programme Implementation Unit (DPIU)* will be established in every target district, which will be responsible for facilitating access to services for young entrepreneurs and farmers, for increasing PLUT outreach and inclusiveness of YESS target groups and mainstreaming successful approaches into PLUT regular operations;
- *Multi-Stakeholder Platforms* will be established at the provincial and district levels, and will provide a venue for stakeholders involved in the promotion of youth engagement in agriculture to agree on objectives, review progress and seek measures for addressing challenges. Multi-stakeholders' platforms will also be involved in the preparation of Annual Work Plans and Budgets (AWPBs);
- *MoM* will be responsible for developing certified apprenticeship programmes and running an apprenticeship pilot in the agriculture-based sector of the four target provinces, against an MoU to be established with MoA (Component 1);
- *MoCSME* will be associated to the implementation of activities to be executed at district level under the overall responsibility of PLUTs (Component 2), through a Memorandum of Understanding signed with MoA;

- *OJK* or the Indonesia Financial Services Authority *Otoritas Jasa Keuangan* (OJK), will be responsible for implementing activities related to financial inclusion, by virtue of a MoU signed with the PMU(Component 3);
  - *Selected partner financial institutions*, will be selected to engage with the project under component 3. Selected partner institutions would receive capacity building support from YESS with respect to innovative financial products and approaches targeted at young people and also work with YESS on developing and financing business plan proposals developed by young entrepreneurs with YESS technical support.
5. The responsibilities of each of the implementation stakeholders are further described below. The organisational chart in Attachment 1 represents YESS implementation setting. Implementation responsibilities will be detailed in the draft Programme Project Implementation Manual at project start.

### **Key Implementing Institutions**

6. **Programme Steering Committee.** A Project Steering Committee (PSC) will be set up at the national level to provide overall guidance and oversight, to ensure that YESS programming is aligned on national sector priorities, to offer a venue for sharing YESS good practices and for channeling policy issues to the appropriate policy making bodies. The PSC will also approve annual AWPBs and annual progress and financial reports. It will include representatives from (not exhaustive): Ministry of Finance, Ministry of Agriculture, Ministry of Cooperatives and SMEs, BAPPENAS, Ministry of Education and Culture, Ministry of Manpower, Ministry of Youth, Executive Office of the President, Organisation of Placement and Protection of Indonesian Workers, National Land Agency, OJK, partner financial institutions (e.g. BRI), KADIN, Business Indonesia, Indonesia Diaspora Network, Young Farmers' Association, Youth Entrepreneurship Association, International Agriculture Students Symposium-Indonesia.

7. **Youth Advisory Committee.** A consultative Youth Advisory Committee reporting to the PSC and composed of representatives of representatives of national youth associations, Young Ambassadors (see Component 4) and youth chapters of national farmers' associations will be set up to ensure that young people have a steady voice in the guidance to and overseeing of YESS. The Youth Advisory Committee will review YESS project activity progress with a youth perspective and will give suggestions for improvements, in line with recent youth trends. The detailed composition, organization and mandate of the Youth Advisory Committee will build on the experience of the UN Country Team and UNFPA with the Youth Advisory Committee on SDGs.

8. **Ministry of Finance.** The Ministry of Finance will act as the official representative of the Government of Indonesia as the Borrower/Recipient. In this role MoF will be responsible for: (i) fulfilling the government fiduciary oversight and management responsibilities; (ii) providing sufficient counterpart contribution in a timely manner to finance project activities, including the payment of government staff salaries seconded to the project; and (iii) timely processing of Withdrawal Applications, approval of procurement actions and other necessary documents according to the agreed operating procedures.

9. **MoA.** The project will be implemented by the Ministry of Agriculture through the Agency of Agricultural Extension and Human Resource Development (AAEHRD). As the Lead Project Agency, MoA will be responsible for project management and overall project oversight and coordination. This will involve the following: (i) ensure the management and timely implementation of project activities, with support from the NPMU (see below); (ii) prepare Annual Work Programs and Budgets (AWPBs), jointly with the NPMU, for submission to the Project Steering Committee; (iii) ensure the integration of project activities within AAEHRD overall programme of activities and the coordination of project activities with other AAEHRD initiatives; (iii) support provincial and district governments' participation in project implementation, the fulfilment of their responsibilities and the channeling of resources as planned; (iv) approve technical and financial reports Withdrawal Applications prepared by the NPMU; and (v) support coordination between YESS and other relevant initiatives in the agriculture sector and facilitate project access to knowledge generated by such initiatives.

10. **NPMU.** A National Programme Management Unit (NPMU) will be established to assist AAEHRD in implementing the project and will be fully accountable for the performance of project implementation and the use of funds. It will have the following responsibilities:

- *orientation for developing and implementing the project strategy* to ensure that all project implementation partners develop activities along a common, coherent approach in line with the Project Design Report;
- *financial and administrative management* of project resources in line with the Loan Agreement and IFAD rules. This will also include: (i) the management of project accounts and their timely replenishment; and (ii) the organisation of annual and final independent audits of all project accounts as per IFAD Loan Agreement;
- *planning of project activities* and the preparation of consolidated AWPBs;
- *contracting and procurement of project-related services and supplies* in accordance with IFAD Loan Agreement and IFAD rules. This will also include: (i) the preparation of annual procurement plans, and (ii) the monitoring of the implementation of service providers' contracts;
- *coordination of project activities* with the various project partners;
- *M&E and KM* in relation to all activities;
- *promotion of inclusive approaches and mainstreaming of targeting and gender requirements* in all of the project activities in accordance with the Targeting and Gender Mainstreaming Strategy and Implementation Plan.

11. The NPMU will also be directly responsible for implementing activities under Component 3 – Investing for Youth in Agriculture and Component 4 – Enabling Environment for Rural Youth, which are all to be implemented at the national level.

12. Two other IFAD financed projects, the Rural Empowerment and Agricultural Development Programme Scaling-up Initiative (READ SI) and the Integrated Participatory Development and Management of Irrigation Sector Project (IPDMIP), are implemented by AEEHRD. This will facilitate the exchange and capitalization of good practices between the three projects, which will actively be sought by Project Directors.

13. **PPIUs.** A Provincial Project Implementation Unit (PPIU) will be established within the Dinas Agriculture (provincial department for agriculture) in every target province. PPIUs will be under the direct supervision of the NPMU Director and will be responsible for the following implementing day-to-day project activities related to Sub-components 1.1 Partnership Building and Mapping and 1.2 School to Work Transition, as well as for providing guidance and technical assistance to District Project Implementation Units (DPIUs) in the implementation of Component 2 – Rural Youth Entrepreneurship. This will also involve:

- the preparation of consolidated Annual Work Plans and Budgets (AWPBs) for the province;
- the financial and administrative management of project resources disbursed for the implementation of province-based activities as well as for grouped contracts benefitting all of the target districts;
- contracting and procurement of project-related services and supplies extended at provincial level;
- the setting up and facilitation of the Provincial Multi-Stakeholder Platform and of its Youth Working Group and the coordination of provincial implementation partners;
- M&E and KM in relation to all activities in the province;
- the implementation of YESS GESI strategy at the provincial level.

14. **DPIUs.** One District Project Implementation Unit will be established in every target district, based on CCDP's successful model. The technical team will be based at the PLUT, while the administrative team will be based at the Dinas Agriculture. The Financial Management Consultant will be based at the PLUT but will provide support both to the PLUT team and to the Dinas Agriculture

team. DPIUs will be responsible for implementing Component 2 – Rural Youth Entrepreneurship and will be embedded in the district PLUT. This will involve:

- the preparation of an Annual Work Plans and Budgets (AWPB) for the district;
- the financial and administrative management of project resources disbursed for the implementation of Component 2;
- contracting and procurement of project-related services and supplies extended at district level;
- the setting up and facilitation of the District Multi-Stakeholder Forum and the coordination of district implementation partners;
- M&E and KM in relation to all activities in the district;
- the implementation of YESS GESI strategy at the district level.

1. **Composition.** Table 1 shows the composition of the NPMU, PPIUs and DPIUs.

**Table 1 – Staffing of NPMU, PPIUs and DPIUs**

Management	Technical Staff	Administrative Staff
<b>National Project Management Unit</b>		
-Project Director (government-financed) Assistant Project -Director/Consultant Team Leader (consultant)	- TEVT and Transition to Work Specialist - Youth Entrepreneurship Specialist - Senior Financial Inclusion Specialist - Senior Migration Specialist - KM & Youth Mobilisation Specialist - M&E Specialist - GESI Specialist - Policy Development Specialist	- Financial and Administrative Manager (government-financed) - Financial and Administrative Assistant (government-financed) - Financial and Administrative Consultant (full time 1 <sup>st</sup> year then part time) - Procurement Officer (government-financed) - Procurement Consultant (full time 1 <sup>st</sup> year, then part time) - Drivers and support staff
<b>4. Provincial Project Implementation Units (per unit)</b>		
Provincial Manager	- GESI Specialist - Senior Youth Rural Entrepreneurship and PPP Specialist - TEVT and Transition to Work Specialist - Financial Services Specialist - M&E/KM Officer	Financial and Administrative Manager Procurement Manager Driver and support staff
<b>District Project Implementation Units (per unit)</b>		
	Rural Youth Entrepreneurship Specialist and DPIU Manager M&E Officer  All full-time consultants	Financial Management Consultant

15. The NPMU should include at least 40% of qualified women. Staff identified for the positions financed by government resources will require IFAD no-objection. Consultants financed by project resources will be selected based on competitive bidding (with IFAD no-objection) and have annual performance-based contracts, which will be rebewable contingent on satisfactory performance.

16. **Implementing partners.** There will be four main project implementing partners:

- **TEVT institutions:** vocational schools and colleges, universities and training centres will be YESS partners for the implementation of Sub-component 1.2 – School to Work Transition, through MoUs established with participating institutions;
- **MoM:** the Ministry of Manpower will be responsible for implementing Sub-Component 1.1 – Apprenticeship, i.e. for: developing new apprenticeship programmes in the agriculture/agribusiness sector and piloting them in the target provinces and rolling them out through the national apprenticeship system;



- **MoCSME:** the Ministry of Cooperatives and SMEs is the ministry responsible for creating and developing PLUTs. Component 2 will therefore be implemented in close coordination and with appropriate guidance from MoCSME. However, it is not envisaged to have separate arrangements for implementing district-based activities to be delivered through PLUTs. Rather all activities will be integrated with a view to ensure coordination and synergies between all project components and an MoU will spell out the modalities of collaboration between MoA and the Ministry of Cooperatives and SMEs at the national, provincial and district level.
- **OJK:** OJK will be responsible for the implementation of the financial and business literacy programme under Sub-component 3.1 – Investing for Rural youth and will assist the NPMU in selecting partnering financial institutions;
- **Financial institutions:** selected partner financial institutions will participate and adopt the different financial instruments proposed under Component 3 – Investing for Youth in Agriculture.

17. It is not planned to have specific MoUs with the Ministry of Education and Culture or Ministry of Manpower for the implementation of Sub-component 1.2. Rather YESS will apply the implementation arrangements used by MoA for the PWMP programme. MoUs will therefore be established directly by MoA (through the NPMU) with partnering schools, universities and training centres. The three ministries will be members of the Project Steering Committee and corresponding provincial and district departments as appropriate will sit on the provincial district/provincial multi-stakeholder platforms.

18. **Provincial and District Multi-Stakeholder Platforms.** Multi-Stakeholder Platforms (MSPs) will gather key project players (representatives of relevant provincial government departments, youth organisations, participating TEVT institutions and universities, local governments, PLUTs, bank and non-bank financial institutions) as described under Sub-component 1.1 and 1.3. In addition to specific responsibilities outlined in Appendix 4, MSPs will have the following responsibilities:

- review and validate AWPBs prepared by PPIUs/DPIUs;
- monitor programme implementation based on regular reports by PPIUs/DPIUs;
- discuss YESS achievements, challenges and bottlenecks, and agree on measures required to lift them;
- provide guidance to PPIUs/DPIUs.

1. PPIUs/DPIUs will provide support to the operation of MSPs and will play the role of secretariat/executive structure.

2. MSPs will each include a Youth Working Group, which will be composed of youth representatives sitting on the MSP and other participants which they will appoint. Youth Working Groups will provide guidance to MSPs.

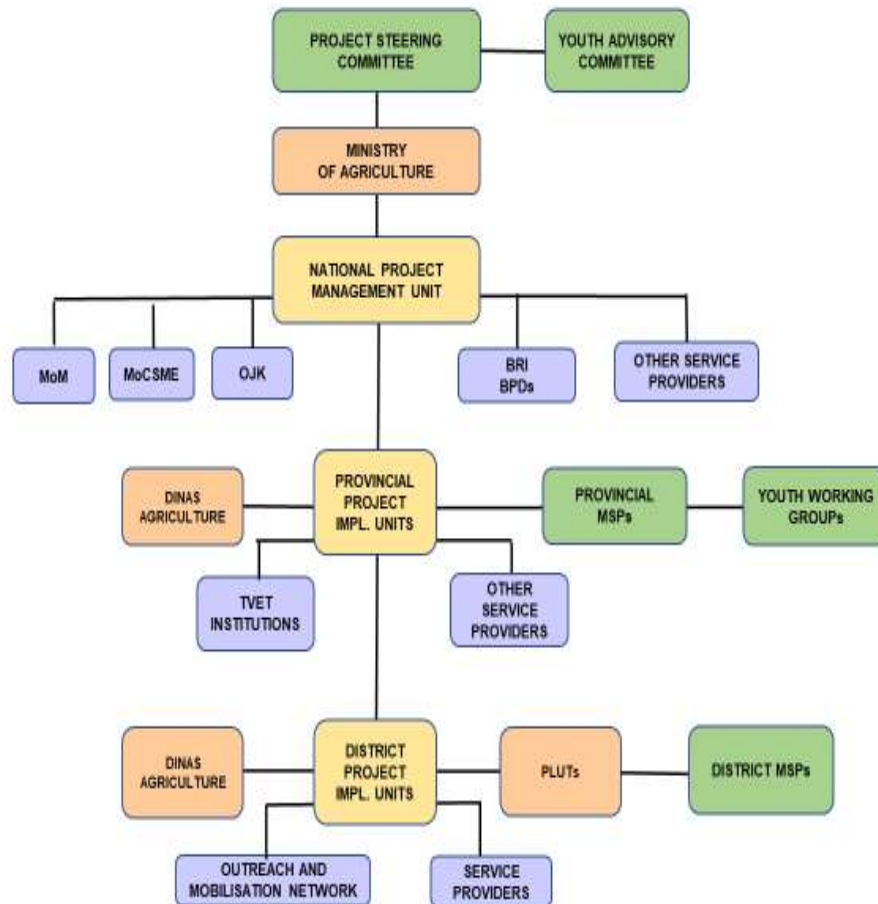
19. **Service providers.** All service providers' contracts will be performance-based and stipulate clear deliverables with a timeframe and quantified expected outputs/outcomes, and they will specify responsibilities with regard to monitoring and reporting, including the information of progress indicators as set forth in the contract. Where envisaged for more than a year, contracts will be established on an annual basis and will be renewable based on satisfactory performance. Terms of reference for service providers will require gender-balanced teams with prior experience of gender mainstreaming, and that contract deliverables reflect gender and inclusion target and indicators.

### ***Project Expeditor***

20. A Project Expeditor with IFAD experience will be fielded at project onset to assist the NPMU in: setting up all the administrative and financial management procedures; preparing the first AWPB and Procurement Plan; expediting compliance to pre-conditions for the release of the first fund disbursements; support the finalization of the PIM; hiring project staff; preparing MoUs. S/he will also provide capacity building to the NPMU, with a view to support fast project start-up. Cost tables include a total of four months that can be used at once or in split assignments, and for hiring one single consultant or one main consultant and ad hoc support of shorter term consultants.



### ATTACHMENT 1 – YESS ORGANISATIONAL CHART



## ATTACHMENT 2 – TERMS OF REFERENCE FOR THE PROGRAMME EXPEDITOR

**Qualifications & Experience:** Preferably a higher degree in economics, agricultural economics, management or business administration; practical experience of at least 10 years in project financial management, planning, accounting procedures, procurement and monitoring and evaluation procedures in internationally financed projects; a good knowledge of computer applications (especially of accounting software) in the above related matters. Excellent sense of relationship and negotiations skills. Fluent in English (reading, writing and speaking).

**Special Qualifications:** Knowledge of IFAD financial management, procurement and accounting procedures. Knowledge of the Indonesian legislation with regard to donor-financed project financial management and procurement legislation would be an advantage.

**Location:** At YESS NPMU in Jakarta, with travels as required to target provinces.

**Duration:** Assignment of up to a maximum of 4 months.

**Reporting:** To YESS Project Director.

**General Objective:** To assist the NPMU in securing an effective and smooth project start-up and in setting up all of the project management procedures and tools.

**Detailed Tasks:** The Project Expeditor will be responsible for undertaking the following tasks, in close cooperation with the NPMU and MoA/AEEHRD:

- Prepare draft advertisements for the recruitment of NPMU, PPIU and DPIU staff for review and approval by the NPMU and IFAD; prepare interview guidelines to be used by the interview panel, including evaluation and selection criteria for each post, and propose the composition of the interview panel, for approval by MoA and subsequent no objection by IFAD; and prepare NPMU recruitment to be submitted to MoA and IFAD no objection;
- Assist the NPMU in setting up PPIUs and DPIUs and in devising procedures for communication and supervision;
- In collaboration with relevant NPMU staff, prepare all contracts and MoUs with main implementation project partners and service providers (MoM, MoCSME, Mobilizers' Teams under Component 2, OJK, partner financial institutions and Component 3 Implementation Team), establish PMU office and launch the procurement of office equipment and vehicles for the NPMU, PPIUs and DPIUs;
- Train the NPMU and other relevant AEEHRD/MoA staff dealing with contract management on: various methods of procurement and selection of service providers; technical and financial evaluation of bids; performance-based contract models to be used; and monitoring of contract execution;
- Assist the NPMU in preparing the first AWPB and the revised procurement plan, and train relevant NPMU staff in the preparation of these documents.
- Set up the account management and financial reporting system together with the Financial and Administrative Manager, Assistant and Consultant, using appropriate accounting software and in accordance with established international practices and IFAD and Gol requirements.
- Train NPMU staff in project accounting, disbursement, financial reporting and procurement;
- Assist the Financial and Administrative Manager Assistant and Consultant in setting up project accounts and in preparing withdrawal applications and SOEs (Statements of Expenditures);
- Support the finalisation of the Project Implementation Manual and Finance and Administrative Manual;

- Assist the PMU in expediting compliance to pre-conditions for the release of the first fund disbursements;
- Assist the PMU in preparing and organising the project start-up workshop.
- Prepare the Framework for Good Governance, including an Internal Code of Conduct to be signed by all PMU staff, and a Code of Business Ethics to be signed by all partners and beneficiaries of YESS investments and activities.



## Appendix 6: Planning, M&E and learning and knowledge management

1. **Objectives.** YESS monitoring and evaluation (M&E) and knowledge management (KM) system will be developed with three main objectives:

- *steer project implementation:* it should provide project stakeholders at the three levels of intervention with information and analysis required to: measure project outcomes; assess project effects on the livelihoods and skills of target groups; assess the relevance of the project strategy, methodologies and implementation processes; detect difficulties and successes; and support decision-making to improve project performance;
- *support economic decisions and policymaking:* it should provide project stakeholders, in particular young farmers and entrepreneurs and project implementers, with the information and analysis they need to assess the return brought by innovation, to develop profitable and sustainable activities and to adapt their strategies accordingly;
- *share knowledge and upscale good practices:* it should develop lessons learnt, capture good practices and successful innovation, and share knowledge, with a view to support project performance, policy development and policy dialogue.

2. **General principles.** The M&E and KM system will be: (i) open and easily accessible: information and knowledge should be available to all stakeholders and not restricted to project staff and consultants; (ii) participatory: associate project stakeholders in the definition of indicators, data collection, analysis and dissemination of results; (iii) focused on analysis, learning and sharing in support of decision-making, knowledge sharing and policy dialogue, and not merely on data production; (iv) harmonised with MoA and MoCSME relevant information systems; (v) accountable: not just upward (to IFAD, GoI, co-financiers) but also downward (to project stakeholders and target groups); and (viii) phased, thus simple and small initially, concentrating on key indicators, and expanding progressively as needs and capacities develop, particularly at district level.

### M&E and KM System

3. **Framework and implementation plans.** The M&E and Knowledge Management (KM) system will be developed in line with IFAD as well as GoI requirements. It will be set up and managed by the NPMU, in consultation with MoA and other project stakeholders, and it will be decentralised to the target provinces, where it will be managed by PPIUs, building on CCDP lessons (see Appendix 3). The system will be harmonised with that of MoA/Ministry of Cooperatives and SMEs so that YESS-related data can be easily used by GoI.

4. Short-term international technical assistance will be hired by the NPMU to: (i) agree on a shared understanding of project objectives, approaches and planned activities; (ii) agree on a broad framework for M&E and KM and on priority actions to implement it; and (iii) identify quantitative and qualitative indicators on a participatory basis, building on the logical framework and oriented on the set of IFAD's Results and Impact Management System (RIMS). While RIMS is no longer mandatory, it can provide a good basis to be adjusted to the design and Theory of Change. The consultant will produce a detailed M&E/KM manual, together with an implementation plan, including capacity development arrangements. S/he will also provide orientations: (i) for the baseline survey, mid-term and completion surveys (see below), to be carried out by a specialised service provider; (ii) for the mini-baseline surveys to be carried out at district level (see below); and (iii) for the Annual Plans for Inclusive Innovation and Scaling Up (see Component 4). The NPMU will translate the manual into easy-to-grasp guidelines in Bahasa Indonesia, particularly targeting PLUTs and their Outreach Network, which will be largely shared and matched with capacity building at provincial and district level. The main features of the M&E/KM system are developed below.

5. **Indicators.** Building on the attached logical framework, output and outcome indicators will be developed with YESS stakeholders. They will be SMART (specific, measurable, achievable, relevant,

time-bound), easy to collect and disaggregated by categories of lead partners and target groups. They will include relevant RIMS indicators as well as COSOP indicators. The GESI Specialist will be consulted to ensure that the system adequately monitors inclusion, poverty and gender aspects.

6. **Baseline and completion survey.** The NPMU will carry a baseline study measuring the status of main indicators at project onset, with assistance from an outsourced qualified consulting firm. The scope of the survey and implementation modalities will be defined by the NPMU Senior M&E/KM Specialist, with support from the M&E/KM consultant hired at the beginning of the project. Target indicators in the attached logical framework will be reviewed based on actual baseline figures.

7. Additionally, mini-baseline surveys will be carried out at district level, along a simple e-format to be prepared at project inception by the NPMU Senior M&E/KM Specialist and the specialised consultant, in collaboration with the Senior Youth Entrepreneurship Specialist and MoCSME/PLUTs.

8. An impact assessment and outcome survey will be carried out at project mid-term and end, to compare the impact generated by project interventions with the baseline study. Based on these results, the NPMU, in consultation with MoA and MoCSME, will prepare a Project Completion Report to be submitted to IFAD and GoI within three months of project completion.

9. **Planning.** The M&E/KM cycle will start with the preparation of the project Annual Work Plan and Budget (AWPB), which will cover detailed annual planning of activities and implementation responsibilities, physical results targeted, outputs expected, budget and procurement plan. AWPBs will build on:

- AWPBs prepared by PPIUs and DPIUs. PPIUs will make sure that young women are adequately represented in this process and that they are allowed to voice specific concerns;
- AWPBs prepared by OJK and other service providers;
- orientations provided by provincial Multi-Stakeholder Platforms (MSPs), in particular for the identification of policy studies;
- Annual Plans for Inclusive Innovation and Scaling Up (Component 4).

10. The project AWPB will be collated by the NPMU Senior M&E/KM Specialist, the Financial Management Officer and Financial and Administrative (for budgeting), under the supervision of the Executive Project Director, and it will be submitted to the Project Steering Committee for final approval. YESS stakeholders (including the Youth Advisory Committee and MSP Youth Working Groups - see Appendix 5) will have an active role in identifying, collecting and analysing data.

11. **Data collection.** Data will be collected against both qualitative and quantitative indicators and disaggregated by gender, along forms to be proposed by the M&E/KM consultant hired at project onset and the following levels:

- *District level*, where information will be gathered by DPIUs and the PLUT Outreach Network, and in particular Youth Facilitators, with support from the relative PPIU. Youth Facilitators will receive a tablet to support M&E data collection and directly introduce data in the project MIS. Indicators should measure two complementary dimensions:
- *Provincial level*, where district-based information will be consolidated, together with data on activities implemented at provincial level, including implementation of service providers' contracts (including financial institutions) in the province;
- *NPMU level*, information will encompass overall project performance, including nationally contracted service providers and will be the responsibility of the Senior M&E/KM Specialist.

12. **MIS.** YESS will develop a web-based Management Information System (MIS) to support data management. The MIS will track and regularly update gender-disaggregated financial and technical data on project outputs and outcomes, lessons learnt and good practices. A service provider will set up the system along indications to be provided by the M&E/KM consultant hired at project onset and provide training to relevant staff. YESS MIS should be compatible with PLUTs' MIS.



13. **Analysis.** Data will be consolidated and analysed so as to provide information on the performance of the various components, detect problems, identify possible solutions and track good practices to share through the knowledge management system. Building on CCDP successful experience, the MIS will generate weekly and monthly dashboards showing progress on key outputs and objectives, profiling DPIU and PPIU performance and showing progress towards meeting key project indicators. Weekly meetings will be held at the various levels to review progress, discuss issues, and update project status. MIS-based performance tracking will also support performance-based allocation of project resources at district level, along modalities building on CCDP model and outlined in Appendix 4, Component 2.

14. The use of mobile applications like WhatsApp, Facebook and Twitter will facilitate the exchange of information throughout wide project target areas and will foster team building.

15. **Reporting.** The NPMU will prepare semi-annual progress reports, which will record and analyse technical and financial achievements. A draft structure of semi-annual reports is presented in Attachment 1. Progress reports will be channelled to the Project Steering Committee and to IFAD for discussion and review. Semi-annual progress reports will build on:

- *DPIU reports:* DPIUs will be required to submit brief progress reports, using a simple template to be provided by the NPMU and with support from the DPIU. Progress reports should be short, but include at least the following information: financial summary (using a short table), main activities against the District Youth in Agriculture Plan, number and description of beneficiaries;
- *Provincial Team Reports:* Provincial Teams will prepare semi-annual progress reports, along a format that will be developed by the NPMU and that will be similar to that of the project progress report.

16. **M&E capacity development.** The NPMU will provide capacity building trainings to PPIUs and DPIUs. The Senior M&E/KM Specialist will design a capacity building plan, based on prior capacity assessment, to support PPIUs and DPIUs on both concepts and practical skills to manage the M&E system, especially data collection, data analysis and reporting. Short-term technical assistance could be hired if needed.

### **Inception, Reviews and Surveys**

17. **Inception.** An inception workshop will be organised with project stakeholders and implementing partners to: (i) ensure that all partners understand and agree on the scope and implementing modalities of the project; (ii) introduce key processes, tools, strategies for M&E and KM; and (iii) build relationships for future knowledge sharing.

18. **Implementation support.** Annual Implementation Support Missions (ISMs) will be organised by IFAD jointly with GoI, in close collaboration with MoA, MoCSME, PPIUs, DPIUs and project stakeholders. ISMs will offer an opportunity to assess achievements and lessons jointly, to review innovations, and to reflect on improvement measures. Missions will therefore be an integral part of the KM cycle, with mission members playing a supportive and coaching role. To ensure continuity in the process, ISMs will be carried out by a core team of resource persons returning regularly, joined by specialists to address specific needs of a given year.

19. **Interim reviews.** A Mid-Term Review will be organised by IFAD and GoI early in year 3. The review will: (i) assess achievements and interim impact, the efficiency and effectiveness of YESS management, and the continued validity of YESS design; (ii) identify key lessons learnt and good practices; and (iii) provide recommendations for improved performance. Specific issues to be addressed include the following:

- Performance of partners;
- Progress in engaging low-skilled and poorer youth and in facilitating access to land, as per the GESI strategy, and effectiveness of targeting and of PLUT Outreach Networks;
- Most performing models and opportunities for replication and scaling up;

- Performance of financial institutions in delivering project-supported financial instruments, in improving financial inclusion and in leveraging migration remittances to invest into youth-owned agribusiness;
- Linkages and synergies between the three components;
- Role and impact of the multi-stakeholders' platforms, including their Youth Working Groups, and of the Youth Advisory Committee;
- Performance of the DPIUs and progress in mainstreaming YESS successful approaches into PLUTs and partners' regular processes;
- Performance of the NPMU, PPIU and of key implementation partners, including in terms of required reporting, disbursement targets, implementation schedule and resolving implementation issues;
- Sustainability.

20. The Mid-Term Review will also review: options for scaling-up the apprenticeship scheme and make recommendations for the use of the Apprenticeship Scaling Up Facility (see Sub-component 1.2); and the opportunity of scaling-up agricultural job fairs to all of the target provinces (see Sub-component 1.1).

21. A second interim review will be organized, with similar objectives, in the course of the fifth year. It will also make recommendations with regard to key measures required to secure the sustainability of project achievements, based on which the NPMU will prepare a detailed exit strategy. This will include reviewing the options for ensuring the continuity of the Youth in Agriculture Platform beyond project completion (see Sub-component 4.2).

22. **Impact and outcome assessments.** As per the current practice within IFAD's Indonesia country programme, an Annual Outcome Survey will be undertaken each year from Project Year 2. Impact surveys will be carried out at three points during project implementation, at baseline in 2018/19, in preparation to the second interim review (end of PY 4) and prior to project completion. They will be undertaken by the NPMU with the support of a service provider, in line with the IFAD's RIMS Impact Survey Guidelines. Tools such as case studies, the Most Significant Changes and photo stories will be used to collect qualitative information through a participatory approach. Survey data and analysis will be shared with the multi-stakeholders' platforms.

### **Knowledge Management**

23. **Objective.** The objective of knowledge management is to ensure that knowledge generated within the project is systematically identified, analysed, documented and shared, and that it is used to: (i) improve project performance and delivery; (ii) allow flexibility to changing circumstances; (iii) document and share innovations, best practices and stories of successes and failures to improve project intervention and support mainstreaming in national processes and upscaling; and (iv) identify important issues to convey to policy makers.

24. **KM framework and Annual Plan for Inclusive Innovation, Communication and Scaling Up.** In consultation with project stakeholders and in collaboration with the NPMU Senior M&E/KM Specialist and PPIU M&E/KM Specialist, the same consultant hired to design the M&E system will prepare a detailed KM framework (as part of the M&E/KM manual). The framework will include objectives, responsibilities and methodology, together with a Plan for Inclusive Innovation, Communication and Scaling Up for the first year. The M&E/KM consultant will further provide technical guidance in implementing the framework and further improving it based on experience, through annual or biannual follow-up missions. The plan will be updated every year, in collaboration with MSPs.

25. Particular attention will be given to documenting innovative models for: (i) supporting low-skilled young people employment and farming/entrepreneurship development; (ii) facilitating young landless men and women to land tenure; (iii) increasing PLUTs outreach to youth of different socio-economic

profiles, including poorer ones; (iii) accessing financial services; and (iv) leveraging remittances for investment into rural businesses in the agriculture-based sector.

## 26. Attachment 1: Content of Semi-Annual Progress Reports

- I. Executive Summary**
  - a. Overall progress with implementation and semester highlights
  - b. Key issues and actions taken
  - c. Key points on which Project Steering Committee and IFAD guidance is sought (as needed)
- II. Progress with component implementation** *[For each component, discuss progress with activities for the period against agreed AWPB and logical framework, identify problems and possible solutions]*
  - a. Component 1 – Activity implemented and results against work plan
  - b. Component 2 – Activity implemented and results against work plan
  - c. Component 3 – Activity implemented and results against work plan
  - d. Component 4 – Activity implemented and results against work plan
- III. Progress in meeting legal covenants** *[Report progress towards legal covenants in Financing Agreement]*
- IV. Progress with Agreed AWPB to [date]**  
*[Discuss progress and include action plan in annex 1]*
- V. Financial Monitoring**
  - a. Financial management status *[include new commitments disbursement data, audit status, etc., and refer to tables in annex 2]*
  - b. Procurement status *[Discuss procurement status and refer to table in annex 3]*
- VI. Key Indicators** *[Discuss general progress and refer to tables in annex 4]*
- VII. Knowledge Management** *[Present implementation of Annual Plan for Inclusive Innovation, Communication and Scaling Up]*
- VIII. Work Program for the next 6 months** *[Discuss key activities for the coming period and any adjustment to the Program of Activities]*
- IX. Annexes**
  - Annex 1 – Status of Agreed Action Plan**
  - Annex 2 – Financial Management Report**
  - Annex 3 – Procurement Status Report**
  - Annex 4 – Progress against results framework and key indicators**



## Appendix 7: Financial management and disbursement arrangements

### I. Summary of Risk Assessment

1. This Financial Management Assessment (FMA) has been prepared in accordance with IFAD's Guidelines for the Financial Management and Analysis of Projects, Financial Due Diligence: A Methodology Note, and the Guidance Note on Undertaking Financial Management Assessment at Design. This FMA incorporates the Financial Management Internal Control and Risk Management Assessment required by the Guidelines. The purpose of this FMA was to determine the robustness of the accounting, financial controls and oversight arrangements, and the capability of the EA and IAs to meet all the fiduciary requirements, which are set out in the financing agreement and other Programme documents. Annex 2 to this Appendix presents the consolidated results of the completed FMA Questionnaires from the Executing Agencies (EA) and Implementing Agencies/Units (IAs/IUs). This report was prepared by reviewing documents and interviewing the staff of the Government agencies (Agency for Agricultural Extension and Human Resource Development/AAEHRD of MoA, Ministry of Cooperative & SME, Provincial Dinas Agriculture, Provincial Dinas Cooperative & SME and PLUTs in Banjarbaru (South Kalimantan) and Makassar (South Sulawesi) provinces, and also referring to the FMAs recently prepared for new IFAD projects (IPDMIP/Integrated Participatory Development and Management of Irrigation Programme and READSI/Rural Empowerment and Agricultural Development Scaling-up Initiative Programme) where AAEHRD will be the main implementing agency.

2. The significant **strengths** of the FMA for this project are that: (i) as a whole, the prevailing government financial, accounting, and auditing rules and systems meet generally acceptable standards; (ii) AAEHRD as the Executing Agency already has experience with the international donor funded projects such as NAEP (National Agricultural Extension Project), DAFEP (Decentralized Agricultural and Forestry Extension Project), FEATI (Farmer Empowerment through Agricultural Technology and Information Project), P4K (*Proyek Pembinaan Peningkatan Pendapatan Petani-Nelayan Kecil* or Support for Increasing Incomes of Small Farmers and Fishermen Project), READ (Rural Empowerment and Agricultural Development Programme) funded by World Bank, UNDP, and IFAD; and (iii) financing of all activities will be treated as central government activities and financed under APBN (*Anggaran Pendapatan dan Belanja Negara* or Annual State Budget), where financing of activities in the provinces and districts will use *Dekonsentrasi* (de-concentration) and *Tugas Pembantuan/TP* mechanisms (transfer of mandate and budget from central government to province and district governments), which is an advantage as staff in NPMU, provinces and districts are already familiar with such mechanisms; and (iv) the more complex on-granting mechanism involving local government budget (APBD) will not be used in this programme.

3. The **weaknesses** are that: (i) the complexity of YESS project where some of the project fund will be channelled using on-lending mechanism by the Ministry of Finance to finance rural inclusion activities (SME Investment Readiness facility) which is outside the mandate of Ministry of Agriculture; (ii) AAEHRD may not have sufficient capacity to manage the FM aspects for all the three IFAD projects (IPDMIP or Integrated and Participatory Development and Management of Irrigation Programme, READSI or Rural Empowerment and Agricultural Development Scaling-up Initiative Programme and YESS) which will be implemented at the same time; (iii) Ministry of Cooperative & SME as an important partner has no experience with international donor funded projects; (iv) the implementing agencies in the provinces and districts visited have no previous experience with international donor financed projects. These challenges risk impacting the implementation of activities, the reliability of financial reporting, and the smoothness of flow of funds, and will have to be mitigated by strong capacity, coordination and collaboration with other ministries and key stakeholders.

4. **Overall risk rating.** The assessment indicates that as a whole, the prevailing government financial, accounting, and auditing rules and systems meet acceptable standards. The Government has adequate internal control systems and financial reporting arrangements. The Executing Agency

(AAEHRD) has successfully implemented projects with international donors including ADB, IFAD, and the World Bank. The overall performance of the Executing Agency and Implementing Agencies/Units in implementing financial management of the previous and ongoing projects is acceptable. The overall FM risk rating is deemed to be Medium (M).

5. **Mitigating measures** identified during the discussions with the above stakeholders include: (i) early establishment of the NPMU, PPIUs and DPIUs (before loan signing) with adequate and qualified staff; (ii) capacity building (training) related to IFAD financial procedures; (iii) recruitment of qualified FM consultants in NPMU, PPIUs and DPIUs; (iv) early finalization and socialization of the Project Implementation Manual (PIM); (v) recruitment of procurement consultants in NPMU and PPIU; and (vi) strong Monitoring & Evaluation (M&E) capacity in NPMU. It is expected that there will be no exceptions to the General Conditions. More detailed mitigating actions are described in Table 1 below.

6. **Programme Costs.** The total programme costs, including physical and price contingencies, duties and taxes are estimated at USD 72.97 million over a six-year implementation period, as shown in the main report and in Appendix 9. The proposed financing plan by implementing entities at different levels is summarized in Table 1. below.

**Table 1: Project costs by implementing entities**

	Amount in USD 000	
	IFAD Loan	Total Project Cost
<b>NPMU</b>	37,949	51,241
<b>PPIUs</b>	4,029	5,222
<b>DPIUs</b>	13,322	16,509
<b>Total</b>	<b>55,300</b>	<b>72,972</b>

### III. Implementation Arrangements

#### A. Implementing and participating organizations with fiduciary responsibilities.

7. **Ministry of Finance** will act as the official Representative of the Government of Indonesia as the Borrower/ Recipient. In this role MoF will be responsible for: (i) Fulfilling the government fiduciary oversight and management responsibilities; (ii) Providing sufficient counterpart contribution in a timely manner to finance the programme activities, including payment of government staff salaries seconded to the project and covering all taxes and duties on project expenditure; and (iii) Timely submission of WAs, approval of AWPB, procurement packages and other necessary documents according to agreed operating procedures.

8. **The Executing Agency** for loan financed activities will be the Ministry of Agriculture on behalf of Gol, and the project will be implemented by the Ministry of Agriculture through the Agricultural Education Centre (*Pusdik*) under the Agency of Agricultural Extension and Human Resource Development (AAEHRD).

9. **National Programme Management Unit (NPMU)** will be established in AAEHRD to assist the Agricultural Education Centre in implementing the project at national, provincial and district levels. Provincial Project Implementation Unit (**PPIU**) and District Project Implementation Unit (**DPIU**) will be established in each province and district. The PPIU will coordinate activities at provincial and district levels, including work-plans.

10. At the district level, the Dinas Agriculture will sign agreement (*Perjanjian Kerja Sama/PKS*) with PLUT/Dinas Cooperatives and SMEs which define more detailed and specific tasks and responsibilities. Similar arrangements will be made with the Ministry of Manpower (MoM) for implementing the apprenticeship activities.

11. The NPMU will be led by a Programme Director supported by a Deputy Programme Director, technical, administrative, financial and procurement staff. The role of the Deputy Programme Director is to provide overall coordination and oversight of all programme activities in the provinces and districts, and ensure adequate senior presence and support of the programme management out in the YESS districts. He/she will also act as proxy of the Project Director when the Project Director is not available. The NPMU will provide overall support to all components. Technical specialists (consultants) will be contracted by NPMU and PPIU and operate as an integrated part of the implementation teams, hosted by the relevant units at national, provincial and/or district level.

12. **PPIU (Provincial Programme Implementing Unit)** will be set up in each province with primary focus on programme administration functions, such as financial reporting, M&E and planning. They are necessary to provide closer support and backstopping to the NPMU, and are expected to be hosted by the provincial agricultural education centres or other agency which are directly under AAHRD/MoA. In addition, consultants/technical experts may be needed at the provinces. The composition of PPIU will be similar to NPMU but smaller.

13. **District Programme Implementation Units (DPIUs)** will also be established in each district to coordinate the activities in the districts, in addition to PPIUs. DPIUs will be embedded partly in the district PLUT (full-time technical staff and Financial Management consultant) and partly in the Dinas Agriculture (part time-administrative staff).

14. The programme management team in each implementing agency typically will compose of the following staff:

- Head of the Implementing Agency
- Project Manager or Commitment Maker Officer (PPK)
- Deputy Manager (to act on behalf of PPK in case PPK is not available)
- Finance Officers
- Assistants:
  - Technical staff (depends on the technical nature of the project/activities eg, training, education, entrepreneurship, etc.)
  - Procurement staff (should be procurement certified)
  - Planning staff
  - Monitoring & Evaluation staff
- Consultants/Technical Experts including financial consultants.

15. The number and expertise of the consultants depend on the number and types of activities in the implementing agencies. With regards to FM aspects, NPMU, PPIU and DPIU will have one FM consultant each.

#### **IV. Financial Management Risk Assessment**

##### **A. Inherent risks: Country issues, Entity Risks, Programme Design.**

16. Based on the World Bank's report on a repeat Public Expenditure and Financial Accountability (PEFA) assessment on Indonesia conducted in 2012<sup>128</sup>, Indonesia has made steady progress to strengthen the quality of the Public Financial Management (PFM) system and processes in the following categories: (i) the comprehensiveness and transparency of the budget; (ii) policy-based budgeting; (iii) predictability and control in budget execution; (iv) accounting, recording and reporting; and (v) external audit and scrutiny. With the development of a unified budget and a Treasury Single Account (TSA), the budget execution has been improved, following international standards and strengthening the control over planning spending and cash management. Efforts to strengthen

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<sup>128</sup> An updated PEFA has been prepared in 2017, but is not yet publicly available.

internal and external audit continues such as: (i) revision of procurement regulations; (ii) implementation of accrual accounting system since 2015. Transparency of the budget has been enhanced with the key budget documents now available on the web.

17. The government initiated a Medium-Term Expenditure Framework (MTEF) and performance-based budgeting (PBB) in 2008, with ongoing efforts to implement them at the sectoral levels. A new program structure in the government's planning and budgeting documents aligns the government's programs with organizational structures, and establishes clearer lines of accountability for program performance. The establishment of a Treasury Single Account (TSA) in 2009 has improved cash management and planning. Implementation of an automated financial management information system (SPAN) was started in 2012 which permits direct connection with line ministries and other users of treasury resources to access and process financial information, while allowing the Directorate-General of Treasury to meet its obligations for treasury management.

18. Budget classification follows international standards in accordance with the International Monetary Fund government financial statistics. Transparency of the budget has been enhanced with the key budget documents now available on the web. Audits by the Supreme Audit Agency (BPK or *Badan Pemeriksa Keuangan*) show an improvement in the quality of government financial statements. A move to accrual-based accounting from cash-based accounting is ongoing, with the process expected to be completed by 2015. Government Regulation/PP No. 60/2008 clarified the role of internal auditors (BPKP or *Badan Pemeriksa Keuangan dan Pembangunan*) and required all state institutions to implement the Government Internal Control System (GICS) for effective, efficient, and accountable management of state funds, and reliable reporting.

19. Decentralization was launched in 2001. Law no. 32 on Regional Autonomy, among other aspects, outlines expenditure responsibilities by tier of government and regulates procedures for the creation of new regional governments. Law no. 33 on Fiscal Balance outlines the system of regional financing, including mechanisms to transfer funds from central to regional governments. The government is fine-tuning and adding depth to the legal and regulatory framework (with lower-level regulations and instruments), and strengthening the government's human resource and systems capacity at all levels.

20. The major country accountability issues affecting the country fiduciary environment and that may pose fiduciary risks for the programme are:

21. Salaries for public officials, even the most senior officials, are low compared to the private sector. Indonesia's corruption risk is heightened because the officials receiving low wages are working within a decentralized system of licensing.

22. More than 10 years ago, Indonesia's political power became notably decentralized through the legislation of the so-called Autonomy Laws. Under these laws, the central government entrusts the responsibility for licensing to the provinces. These laws were intended to reduce instances of senior public officials gaining control of lucrative offices.

23. In the Transparency International (TI) Corruption Perceptions Index for 2017, Indonesia scored 37129 on the scale, showing a modest improvement from score of 32 in 2012, however perception of corruption remains high as evidenced by the country's ranking of 96th out of 180 countries.

24. The assessments indicate that as a whole, the prevailing government financial, accounting, and auditing rules and systems meet generally acceptable standards. The Government has adequate internal control systems and financial reporting arrangements. The EA and IAs/IUs have worked in the past with International Donor such as World Bank, UNDP and IFAD and have implemented well the International funded projects. The overall performance of EA and IAs in implementing financial management of the projects is acceptable.

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<sup>129</sup> On a scale from 0 (highly corrupt) to 100 (very clean).



25. The audit reports from previous and on-going IFAD projects have expressed unqualified opinions on the financial statements. However, the audit observations reveal a need to improve internal controls particularly at decentralized level, where there are occasional instances of over-payments, which are required to be refunded to IFAD.

**B. Programme Control Risks**

26. Table 2 shows a summary of financial management (FM) risks and mitigating actions.

**Table 2. Summary of FM Risks and mitigating actions**

<b>Risk Category</b>	<b>Initial FM Risk Rating</b>	<b>Proposed Risk Mitigating Measures</b>	<b>Residual Risk Rating</b>
<b>A. Inherent Risks</b>			
<b>Country Level</b> <ul style="list-style-type: none"> <li>TI Index 37 (rank 96/180)</li> </ul>	-	-	M
<b>Entity and project design</b> <ul style="list-style-type: none"> <li>For certain activities MOA as the EA has to collaborate and coordinate with other ministries for implementation of the programme</li> <li>Programme is implemented in 4 provinces and 15 districts with variable implementation capacity across administrative level</li> </ul>	M	<ul style="list-style-type: none"> <li>MOU will be made between MOA and MCSME and between MOA and MOM with clear tasks and responsibilities for each party.</li> <li>Closer monitoring and more consultation to improve inter-coordination within stakeholders</li> <li>Complementing implementation teams with qualified and experienced consultants, capacity building, and implementing a performance-based allocation of project resources at district level</li> </ul>	L
<b>B. Project Control Risks</b>			
<b>1. Organization and Staffing</b> <ul style="list-style-type: none"> <li>AAEHRD has limited number of financial staff who have experience with donor procedures. There will be three IFAD projects managed by AAEHRD at the same</li> <li>PPIUs and DPIUs have no financial and procurement staff who have experience with donor projects</li> </ul>	M	<ul style="list-style-type: none"> <li>Additional financial staff from other units in MOA</li> <li>Recruitment of financial and procurement consultants at NPMU.</li> <li>Capacity building (training on IFAD guidelines and procedures.</li> <li>Recruitment of financial consultants at PPIUs and DPIUs</li> <li>Capacity building (training on IFAD guidelines and procedures</li> </ul>	M
	H		M
<b>2. Budgeting</b> <ul style="list-style-type: none"> <li>Timely preparation and submission of AWPB</li> <li>Preparation of realistic budgets</li> </ul>	M	<ul style="list-style-type: none"> <li>Training on IFAD policies and procedures to NPMU, PPIU and DPIU staff involved in budget preparation.</li> <li>Annual workshop for budget preparation.</li> <li>Implementation support from IFAD Country Office.</li> <li>Annual workshops for budget preparation reviewing actual implementation of previous year's budget</li> <li>Bottom up budget preparation approach to ensure realistic targets</li> </ul>	L
<b>3. Funds flow and Disbursements</b> <ul style="list-style-type: none"> <li>Using national budget (APBN) and flows to provinces and districts using de-concentration and <i>Tugas Pembantuan</i> (TP) mechanisms. No on-granting mechanism will be used.</li> </ul>	M	Training of staff and recruitment of financial consultants	M

<b>Risk Category</b>	<b>Initial FM Risk Rating</b>	<b>Proposed Risk Mitigating Measures</b>	<b>Residual Risk Rating</b>
<ul style="list-style-type: none"> <li>Delays of financial reports from provinces and districts will delay in WA preparation</li> </ul>	M		L
<b>4. Internal Control</b> <ul style="list-style-type: none"> <li>Internal control system exists but weak control for fund flow from MoF to end users</li> <li>Although audit reports of IFAD projects have unqualified opinions, the auditors often observed over payments (mostly in province/district level) due to still weak internal control, lack of disciplines, and limited knowledge on financial procedures</li> <li>Risk of corruption and low motivation</li> </ul>	M	<ul style="list-style-type: none"> <li>Draft PIM will be prepared and available prior to negotiations and will be revised as needed during programme implementation.</li> <li>Coordinate with BPK/BPKP to improve internal control system and work closely with EA and IAs /IUs to improve the internal control system, specific for the programme and recruit financial management consultants and provide more guidance to improve programme staff capacity.</li> <li>Provision of allowances to staff working for YESS programme and introduction of performance-based rewards system</li> </ul>	M
<b>5. Accounting system, Policies &amp; Procedures</b> <ul style="list-style-type: none"> <li>Sufficient to meet government requirements, but not sufficient yet to meet IFAD requirements (eg for disbursement purposes)</li> </ul>	M	<ul style="list-style-type: none"> <li>Early establishment of NPMU, PPIUs and DPIUs (before loan signing), allocation of financial/accounting support from experienced senior staff and the support from IFAD in capacity building (training) related to IFAD procedures.,</li> </ul>	M
<b>6. Reporting &amp; Monitoring</b> <ul style="list-style-type: none"> <li>Incomplete and late submission of reports from provinces and districts will delay preparation and submission of WAs, and affect the Special Account (SA) cash flow</li> </ul>	M	<ul style="list-style-type: none"> <li>Recruitment of financial and M&amp;E consultants at NPMU, PPIUs and DPIUs.</li> <li>Develop accounting and financial management manuals, to be included in the PIM</li> </ul>	L
<b>7. Internal Audit</b> <ul style="list-style-type: none"> <li>By the Inspectorate General of MoA</li> </ul>	M	<ul style="list-style-type: none"> <li>Collaborate with BPKP to strengthen internal audit</li> </ul>	M
<b>8. Auditing</b> <ul style="list-style-type: none"> <li>External audit by Supreme Audit Agency (BPK)</li> <li>BPK may not have sufficient auditors to audit all projects thoroughly which affect the completeness and timely submission of the financial statements.</li> </ul>	M	<ul style="list-style-type: none"> <li>Coordinate with BPK/BPKP how to further improve the quality of Audited Project Financial Statements (APFS) and update the TOR for auditors.</li> <li>Recruit financial consultant(s) to further improve the APFS quality.</li> </ul>	M
<b>Project Fiduciary Risk @ Design</b>	<b>M</b>		<b>M</b>
<b>OVERALL FM RISK</b>	<b>M</b>		<b>M</b>

\* H = High, M = Medium, L = Low

## Financial Management and Disbursement Arrangements

### 1) Financial management organization and staffing

27. **Programme Financial Management.** In the NPMU, each PPIU and each DPIU programme staff will be appointed which consists of PPK (*Pejabat Pembuat Komitmen* or Commitment Maker Officer/Project Manager), a treasurer, financial assistants, procurement staff, asset management officer and technical staff. The heads of the implementing agencies will be the *Kuasa Pengguna Anggaran/KPA* or Budget Holder Proxy. Job description for key programme positions will be included in the Programme Implementation Manual (PIM). The staff appointment letters will be issued by the respective Head of the Implementing Agency prior to negotiations. Procurement is usually handled by a procurement unit (ULP) in the agency. The programme's financial management arrangement will generally follow the government systems but with consideration of IFAD rules, regulations and requirement in relation with disbursement documentation, procurement and audit. Due to the inexperienced of some of the programme staff to-be with implementing programmes financed by IFAD, particularly on IFAD's requirements for financial reports and loan/grant disbursement, one financial consultant will be contracted in NPMU and every PPIU and DPIU. A Procurement Specialist consultant will also be recruited at NPMU and PPIU level along similar arrangements. Capacity building/training in finance and procurement at NPMU, PPIUs and DPIUs will be carried out by NPMU through workshops particularly in the first year with IFAD staff/consultants as the resource persons. To ease the preparation of IFAD financial reports and data gathering, NPMU in coordination with IFAD will develop a standard format that is user friendly and able to quickly respond to queries on components, categories of expenditures, procurement process, status of expenditures at central, provincial and district levels and contract management (planning, monitoring, contract register, filing system etc.).

### 2) Budgeting.

28. The project budgeting procedure will follow the annual government budgeting system and process that are stipulated at National and Sub-National Level respectively. The budget of the programme at national level will be a part of the MoA budgets and included in the government budget document (DIPA). As recommended by MoF, the programme will be treated as national government programme financed by APBN. For activities in the provinces and districts will use DEKON (de-concentration) and *Tugas Pembantuan* (TP) mechanisms respectively. More complex on-granting involving local government budget (APBD) mechanism will not be used.

29. At 4<sup>th</sup> quarter of financial year, the EA (NPMU) is required to submit the consolidated national AWPB and Procurement Plan for the following year for No Objection by IFAD. The NPMU will coordinate with the Province and District Level implementing agencies to consolidate the AWPB that consists of: (i) the plans from each District; (ii) plans from each province; and (iii) plans for overall management of YESS. The consolidated AWPB and Procurement Plan will be submitted by the Programme Director to IFAD for No Objection.

### 3) Disbursement Arrangements and Flow of Funds.

30. After loan effectiveness, the Government through Ministry of Finance will open two separate Designated or Special Accounts (SA) nominated in USD/EUR, in the name of the Ministry of Finance (MoF) at Bank Indonesia (BI), one for the IFAD loan funds and the other is for the grant fund. Funds in both accounts will be used to pay for eligible project expenses incurred by the NPMU, PPIUs and DPIUs. The modalities of the special accounts for the IFAD funds will be detailed in the Letter to the Borrower, which would be issued by IFAD after Financing Agreement is signed. MoF will administer the special accounts. The IFAD loan and grant proceeds will be disbursed in accordance with IFAD's Loan Disbursement Handbook (LDH).

31. In general, there will be three types of disbursement mechanism for the programme consist of (i) Advance Withdrawal; (ii) Direct Payment; (iii) Reimbursement. The programme flow of funds is illustrated in Figure 1 of Annex 1.

32. Considering the types of activities that will be implemented in YESS programme, it is likely that most of the disbursements will use replenishment of SA mechanism.

#### 4) Internal Controls

33. Internal control in general needs to be improved. Based on audit reports of IFAD's projects in Indonesia, although the auditors' opinions are of unqualified opinion, however, they still often observed over payments (mostly at the province/district level) due to weak internal controls, lack of disciplines, and limited knowledge on financial procedures which resulted that the IAs have to pay back the over payments to the State Treasury Office (KPPN).

34. A Programme Implementation Manual (PIM) will be prepared and available prior to negotiations and will be revised or improved as needed during programme implementation.

35. Before the submission of the first withdrawal application, the Borrower will submit to IFAD sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the Borrower, together with the authenticated specimen signatures of each authorized person. To minimize administration and transaction costs, the minimum value per withdrawal application will be determined during the final design mission as IFAD may designate in an advice to the Borrower from time to time. The Borrower is to consolidate claims to meet this limit for reimbursement and special account(s) claims. IFAD reserve the right not to accept WAs below the minimum amount.

36. The NPMU will be responsible for preparing the annual disbursement projections, timely preparation of withdrawal applications, and timely submission of withdrawal applications to IFAD. PPIUs and DPIUs are responsible for collecting supporting documents for the programme expenditures they have incurred and compile these as expenditure evidences to be reviewed by NPMU. NPMU is responsible to compile all expenditure evidences to be used as supporting documents for withdrawal application.

37. The NPMU/AAEHRD is assigned to demand all PPIUs and DPIUs to: (a) prepare their respective annual work plan and budget; and (b) to require all PPIUs and DPIUs to submit their payment evidence in a timely manner (monthly, maximum 10 days after the end of month) for verification and preparation of Withdrawal Application.

38. All PPKs (Commitment Maker Officers who are authorized to sign contracts) in NPMU, PPIUs and DPIUs are responsible for monitoring procurements and managing the payments for procured works, goods or services. The payments at the provincial and district levels are made by the respective state treasury office (Kantor Pelayanan Perbendaharaan Negara – KPPN) at the request of PPK and following the approval by the budget holders.

39. **Statement of Expenditure (SOE).** The SOE procedure may be used for reimbursement of eligible expenditure and liquidation of advances to the special account(s). The SOE ceiling is expected to be set at USD 50,000 equivalent per individual contract. SOE records should be maintained and made readily available for review by the joint Government of Indonesia and IFAD review missions or upon IFAD's request for submission of supporting documents on a sampling basis.

#### 5) Accounting systems, policies and procedures

40. All financial transactions, covering AAEHRD (NPMU), PPIUs and DPIUs expenditures, will be recorded in the government accounting system and included in government accountability reports. The programme's staffing will include financial specialist and supported with sufficient finance officers and assistants to manage the accounting requirements of the programme. As well as managing the overall accounting system, the financial officers will also be responsible for ensuring adequacy of financial records and verification of expenditures at national and sub-national levels. The AAEHRD (NPMU) will prepare: (i) separate consolidated project financial statements reports suitable for programme monitoring purposes, and (ii) aggregate financial reports and submit them to IFAD on a six monthly basis using an agreed format as part of the semi-annual progress reports. The AAEHRD (NPMU) shall also prepare consolidated financial statements of the operations, resources and

expenditures related to the programme in respect of each Fiscal Year to be delivered to IFAD within four months of the end of such period. The annual financial statements will be used as a basis for the annual audit.

## 6) Financial reporting

41. Based on the MoF regulation No. 177/PMK-05/2015, each agency has to prepare monthly, quarterly, semi-annual and annual financial reports on the use of the budget following the government accounting system and procedures (LRA or *Laporan Realisasi Anggaran*). The monthly reports must be re-conciliated with the State Treasury Office (KPPN) or Regional Representative Office of DG of Treasury (*Kanwil Ditjen Perbendaharaan*) for correction if there are errors/inconsistencies.

42. The financial reports are submitted in cascade mode from the lower work units (district agency) up to the ministerial level. The deadline for submission of financial reports are as follow:

- First and third quarterly financial reports should be submitted by 07 May and 07 November respectively,
- Semi-annual financial reports should be submitted by one month after end of semester
- Annual financial reports (unaudited) should be submitted by end of February of the following year.

43. IFAD financial report requirements:

- Semester (semi-annual) financial reports to be submitted within 45 days after period-end,
- Annual financial statements to be submitted within 4 months of the end of each Fiscal Year

## 7) Internal Audit

44. The internal audit is conducted by the Inspectorate General of MOA, staffed following the ministry regulation which reports to the Minister. The Inspectorate General is responsible for all activities in MOA for both technical and financial aspects. In conducting the internal audit, the focus is still more on technical aspects, and the control over fund flow from MOF to end users is still weak. To improve the internal control, NPMU will coordinate with BPK/BPKP to work closely with AAEHRD/NPMU, PPIUs and DPIUs specific to the programme and more guidance to improve programme staff capacity.

1. 8) External Audit

45. **Auditing requirements.** The AAEHRD will cause the detailed consolidated programme accounts to be audited in accordance with International Standards on Auditing by an auditor acceptable to IFAD. The audited programme financial statements will be submitted in the English language to IFAD within six (6) months after the end of the fiscal year by the EA. The annual audit report will include a separate audit opinion on the use of the special account, SOE procedures and financial loan covenants. The Government has been made aware of IFAD's policy on delayed submission that IFAD may appoint an auditor to conduct audit in which its costs will be charged to the Borrower, and the requirements for satisfactory and acceptable quality of the audited programme financial statements. IFAD reserves the right to verify the programme's financial statements to confirm that the share of IFAD's financing is used in accordance with IFAD's policies and procedures. IFAD requires that the programme accounts be audited (by approved independent auditors) in accordance with auditing standards consistent with IFAD Guidelines for Project Audits (for Borrower's use).

46. Auditors will express an opinion on the annual consolidated financial statements and determine whether programme funds have been correctly accounted for and have been used in accordance with the financing agreements. They will also determine the adequacy of supporting documents and controls on the use of Statement of Expenditures (SOEs) as a basis for disbursement. The auditors will also furnish a separate Management Letter, which will identify any material weakness in accounting and internal controls at all levels and report on the degree of compliance with financial

covenants of the IFAD Financing Agreement, including a review of the procurement of goods, works and consultant services.

47. The EA will engage Government audit services (BPK or BPKP as both are acceptable to IFAD) to audit the consolidated programme financial statements annually and the audit of the programme EA's/IA's. It is expected that the external audit for the programme will be the State Supreme Audit Agency (*Badan Pemeriksa Keuangan/BPK*) that audit all government institutions/agencies. BPK staff may have limited number of auditors to audit all government agencies in the country particularly in the provinces and districts. The EA will coordinate with BPKP which has representative office in the provinces and more staff available.

48. The EA will submit to IFAD certified copies of audited annual programme financial statements as well as the auditor's report and the management letter within six (6) months of each financial year-end during implementation. The terms of reference (ToR) of auditors have been used by the auditors in other IFAD's projects, and the Government audit services will allocate adequate budget to properly audit the programme.

49. Each IA at national, provincial and district levels is responsible for preparing programme financial statements at the latest two months after the end of the considered fiscal year. These IA's financial statements will then be consolidated by the NPMO at latest four months after the end of fiscal year and sent to IFAD. The financial statements will be audited on an annual basis by BPK and in accordance with agreed terms of reference (TOR) that refer to IFAD standard audit TOR (*as in Appendix 7 of the Handbook for Financial Reporting and Auditing of IFAD-financed Projects*).

## VI. Implementation Readiness

Table 3 below shows the summary of the actions needed to mitigate FM risks.

**Table 3: Summary of actions needed to mitigate FM risks**

	Action	Responsible Party / Person	Target Date / Covenants
1	Establishment of NPMU	AAEHRD (MOA)	Prior to negotiations
2	Draft Programme Implementation Manual (PIM)	AAEHRD (MOA)	Prior to start-up
3	Establishment of PPIUs and DPIUs	AAEHRD, and the respective Local Governments	After loan signing
4	Prepare formal MOUs with partner ministries (MoCSME and MoM)	AAEHRD, MoCSME, MoM	After loan signing
5	Recruitment of consultants and training of financial staff in collaboration with IFAD country office	AAEHRD, IFAD	After loan signing
6	Start-up workshops	AAEHRD	After loan signing
7	Training of FM staff	AAEHRD, IFAD	After loan signing

### 1. Financial Management Supervision Plan.

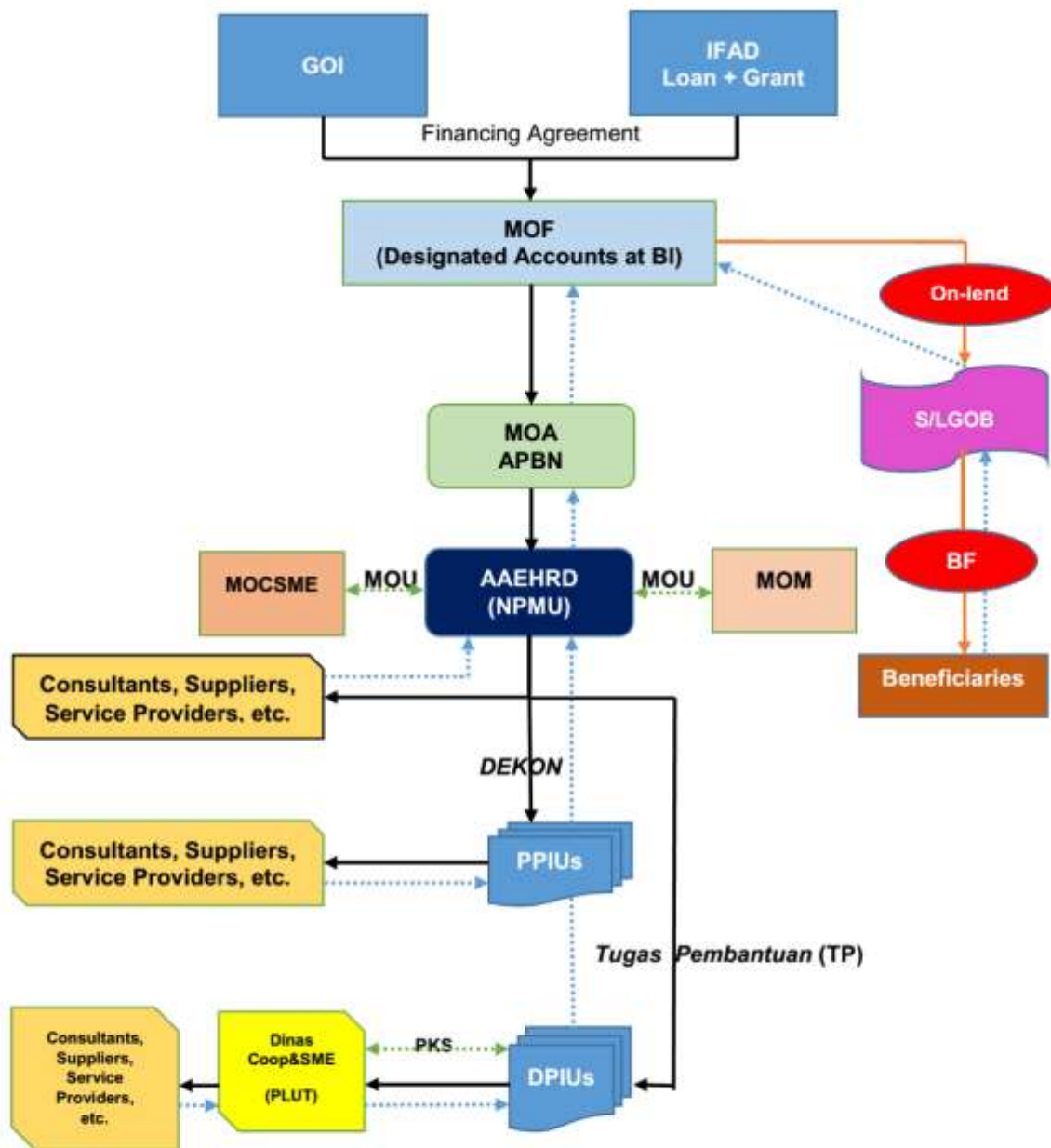
50. YESS will be jointly supervised by Gol and IFAD. Formal joint supervision missions will be conducted at least once per financial year with at least one additional implementation support missions mobilized per year.

51. During joint supervision missions and implementation support missions, the main topics to be reviewed and discussed will include, among others: (i) comparison of programme progress against AWPB; (ii) cumulative programme expenditures based on the source of funds, per component/sub-component, and per category; (iii) loan and/or grant disbursements; (iv) financial data filing system; (v) sampling of Statement of Expenditures (SOE) to verify eligibility and adequacy of supporting documents; (vi) contract register; (vii) asset register; (viii) latest audit report; (ix) procurement; and (x) compliance with the loan covenants.





### Annex 1: Fund Flow



**Note:**

- Fund flow
- Transaction Document flow
- S/LGOB = State/Local Government Owned Banks
- BF = Bridge Financing

MOF = Ministry of Finance. MOA = Ministry of Agriculture. MOM = Ministry of Manpower.  
 MCSME = Ministry of Cooperatives & SME  
 PPIU = Provincial Programme Implementation Unit  
 DPIU = District Programme Implementation Unit  
 PLUT = Pusat Layanan Usaha Terpadu (Centre of Integrated Business Services)  
 MOU = Memorandum of Understanding  
 PKS = Perjanjian Kerja Sama (Agreement)

## Annex 2: Financial Management Assessment Questionnaire (FMAQ)

<b>Project #</b> YESS	<b>Date:</b> March, 2018
<b>Implementing Entity:</b> AAEHRD, Ministry of Agriculture	
<b>Self-assessment completed by:</b> N.A	<b>Date:</b>
<b>Review completed by:</b> <u>Sumaryo Soemardjo</u>	<b>Date:</b> 20 March, 2018

**Implementing Entity:** Agency for Agricultural Extension and Human Resource Development (AAEHRD), Ministry of Agriculture.

**NOTE:**

*In the case of a Government Department, the FMS should initially focus on the status of the country PFM systems in order to gauge level of fiduciary risks to which the proposed project may be exposed. Once an understanding of the PFM environment has been ascertained, the FMS should switch focus down to project level and focus on the department(s) or unit(s) that will financially administer the project*

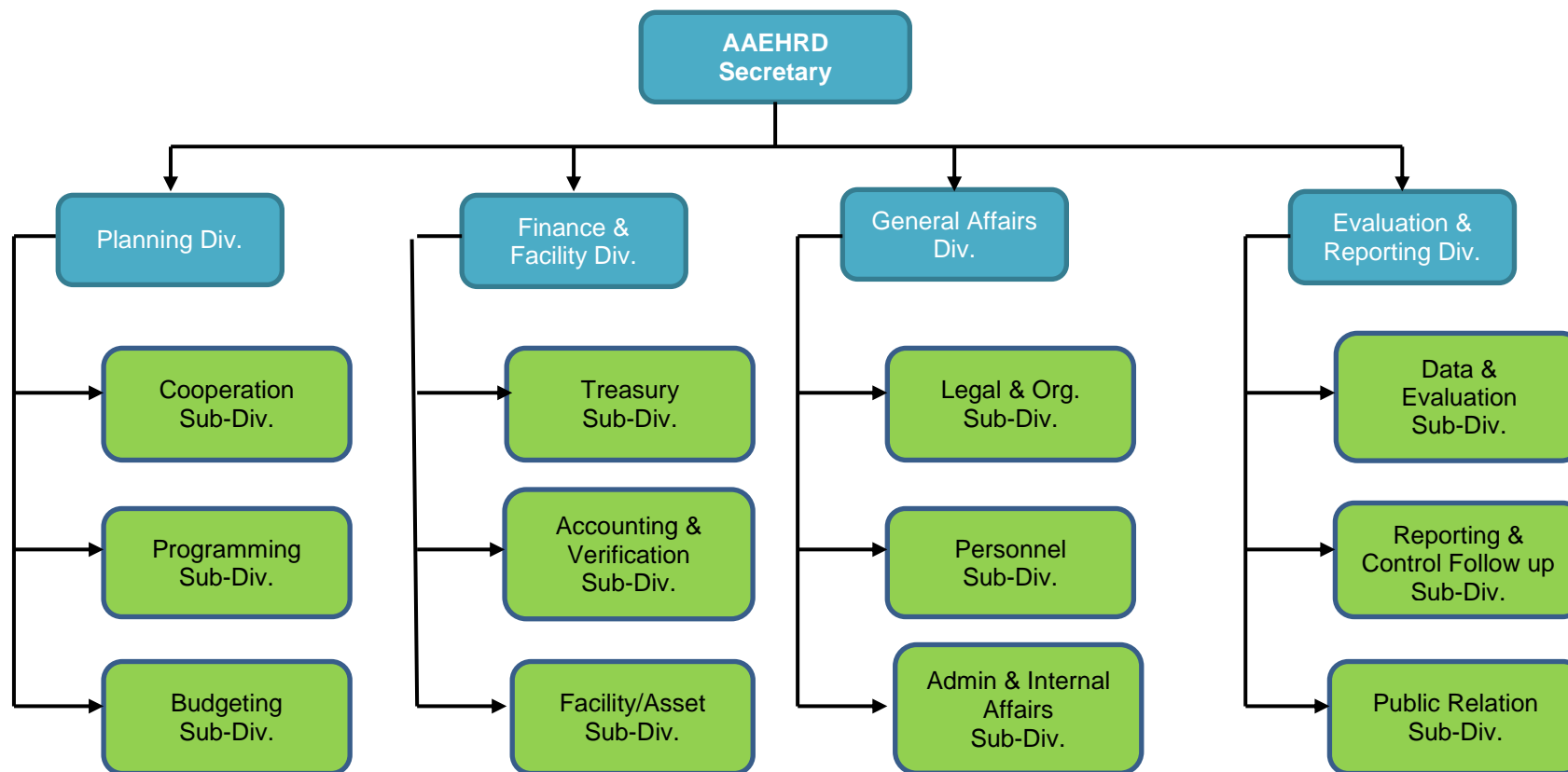
	Topic	Response	Remarks
<b>1.</b>	<b>Organisation and staffing</b>		
1.1	Which entity is the LPA? What is the entity's legal status?	AAEHRD, Ministry of Agriculture. At DG level, directly responsible to the Minister	
1.2	Will financial management of the project be the responsibility of the LPA or be undertaken within the PIU	Will be the LPA's responsibility, through NPMU. Activities in the fields will be implemented by PPIUs and DPIUs that are responsible to NPMU, in collaboration with MoCSME and MoM	
1.3	Has the entity implemented a donor financed project in the past – if so, please provide details?	World Bank projects: NAEP, DAFEP, FEATI. IFAD projects: P4K, READ, IPDMIP	PPIUs and DPIUs have no experience with donor-financed projects
	<b>Staffing</b>		
1.4	What is the (proposed) organizational structure of the accounting department? Attach an organization chart	Lead by Bureau of Finance and Facilities (Echelon III) under the AAEHRD Secretary with appropriate staff Each project has its own financial staff and responsible to the Head of Bureau of Finance and Facilities.	See Annex 3
1.5	Identify the (proposed) accounts staff, including job title, responsibility, educational background and professional experience. Attach job description and CVs of key accounting staff	The following staff will be appointed in NPMU, each PPIU and each DPIU (at a minimum) - Treasurer - Official authorized to issue SPM (Letter of Payment Instruction) - Financial officer and contracted assistant (for preparation of financial reports and WA to IFAD) - Procurement officer	Financial consultants will be recruited for NPMU, PPIUs and DPIUs
1.6	Are written position descriptions that clearly define duties, responsibilities, lines of supervision, and limits of authority for all other officers, managers and staff?	Yes, written in the letter of appointment	
1.7	Is the finance and accounts staff adequately qualified and experienced?	Yes, follows government regulations	
1.8	Are the project accounts and finance staff trained in IFAD procedures?	Yes, from previous and on-going IFAD projects	New staff will be trained
1.9	Are any appointed finance staff on contract? What is the duration of the contracts? Indicate key position not contracted yet, and the estimated contract date of appointment	No, all government officers. However, FM consultants will be contracted as needed for NPMU, PPIUs and DPIUs	
1.10	What is training policy for the finance and accounting	- National Accounting Systems (SAI)	Government

Topic		Response	Remarks
	staff?	- SAKPA application training - SIMAK BMN application training	financial staff are already familiar with government procedures
1.11	Is there evidence that finance staff are regularly transferred to other Government departments? At what frequency are personnel transferred?	Yes, but no specific frequency, depend on the programme needs and the policy of the agency's head.	
1.12	Is the project finance and accounting function staffed adequately?	Yes for the on-going programmes, additional staff may be needed for new programmes.	Additional staff may be required as AAEHRD will implement three IFAD projects at the same time (IPDMIP, READSI and YESS)
<b>2.</b>	<b>Budgeting</b>		
2.1	Who is responsible for preparation and approval of project budgets?	Budget preparation mostly by Technical and planning staff and approved by the Proxy of Budget Holder/KPA ( <i>Kuasa Pengguna Anggaran</i> )	
2.2	Are project budgets prepared for all significant project activities in sufficient detail to provide meaningful tool with which to monitor subsequent performance?	Yes, follows the government procedures.	
2.3	Are procedures in place to plan project activities, collect information from the units in charge of different components, and prepare the budgets?	Yes, they are scheduled for the Annual Budget Plan and Budget Modification (APBNP)	
<b>3.</b>	<b>Fund Flow / Disbursement Arrangements</b>		
3.1	Does the implementing entity have previous experience of using imprest fund and donor funding SOE procedures? Were there any problems or issues encountered by project staff in the operation of the imprest fund or SOE procedures in the past?	Yes  No	
3.2	Does the implementing entity have experience in the management of disbursements from IFAD or other donors? Have there been the major problems in the past in receipt of funds by the entity?	Yes  No	Cash flow management of the Designated Accounts needs to be improved
3.3	Does the entity have/need to develop capacity to manage foreign exchange risks?	Yes	
3.4	Are the beneficiaries required to contribute to project costs? How are payments made for the counterpart funds? If counterpart funds are to be contributed in kind (in form of labour), are proper guidelines formulated to record and value the labour contribution?	Yes, for young start-up entrepreneurs and existing SMEs that will benefit from <b>incentive grants from the project</b> and are expected to provide a cash contribution to finance their investment	Programme Implementation Manual (PIM) will be developed. Draft should be available prior to negotiation
3.5	Is part of the project implemented by communities or NGOs? Does the PIU have the necessary reporting and monitoring features built into its systems to track the use of project proceeds by such agencies?	Yes, with BDS (Business Development Services)  Yes. Each programme has its own PIM which is up-dated annually	
3.6	Describe (proposed) project funds flow arrangements; (attach flow chart and explanation of the flow of funds from IFAD, government and other financiers.	Attached	See Annex 1 to Appendix 7
3.7	In which bank will the Imprest Account be opened?	Central Bank (Bank of Indonesia)	
3.8	Are the (proposed) arrangements to transfer the proceeds of the financing (from the government/Finance Ministry) to the implementing entity satisfactory?	Yes, the implementing entity will report to MoF, and will get Code Number of the Loan and Grant	Follows MoF regulations
<b>4.</b>	<b>Internal Controls</b>		
4.1	Segregation of duties – are the following functional responsibilities performed by different units or persons: (i) authorization to execute a transaction; (ii) recording of the transaction; and (iii) custody of assets involved in the transaction?	Yes (i) by PPK (Commitment Making Officer) (ii) by Treasurer Officer (iii) by asset management unit/officer	
4.2	Are the functions of ordering, receiving, accounting for, and paying for goods and services appropriately segregated?	Yes, the functions are carried out by different units/officers.	

Topic		Response	Remarks
4.3	Are bank reconciliations prepared by someone other than those who make or approve payments?	Bank reconciliation made by treasure officer, controlled by KPA and PPK	
<b>5. Accounting Systems, Policies and Procedures</b>			
5.1	Does the entity have an integrated accounting system that allows for the proper recording of project financial transactions, including the allocation of expenditures in accordance with the respective components, disbursement categories, and sources of funds? Will the project use the entity accounting system?	Yes, GOI has computerized financial system for the project  Use of SAI application, SAKPA application, SIMAK BMN application (for the Government asset)	Government accounting system has not included information on loan disbursement categories (to be added manually)
5.2	Are controls in place concerning the preparation and approval of transactions, ensuring that all transactions are correctly made and adequately explained?	Yes, all transactions must be in accordance with the approved budget items	
5.3	Is the chart of accounts adequate to properly account for and report on project activities and disbursement categories?	No, it has to be done manually using spread sheets.	The chart of accounts does not include disbursement categories as each project or donor may have different disbursement categories
5.4	Can cost allocations to the various funding sources be made accurately?	Yes	
5.5	Are the General Ledger and subsidiary ledgers reconciled and in balance?	Yes	
5.6	Are all accounting and supporting documents retained on a permanent basis in a defined system that allows authorized users easy access?	Yes	
5.7	What is the basis of accounting (e.g cash or accrual)?	Accrual Basis (since 2015)	
5.8	What accounting standards are followed?	Indonesia Account System (SAI) issued by Ministry of Finance	Meet international standards
5.9	Does the project have an adequate policies and procedure manual to guide activities and ensure staff accountability?	Yes, each on-going project has its own PMI. For new project, PIM will be prepared	Usually revised annually following new FY.
5.10	Do procedures exist to ensure that only authorized persons can alter or establish a new accounting principle, policy or procedure to be used by the entity?	Yes	By the Minister of Finance
5.11	Is there written policies and procedures manual covering all routine project financial management activities? Are manuals distributed to appropriate personnel?	Yes  Distributed to appropriate staff	PIM to be prepared prior to negotiation
<b>Payments</b>			
5.12	Are all invoices stamped PAID, dated, reviewed and approved, and clearly marked for account code assignment?	Yes	
<b>Cash and Bank</b>			
5.13	Does the organization maintain an adequate, up-to-date cashbook, recording receipts and payments?	Yes	
5.14	Are bank and cash reconciled on a monthly basis?	Yes	
5.15	Indicate names and positions of authorized signatories of project bank accounts.	<i>Kuasa Pengguna Anggaran (KPA) or Proxy of Budget User</i>	
<b>Safeguard over Assets</b>			
5.16	Is there a Fixed Asset accounting system, with a Fixed Asset Register, fully implemented – as part of an integrated accounting system Is the system maintained up to date?	Yes, SIMAK BMN application	
5.17	Are there periodic physical reconciliation of fixed assets and stocks?	Yes	
<b>Other</b>			
5.18	Has the project advised employees, beneficiaries and other recipients to whom to report if they suspect fraud, waste or misuse of project resources or property?	Yes, as part of the Ministry Anti-Corruption campaign	Will be included in the PIM
5.19	Do policies and procedures clearly define conflict of interest and related party transactions (real and	Yes, Anti-Corruption Regulation	

Topic		Response	Remarks
	apparent) and provide safeguards to protect the organization from them?		
5.20	Do controls exist for the preparation of the project payroll and are changes to the payroll properly authorized	Yes	
<b>6.</b>	<b>Reporting and Monitoring</b>		
6.1	Does the reporting system need to be adapted to report on the project components?	Yes	
6.2	Does the project have established financial management reporting responsibilities that specify what reports are to be prepared, what they are to contain, and the frequency of production?	Yes, follow MOF regulations using SAI, SAKPA, and SIMAK BMN applications. There are monthly, quarterly, semi-annual and annual financial reports	
6.3	What is the frequency of preparation of financial statements? Are the reports prepared in a timely fashion so as to be useful to management for decision making?	Annually  Yes, but some time with delays	
6.4	Do the financial reports compare actual expenditures with budgeted and programmed allocations?	Yes, follows MOF regulations	
6.5	Are financial reports prepared directly by the automated accounting system or are they prepared by spreadsheets or some other means?	Yes for government requirements, but for IFAD requirements are using spreadsheets	The system do not include information on loan/grant disbursement categories
6.6	(in case of need of consolidated financial statements) is the accounting system sufficiently equipped to ensure proper consolidation of entities' financial data?	Yes	
	<b>Information System</b>		
6.7	Is the financial management system computerized?	Yes, for government requirements	
6.8	Can the system produce the necessary project financial reports?	Yes, for government, but not necessarily for IFAD requirements	There are no information on loan/grant disbursement categories
6.9	Is the staff adequately trained to maintain the system?	Yes	
6.10	Are adequate systems in place to "back up" financial records?	Yes	
<b>7.</b>	<b>Internal Audit</b>		
7.1	Is there an internal audit department in the LPA?	Yes. The Inspectorate General of MoA	
7.2	What are the qualifications and experience of internal audit department staff?	Following MoF Regulation	
7.3	To whom does the internal audit report?	Minister of Agriculture	
7.4	Will the internal audit department include the project in its work program?	Yes, but not in implementation organization, but involved in control and evaluation of the project	Should also focus on financial aspects
7.5	Are actions taken on the internal audit findings?	Yes	
<b>8.</b>	<b>External Audit</b>		
8.1	Who is the external auditor of the entity?	<i>Badan Pemeriksa Keuangan /BPK</i> (Indonesian Supreme Audit Agency) for the Ministry.	Proposed to involving BPKP to audit the programme
8.2	Are there any delays in audit of the entity? When are the audit reports issued?	No. One month after the annual audit is completed	
8.3	Is the audit of the entity conducted according to the International Standards on Auditing?	According to the National Auditing Standards which are appropriate with international standards	
8.4	Were there any major accountability issues brought out in the audit report of the past three years? Were there any issues noted in prior audit reports related to the operation of project imprest accounts or use of SOE procedures?	No	Unqualified opinion from auditors for IFAD projects
8.5	Will the entity auditor audit the project accounts or will another auditor be appointed to audit the project financial statements?	Internal Auditor and BPK	Proposed to involving BPKP to audit the programme
8.6	Has the project prepared acceptable terms of reference for an annual project audit?	Yes for the on-going projects	For new project, TOR will be prepared

### Annex 3 - Organizational Structure of AAEHRD Secretariat



## Appendix 8: Procurement

1. The 2012 Public Expenditure and Financial Accountability (PEFA) Report outlines the performance measures on the ongoing reforms or modernization which also looks into segments of public procurement in terms of transparency, competition and complaints mechanism. PEFA for the period 2013 to 2015 was undertaken in 2016. A draft report has been prepared in 2017 but not publically disclosed.

2. The national public procurement authority, *Lembaga Kebijakan Pengadaan Barang/Jasa Pemerintah* (LKPP) has undertaken several major actions towards the modernization of the public procurement law, regulations, systems and controls. The procurement law, regulations, systems and controls is applicable for all procurement of goods, civil works, services and consultancy service (including individual consultants) by government entities (including line ministries, local governments, the Central Bank, State Owned Enterprises, Local Government owned Enterprises, State Owned Legal Entities [BHMN] and other related government institutions). **The Regulation (54/2010) is supplemented by various other Regulations such as *Perpres 70/12*, *Perpres 84/2012* and *Perpres 4/2015***. LKPP is currently working on a new amendment to the procurement law and regulations after various public consultations and reviews to simplify and consolidate the laws, procedures and their systems. This revised law and regulations are expected to be issued in 2018.

3. LKPP and other institutions such Association of Indonesia Procurement Experts or *Ikatan Ahli Pengadaan Indonesia* (IAPI), the Professional Procurement Certification Institute or *Lembaga Sertifikasi Profesi Pengadaan Indonesia* (LSP PI) are involved in outreach and capacity development in this field.

4. The Professional Procurement Certification Institute is established by the **Ministry of Manpower Decree No. 70/2016**, to specifically address the need to improve the standard and skills of private and public procurement specialist in Indonesia.

### Procurement arrangements

5. Procurement of goods, works and consultancy services will be undertaken in accordance with the Borrower's National Procurement Laws and Regulations (*Perpres 54/2010*, *Perpres 70/12*, *Perpres 84/2012* and *Perpres 4/2015*) and amendments consistent with IFAD's Project Procurement Guidelines. This includes the use of e-procurement system also encompassing e-catalogue system for goods and materials.

6. Annex 1 to this appendix details the arrangements to be outlined in the Letter to the Borrower and Annex 2 details the risk analysis and its mitigation actions.

### **Annex 1: Letter to the Borrower Provisions**

1. Each AWPB must contain a Procurement Plan, which shall identify procedures which must be implemented by the Borrower/Recipient in order to ensure consistency with the IFAD Procurement Guidelines.
2. The Fund shall review and provide its no-objection to the Procurement Plan, which shall include as a minimum:
  - a. A brief description of each procurement activity to be undertaken during the period by each and every Project Party;
  - b. The estimated value of each procurement activity;
  - c. The method of procurement or selection to be adopted for each activity; and
  - d. An indication as to whether the Fund shall carry out prior or post review in respect of each and every procurement activity.
3. Amendments to the Procurement Plan shall be subject to the Fund's 'no objection'.
4. Procurement Methods: The application of methods of procurement for goods, works, services (non- consulting) and consultancy service shall be in accordance with the methods of procurement for goods, works, services (non-consulting) as established and approved in the Procurement Plan and/or as consistently adopted by the national regulations.
5. Individual consultants or consultancy firms may be selected on a sole-source basis with due justification in exceptional cases such as: (a) tasks that are a continuation of previous work that the consultant has carried out and for which the consultant was selected competitively; (b) assignments lasting less than six months; (c) emergency situations resulting from natural disasters; and (d) when the individual consultant is the only consultant qualified for the assignment.
6. IFAD will undertake to review the provisions for the procurement of goods, works, services (non-consulting and consultancy services to ensure that the procurement process is carried out in conformity with its Procurement Guidelines and National Procurement Law and Regulations.
7. For the purposes of IFAD's Procurement Guidelines, the following procurement decisions shall be subject to prior review by the IFAD for the award of any contract for goods, equipment, materials, works, consultancy and services under the Project:
  - a. Procurement of goods, materials and works
    - i. Prequalification documents and shortlist when prequalification is undertaken;
    - ii. Bid documents for goods, materials and works;
    - iii. Evaluation report and Recommendation for Award; and
    - iv. Contract and amendments.
  - b. Procurement of consultancy services and services
    - i. Prequalification documents and shortlist when prequalification is undertaken;
    - ii. Request for Proposal;
    - iii. Technical evaluation report;
    - iv. Combined (technical and financial) evaluation report and the recommendation for award; and
    - v. Contract and amendments.
  - c. Procurement of individuals consultants
    - i. The terms of reference of the assignment
    - ii. The evaluation report and recommendation for selection
    - iii. Contract and amendments



8. Additionally IFAD shall indicate in the procurement plan, procurement packages that would be subject to IFAD's prior review based on the assessed risk and its impact to the Project. IFAD would post review procurement periodically.
9. All contracts must be listed in the Register of Contracts, which should be updated and submitted to the IFAD Country Programme Manager every trimester. The sample form to be used and instructions are detailed in Annex 6 to the Loan Disbursement Handbook.



## Appendix 9: Programme cost and financing

### A. Programme Costs

#### Main assumptions

1. **Introduction.** This annex describes the assumptions underlying the derivation of costs, estimated costs and financing plan for the programme. Total programme costs are based on November 2017 prices.

2. **Programme Period.** The programme will be financed over a six-year period starting from beginning 2019.

3. **Inflation.** The base rate of inflation has been set at 4 percent up to programme start-up, reaching 3.6 per cent for the last years of the programme.

**Table 1: Domestic Inflation (%)**

Year	2019	2020	2021	2022	2023	2024
Domestic Inflation Rate	4	3.9	3.7	3.6	3.6	3.6

4. **Exchange Rate.** The exchange rate was fixed at 1USD = 13,541 IDR as per average situation in 2017. Programme costs are presented in both IDR and USD currency.

5. **Physical and price contingencies.** Both types of contingencies have been taken into account and included in the costing of programme.

6. **Taxes and Duties.** There is VAT of 10% levied on all imported and locally procured goods and services. The Government would finance the cost of all taxes on goods and services procured under the Programme. Most items procured under the Programme would be purchased locally.

7. **Expenditure Accounts.** Programme's expenditure accounts will be the following:

- i. Technical Assistance and Consultancies
- ii. Grants and Subsidies
- iii. Goods, and Services
- iv. Training, Workshops and Meetings
- v. Salaries and Allowances
- vi. Operating costs

8. **Programme Structure.** The Programme has four components and ten subcomponents distributed as follows:

- C1. Rural Youth Transition to Work
  - SC1.1 Linking Education and Training to Jobs
  - SC1.2 Apprenticeship
- C2 Rural Youth Entrepreneurship
  - SC2.1 Institution and Capacity Building

## SC2.2 Services to Young Farmers and Entrepreneurs

### C3 Investing for Rural Youth

#### SC3.1 Capacity Building for Financial inclusion

#### SC3.2. Access to Financing

### C4 Enabling Environment for Rural Youth

#### SC4.1 Partnership Building

#### SC4.2. Rural Youth Mobilization Programme

#### SC4.3. Policies for Youth in Agriculture

#### SC4.4. Project Management

9. **Total cost and financing.** Total Programme cost (investment cost and incremental recurrent costs, including physical and price contingencies) is estimated at USD 72.972 million, of which 55.30 million (78.6% of the total cost) will be financed by IFAD through a loan, USD 2million of in-loan grant, and a USD 0.105 million grant from IFAD FFR. IFAD contribution will finance project components as follows: USD 5.59 million (7.7% of total programme costs) to finance Component 1, USD 22.15 million ( 30.3% of project total cost) for Component 2, USD 11.83 ( 16.2% of project total cost) for Component 3 and USD 17.4 million ( 24.3% of project total cost) for component 4. The in-loan grant of USD 2 million will finance mostly activities under Sub-component 1.2, SC 2.1, SC 2.2, and SC 4.3, , while the FFR Grant of USD 0.105 million will finance partly of SC 3.1 and SC 4.1 .

10. The Government of Indonesia (GoI) will provide USD 12.4 million ( 17% of total programme costs) to the entire project. Resources amounting to around USD 1.47 million (2.1% of total programme costs) will be used to finance part of the SC2.2 and SC 4.4. All other contributions from GoI will finance taxes and duties of any related expense.

11. In conformity with the principle that no taxes or duties would be financed out of the proceeds of the IFAD Loan/Grant, any future changes in the rates and/or structures of taxes and duties would have to be met by the Government. The estimate of taxes and duties was based on the rates prevailing at the time of Programme design.

12. Programme beneficiaries are expected to provide in-cash contributions or an estimated amount of USD 3.13 million ( 4.3% of total programme cost).

13. The foreign exchange component is estimated at USD 4.64 million. Taxes and duties are estimated at USD 6.9 million. Funds allocated to the Programme Management Unit amount to USD 9.3 million, equal to 12.8% of the total Programme costs. Tables below summarizes Programme costs and financing. Detailed cost estimates are provided in annex A and B to this appendix.

**Table 2: Programme cost by component (IDR Million / '000 USD)**

Indonesia Young Entrepreneurship and Employment Support Services		(IDR Million)			(USD '000)			% Foreign Exchange	% Total Base Costs
Components	Project Cost Summary	Local	Foreign	Total	Local	Foreign	Total		
<b>A. Rural Youth Transition To Work</b>									
	1. Linking Education and Training to Jobs	107 195	2 256	109 451	7 916	167	8 083	2	12
	2. Apprenticeship	31 158	-	31 158	2 301	-	2 301	-	3
	<b>Subtotal</b>	<b>138 353</b>	<b>2 256</b>	<b>140 609</b>	<b>10 217</b>	<b>167</b>	<b>10 384</b>	<b>2</b>	<b>15</b>
<b>B. Rural Youth Entrepreneurship</b>									
	1. Institution and Capacity Building	151 291	17 251	168 543	11 173	1 274	12 447	10	18
	2. Services to young farmers and entrepreneurs	135 944	28 689	164 633	10 039	2 119	12 158	17	18
	<b>Subtotal</b>	<b>287 235</b>	<b>45 940</b>	<b>333 176</b>	<b>21 212</b>	<b>3 393</b>	<b>24 605</b>	<b>14</b>	<b>36</b>
<b>C. Investing for Rural Youth</b>									
	1. Capacity Building for Financial Inclusion	22 951	919	23 869	1 695	68	1 763	4	3
	2. Access To Financing	188 386	-	188 386	13 912	-	13 912	-	20
	<b>Subtotal</b>	<b>211 337</b>	<b>919</b>	<b>212 256</b>	<b>15 607</b>	<b>68</b>	<b>15 675</b>	<b>-</b>	<b>23</b>
<b>D. Enabling Environment For Rural Youth</b>									
	1. Partnership Building	7 782	1 685	9 467	575	124	699	18	1
	2. Rural Youth Mobilisation Programme	29 003	3 003	32 006	2 142	222	2 364	9	3
	3. Policies for Youth in Agriculture	83 669	2 616	86 285	6 179	193	6 372	3	9
	4. Project Management	115 980	1 908	117 888	8 565	141	8 706	2	13
	<b>Subtotal</b>	<b>236 434</b>	<b>9 212</b>	<b>245 647</b>	<b>17 461</b>	<b>680</b>	<b>18 141</b>	<b>4</b>	<b>26</b>
<b>Total BASELINE COSTS</b>									
		873 360	58 327	931 687	64 497	4 307	68 805	6	100
	Physical Contingencies	12 706	1 091	13 798	938	81	1 019	8	1
	Price Contingencies	86 638	7 663	94 301	2 892	257	3 149	8	5
<b>Total PROJECT COSTS</b>									
		972 703	67 082	1 039 785	68 328	4 645	72 972	6	106

**Table 3: Programme Costs by Expenditure Account (IDR Million / '000 USD)**

Indonesia Youth Entrepreneurship and Employment Support Se Expenditure Accounts Project Cost Summary	(IDR Million)			(USD '000)			% Foreign Exchange	% Total Base Costs
	Local	Foreign	Total	Local	Foreign	Total		
<b>I. Investment Costs</b>								
A. Technical Assistance and Consultancies	124 619	21 848	146 467	9 203	1 613	10 817	15	16
B. Grants and Subsidies	204 530	-	204 530	15 105	-	15 105	-	22
C. Goods, and Services	244 450	32 886	277 337	18 053	2 429	20 481	12	30
D. Training, Workshop and Meeting	125 591	2 198	127 789	9 275	162	9 437	2	14
E. Salaries and Allow ance	105 019	-	105 019	7 756	-	7 756	-	11
F. Operating Cost	17 050	1 135	18 184	1 259	84	1 343	6	2
<b>Total Investment Costs</b>	<b>821 259</b>	<b>58 067</b>	<b>879 326</b>	<b>60 650</b>	<b>4 288</b>	<b>64 938</b>	<b>7</b>	<b>94</b>
<b>II. Recurrent Costs</b>								
A. Salaries and Allow ances	9 368	-	9 368	692	-	692	-	1
B. Operating Cost	42 733	260	42 993	3 156	19	3 175	1	5
<b>Total Recurrent Costs</b>	<b>52 100</b>	<b>260</b>	<b>52 360</b>	<b>3 848</b>	<b>19</b>	<b>3 867</b>	<b>-</b>	<b>6</b>
<b>Total BASELINE COSTS</b>	<b>873 360</b>	<b>58 327</b>	<b>931 687</b>	<b>64 497</b>	<b>4 307</b>	<b>68 805</b>	<b>6</b>	<b>100</b>
Physical Contingencies	12 706	1 091	13 798	938	81	1 019	8	1
Price Contingencies	86 638	7 663	94 301	2 892	257	3 149	8	5
<b>Total PROJECT COSTS</b>	<b>972 703</b>	<b>67 082</b>	<b>1 039 785</b>	<b>68 328</b>	<b>4 645</b>	<b>72 972</b>	<b>6</b>	<b>106</b>

**Table 4: Financing Plan by Components ('000 U\_SD)**

		(USD '000)														
Components by Financiers		Financing										Local				
		IFAD Loan		IFAD grant		Remittance		Beneficiaries		The Government		Total		For.	(Excl.	Duties &
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Exch.	Taxes)	Taxes
<b>A. Rural Youth Transition To Work</b>																
1. Linking Education and Training to Jobs		3 354	40.9	-	-	-	-	428	5.2	4 420	53.9	8 202	11.2	173	7 209	820
2. Apprenticeship		2 180	94.1	55	2.4	-	-	-	-	81	3.5	2 316	3.2	-	2 235	81
<b>Subtotal</b>		<b>5 534</b>	<b>52.6</b>	<b>55</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>428</b>	<b>4.1</b>	<b>4 501</b>	<b>42.8</b>	<b>10 519</b>	<b>14.4</b>	<b>173</b>	<b>9 444</b>	<b>901</b>
<b>B. Rural Youth Entrepreneurship</b>																
1. Institution and Capacity Building		10 791	80.5	25	0.2	-	-	-	-	2 591	19.3	13 407	18.4	1 373	10 696	1 338
2. Services to young farmers and entrepreneurs		10 671	80.6	660	5.0	-	-	-	-	1 901	14.4	13 232	18.1	2 318	9 656	1 257
<b>Subtotal</b>		<b>21 462</b>	<b>80.6</b>	<b>685</b>	<b>2.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 492</b>	<b>16.9</b>	<b>26 639</b>	<b>36.5</b>	<b>3 692</b>	<b>20 352</b>	<b>2 595</b>
<b>C. Investing for Rural Youth</b>																
1. Capacity Building for Financial Inclusion		1 636	86.2	-	-	80	4.2	-	-	182	9.6	1 898	2.6	71	1 645	182
2. Access To Financing		10 191	71.1	-	-	-	-	2 700	18.9	1 432	10.0	14 323	19.6	-	12 891	1 432
<b>Subtotal</b>		<b>11 827</b>	<b>72.9</b>	<b>-</b>	<b>-</b>	<b>80</b>	<b>0.5</b>	<b>2 700</b>	<b>16.6</b>	<b>1 614</b>	<b>10.0</b>	<b>16 221</b>	<b>22.2</b>	<b>71</b>	<b>14 536</b>	<b>1 614</b>
<b>D. Enabling Environment For Rural Youth</b>																
1. Partnership Building		636	86.9	-	-	25	3.4	-	-	71	9.7	732	1.0	128	533	71
2. Rural Youth Mobilisation Programme		2 288	90.0	-	-	-	-	-	-	254	10.0	2 542	3.5	238	2 050	254
3. Policies for Youth in Agriculture		5 135	73.7	1 260	18.1	-	-	-	-	571	8.2	6 965	9.5	193	6 201	571
4. Project Management		8 418	90.0	-	-	-	-	-	-	935	10.0	9 353	12.8	148	8 270	935
<b>Subtotal</b>		<b>16 478</b>	<b>84.1</b>	<b>1 260</b>	<b>6.4</b>	<b>25</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>1 831</b>	<b>9.3</b>	<b>19 593</b>	<b>26.9</b>	<b>708</b>	<b>17 054</b>	<b>1 831</b>
<b>Total PROJECT COSTS</b>		<b>55 300</b>	<b>75.8</b>	<b>2 000</b>	<b>2.7</b>	<b>105</b>	<b>0.1</b>	<b>3 128</b>	<b>4.3</b>	<b>12 439</b>	<b>17.0</b>	<b>72 972</b>	<b>100.0</b>	<b>4 645</b>	<b>61 386</b>	<b>6 942</b>

**Table 5: Financing Plan by Expenditure Accounts ('000 USD )**

Expenditure Accounts by Financiers	(USD '000)															
	IFAD Loan		IFAD grant		Financing Facilities for Remittance		Beneficiaries		The Government		Total		For.	Local		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Exch.	(Excl. Taxes)	Duties & Taxes	
<b>I. Investment Costs</b>																
A. Technical Assistance and Consultancies	10 002	86.3	448	3.9	30	0.3	-	-	1 111	9.6	11 591	15.9	1 723	8 757	1 111	
B. Grants and Subsidies	7 010	46.4	-	-	-	-	3 128	20.7	4 966	32.9	15 105	20.7	-	13 739	1 366	
C. Goods, and Services	18 824	84.4	920	4.1	25	0.1	-	-	2 531	11.3	22 299	30.6	2 642	17 522	2 135	
D. Training, Workshop and Meeting	7 513	75.3	632	6.3	50	0.5	-	-	1 788	17.9	9 983	13.7	168	8 885	930	
E. Salaries and Allow ance	7 543	90.0	-	-	-	-	-	-	838	10.0	8 381	11.5	-	7 543	838	
F. Operating Cost	1 303	90.0	-	-	-	-	-	-	145	10.0	1 448	2.0	91	1 212	145	
<b>Total Investment Costs</b>	<b>52 196</b>	<b>75.9</b>	<b>2 000</b>	<b>2.9</b>	<b>105</b>	<b>0.2</b>	<b>3 128</b>	<b>4.5</b>	<b>11 379</b>	<b>16.5</b>	<b>68 808</b>	<b>94.3</b>	<b>4 624</b>	<b>57 658</b>	<b>6 525</b>	
<b>II. Recurrent Costs</b>																
A. Salaries and Allow ances	28	3.7	-	-	-	-	-	-	718	96.3	746	1.0	-	672	75	
B. Operating Cost	3 076	90.0	-	-	-	-	-	-	342	10.0	3 418	4.7	21	3 056	342	
<b>Total Recurrent Costs</b>	<b>3 104</b>	<b>74.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 060</b>	<b>25.5</b>	<b>4 164</b>	<b>5.7</b>	<b>21</b>	<b>3 727</b>	<b>416</b>	
<b>Total PROJECT COSTS</b>	<b>55 300</b>	<b>75.8</b>	<b>2 000</b>	<b>2.7</b>	<b>105</b>	<b>0.1</b>	<b>3 128</b>	<b>4.3</b>	<b>12 439</b>	<b>17.0</b>	<b>72 972</b>	<b>100.0</b>	<b>4 645</b>	<b>61 386</b>	<b>6 942</b>	



## **Annex A: Summary Cost Tables**

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**Table 1A: Components Programme Cost Summary (IDR M / '000 USD)**

Indonesia									
Young Entrepreneurship and Employment Support Services:									
<b>Components Project Cost Summary</b>		<b>(IDR Million)</b>		<b>(USD '000)</b>		<b>% Foreign Exchange</b>		<b>% Total Base Costs</b>	
		<b>Local</b>	<b>Foreign</b>	<b>Total</b>	<b>Local</b>	<b>Foreign</b>	<b>Total</b>		
<b>A. Rural Youth Transition To Work</b>									
1. Linking Education and Training to Jobs		107 195	2 256	109 451	7 916	167	8 083	2	12
2. Apprenticeship		31 158	-	31 158	2 301	-	2 301	-	3
<b>Subtotal</b>		<b>138 353</b>	<b>2 256</b>	<b>140 609</b>	<b>10 217</b>	<b>167</b>	<b>10 384</b>	<b>2</b>	<b>15</b>
<b>B. Rural Youth Entrepreneurship</b>									
1. Institution and Capacity Building		151 291	17 251	168 543	11 173	1 274	12 447	10	18
2. Services to young farmers and entrepreneurs		135 944	28 689	164 633	10 039	2 119	12 158	17	18
<b>Subtotal</b>		<b>287 235</b>	<b>45 940</b>	<b>333 176</b>	<b>21 212</b>	<b>3 393</b>	<b>24 605</b>	<b>14</b>	<b>36</b>
<b>C. Investing for Rural Youth</b>									
1. Capacity Building for Financial Inclusion		22 951	919	23 869	1 695	68	1 763	4	3
2. Access To Financing		188 386	-	188 386	13 912	-	13 912	-	20
<b>Subtotal</b>		<b>211 337</b>	<b>919</b>	<b>212 256</b>	<b>15 607</b>	<b>68</b>	<b>15 675</b>	<b>-</b>	<b>23</b>
<b>D. Enabling Environment For Rural Youth</b>									
1. Partnership Building		7 782	1 685	9 467	575	124	699	18	1
2. Rural Youth Mobilisation Programme		29 003	3 003	32 006	2 142	222	2 364	9	3
3. Policies for Youth in Agriculture		83 669	2 616	86 285	6 179	193	6 372	3	9
4. Project Management		115 980	1 908	117 888	8 565	141	8 706	2	13
<b>Subtotal</b>		<b>236 434</b>	<b>9 212</b>	<b>245 647</b>	<b>17 461</b>	<b>680</b>	<b>18 141</b>	<b>4</b>	<b>26</b>
<b>Total BASELINE COSTS</b>									
		873 360	58 327	931 687	64 497	4 307	68 805	6	100
Physical Contingencies		12 706	1 091	13 798	938	81	1 019	8	1
Price Contingencies		86 638	7 663	94 301	2 892	257	3 149	8	5
<b>Total PROJECT COSTS</b>		<b>972 703</b>	<b>67 082</b>	<b>1 039 785</b>	<b>68 328</b>	<b>4 645</b>	<b>72 972</b>	<b>6</b>	<b>106</b>

**Table 2A: Expenditure Accounts by Components – Total Including Contingencies ('000 USD)**

Indonesia Young Entrepreneurship and Employment Support Services Programme (YESS) Expenditure Accounts by Components - Base Costs (USD '000)	Rural Youth Transition To		Investing for Rural Youth				Enabling Environment For Rural Youth				Project Management Total	
	Work	Rural Youth	Youth		Policies							
	Linking	Entrepreneurship	Capacity	Building	Partnership	Mobilisation	in	Project				
	Education and Training to Jobs	Institution and Capacity Building	Services to young farmers and entrepreneurs	for Inclusion	Access To Financing	Building Programme	Agriculture	Management				
<b>I. Investment Costs</b>												
A. Technical Assistance and Consultancies	273	60	5 641	110	240	3 223	86	316	448	420	10 817	
B. Grants and Subsidies	5 587	1 905	-	-	-	7 500	-	113	-	-	15 105	
C. Goods, and Services	334	206	1 675	10 743	301	-	469	955	5 540	258	20 481	
D. Training, Workshop and Meeting	1 114	130	1 386	562	1 222	3 189	144	980	385	326	9 437	
E. Salaries and Allowance	648	-	2 669	-	-	-	-	-	-	4 438	7 756	
F. Operating Cost	127	-	1 076	80	-	-	-	-	-	60	1 343	
<b>Total Investment Costs</b>	<b>8 083</b>	<b>2 301</b>	<b>12 447</b>	<b>11 495</b>	<b>1 763</b>	<b>13 912</b>	<b>699</b>	<b>2 364</b>	<b>6 372</b>	<b>5 502</b>	<b>64 938</b>	
<b>II. Recurrent Costs</b>												
A. Salaries and Allowances	-	-	-	663	-	-	-	-	-	29	692	
B. Operating Cost	-	-	-	-	-	-	-	-	-	3 175	3 175	
<b>Total Recurrent Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>663</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 204</b>	<b>3 867</b>	
<b>Total BASELINE COSTS</b>	<b>8 083</b>	<b>2 301</b>	<b>12 447</b>	<b>12 158</b>	<b>1 763</b>	<b>13 912</b>	<b>699</b>	<b>2 364</b>	<b>6 372</b>	<b>8 706</b>	<b>68 805</b>	
Physical Contingencies	38	7	248	230	34	127	13	45	102	174	1 019	
<b>Price Contingencies</b>												
<b>Inflation</b>												
Local	174	21	1 407	1 484	220	646	41	269	1 061	1 041	6 364	
Foreign	5	-	74	158	2	-	2	12	-	5	257	
<b>Subtotal Inflation</b>	<b>179</b>	<b>21</b>	<b>1 481</b>	<b>1 641</b>	<b>222</b>	<b>646</b>	<b>42</b>	<b>281</b>	<b>1 061</b>	<b>1 046</b>	<b>6 620</b>	
Devaluation	-97	-12	-769	-798	-121	-363	-23	-147	-570	-572	-3 472	
Subtotal Price Contingencies	81	9	712	844	102	284	20	134	491	473	3 149	
<b>Total PROJECT COSTS</b>	<b>8 202</b>	<b>2 316</b>	<b>13 407</b>	<b>13 232</b>	<b>1 898</b>	<b>14 323</b>	<b>732</b>	<b>2 542</b>	<b>6 965</b>	<b>9 353</b>	<b>72 972</b>	
Taxes	820	81	1 338	1 257	182	1 432	71	254	571	935	6 942	
Foreign Exchange	173	-	1 373	2 318	71	-	128	238	193	148	4 645	

**Table 2AA: Expenditure Accounts by Components – Total Including Contingencies (IDR M)**

Indonesia

Young Entrepreneurship and Employment Support Services  
**Expenditure Accounts by Components - Base Costs**

	Rural Youth Transition To Work		Rural Youth Entrepreneurship		Investing for Rural Youth		Enabling Environment For Rural Youth				Total	
	(IDR Million)		(IDR Million)		(IDR Million)		(IDR Million)					
	Linking Education and Training to Jobs	Apprenticeship	Institution and Capacity Building	Services to young farmers and entrepreneurs	Building for Financial Inclusion	Access To Financing	Partnership Building	Mobilisation Programme	Rural Youth in Agriculture	Project Management		
<b>I. Investment Costs</b>												
A. Technical Assistance and Consultancies	3 697		812	76 385	1 490	3 250	43 643	1 166	4 281	6 062	5 682	146 467
B. Grants and Subsidies	75 654	25 796	-	-	-	-	101 558	-	1 523	-	-	204 530
C. Goods, and Services	4 523	2 789	22 674	145 472	4 079	-	6 351	12 937	75 017	3 494	277 337	
D. Training, Workshop and Meeting	15 085	1 760	18 769	7 610	16 540	43 186	1 950	13 265	5 207	4 417	127 789	
E. Salaries and Allowance	8 775	-	36 144	-	-	-	-	-	-	-	60 101	105 019
F. Operating Cost	1 719	-	14 570	1 083	-	-	-	-	-	-	812	18 184
<b>Total Investment Costs</b>	<b>109 451</b>	<b>31 158</b>	<b>168 543</b>	<b>155 655</b>	<b>23 869</b>	<b>188 386</b>	<b>9 467</b>	<b>32 006</b>	<b>86 285</b>	<b>74 505</b>	<b>879 326</b>	
<b>II. Recurrent Costs</b>												
A. Salaries and Allowances	-	-	-	8 978	-	-	-	-	-	-	390	9 368
B. Operating Cost	-	-	-	-	-	-	-	-	-	-	42 993	42 993
<b>Total Recurrent Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 978</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43 383</b>	<b>52 360</b>
<b>Total BASELINE COSTS</b>	<b>109 451</b>	<b>31 158</b>	<b>168 543</b>	<b>164 633</b>	<b>23 869</b>	<b>188 386</b>	<b>9 467</b>	<b>32 006</b>	<b>86 285</b>	<b>117 888</b>	<b>931 687</b>	
Physical Contingencies	513	92	3 364	3 114	456	1 724	183	610	1 385	2 358	13 798	
<b>Price Contingencies</b>												
<b>Inflation</b>												
Local	2 359	284	19 053	20 090	2 982	8 753	549	3 639	14 370	14 094	86 172	
Foreign	62	-	999	2 136	30	-	21	160	-	64	3 473	
<b>Subtotal Inflation</b>	<b>2 421</b>	<b>284</b>	<b>20 052</b>	<b>22 226</b>	<b>3 013</b>	<b>8 753</b>	<b>570</b>	<b>3 799</b>	<b>14 370</b>	<b>14 158</b>	<b>89 646</b>	
Devaluation	89	-	1 353	2 825	45	-	34	219	-	91	4 655	
Subtotal Price Contingencies	2 510	284	21 405	25 051	3 057	8 753	604	4 018	14 370	14 250	94 301	
<b>Total PROJECT COSTS</b>	<b>112 474</b>	<b>31 534</b>	<b>193 311</b>	<b>192 798</b>	<b>27 383</b>	<b>198 863</b>	<b>10 254</b>	<b>36 634</b>	<b>102 040</b>	<b>134 495</b>	<b>1 039 785</b>	
Taxes	11 247	1 117	19 297	18 386	2 630	19 886	992	3 663	8 498	13 450	99 167	
Foreign Exchange	2 427	-	19 812	33 937	1 007	-	1 770	3 420	2 616	2 093	67 082	

**Table 3A: Programme Components by Year – Totals Including Contingencies (IDR M / '000 USD)**

Indonesia  
Young Entrepreneurship and Employment Support Services  
Project Components by Year -- Totals Including Con

	Totals Including Contingencies (IDR Million)						Totals Including Contingencies (USD '000)							
	2019	2020	2021	2022	2023	2024	Total	2019	2020	2021	2022	2023	2024	Total
<b>A. Rural Youth Transition To Work</b>														
1. Linking Education and Training to Jobs	2 671	24 579	25 498	21 364	19 846	18 516	112 474	195	1 792	1 850	1 557	1 450	1 359	8 202
2. Apprenticeship	-	11 913	4 062	7 786	7 773	-	31 534	-	867	300	575	574	-	2 316
<b>Subtotal</b>	<b>2 671</b>	<b>36 492</b>	<b>29 561</b>	<b>29 150</b>	<b>27 619</b>	<b>18 516</b>	<b>144 008</b>	<b>195</b>	<b>2 659</b>	<b>2 150</b>	<b>2 132</b>	<b>2 024</b>	<b>1 359</b>	<b>10 519</b>
<b>B. Rural Youth Entrepreneurship</b>														
1. Institution and Capacity Building	19 437	36 088	35 153	35 265	33 276	34 093	193 311	1 418	2 576	2 463	2 428	2 252	2 270	13 407
2. Services to young farmers and entrepreneurs	3 721	21 495	29 346	39 202	47 798	51 236	192 798	273	1 544	2 067	2 702	3 235	3 411	13 232
<b>Subtotal</b>	<b>23 158</b>	<b>57 584</b>	<b>64 499</b>	<b>74 467</b>	<b>81 073</b>	<b>85 329</b>	<b>386 109</b>	<b>1 690</b>	<b>4 120</b>	<b>4 530</b>	<b>5 130</b>	<b>5 487</b>	<b>5 681</b>	<b>26 639</b>
<b>C. Investing for Rural Youth</b>														
1. Capacity Building for Financial Inclusion	704	6 968	5 332	4 674	4 840	4 863	27 383	51	500	374	322	328	324	1 898
2. Access To Financing	-	71 482	43 943	70 019	12 826	592	198 863	-	5 166	3 175	5 075	868	39	14 323
<b>Subtotal</b>	<b>704</b>	<b>78 451</b>	<b>49 276</b>	<b>74 693</b>	<b>17 666</b>	<b>5 455</b>	<b>226 245</b>	<b>51</b>	<b>5 666</b>	<b>3 549</b>	<b>5 396</b>	<b>1 196</b>	<b>363</b>	<b>16 221</b>
<b>D. Enabling Environment For Rural Youth</b>														
1. Partnership Building	6 497	176	441	2 175	474	491	10 254	474	13	31	150	32	33	732
2. Rural Youth Mobilisation Programme	2 651	6 955	6 524	6 802	6 907	6 794	36 634	193	497	458	470	469	455	2 542
3. Policies for Youth in Agriculture	1 536	3 880	3 555	3 682	44 603	44 784	102 040	113	287	262	270	3 037	2 997	6 965
4. Project Management	21 265	23 161	22 229	21 960	23 001	22 879	134 495	1 551	1 653	1 557	1 512	1 557	1 523	9 353
<b>Subtotal</b>	<b>31 949</b>	<b>34 172</b>	<b>32 748</b>	<b>34 619</b>	<b>74 986</b>	<b>74 948</b>	<b>283 423</b>	<b>2 332</b>	<b>2 449</b>	<b>2 308</b>	<b>2 402</b>	<b>5 095</b>	<b>5 007</b>	<b>19 593</b>
<b>Total PROJECT COSTS</b>	<b>58 483</b>	<b>206 698</b>	<b>176 083</b>	<b>212 929</b>	<b>201 343</b>	<b>184 249</b>	<b>1 039 785</b>	<b>4 269</b>	<b>14 895</b>	<b>12 537</b>	<b>15 060</b>	<b>13 802</b>	<b>12 409</b>	<b>72 972</b>

**Table 4A: Expenditure Accounts by Year – Totals Including Contingencies (IDR M / '000 USD)**

Indonesia  
Young Entrepreneurship and Employment Support Se  
Expenditure Accounts by Years -- Totals Includ

	Totals Including Contingencies (IDR Million)							Totals Including Contingencies (USD '000)						
	2019	2020	2021	2022	2023	2024	Total	2019	2020	2021	2022	2023	2024	Total
<b>I. Investment Costs</b>														
A. Technical Assistance and Consultancies	14 905	34 816	32 927	33 434	31 420	18 922	166 424	1 088	2 491	2 310	2 306	2 131	1 264	11 591
B. Grants and Subsidies	-	46 999	44 887	74 000	23 208	15 435	204 530	-	3 471	3 315	5 465	1 714	1 140	15 105
C. Goods, and Services	19 630	33 850	34 416	46 083	93 750	97 217	324 946	1 433	2 423	2 427	3 183	6 355	6 478	22 299
D. Training, Workshop and Meeting	5 630	57 041	26 570	22 466	15 031	15 002	141 740	411	4 083	1 873	1 562	1 035	1 019	9 983
E. Salaries and Allow ance	8 436	20 519	23 025	23 282	22 956	23 001	121 220	615	1 464	1 613	1 603	1 554	1 531	8 381
F. Operating Cost	1 777	3 832	4 251	3 287	4 223	3 529	20 898	130	273	298	226	286	235	1 448
<b>Total Investment Costs</b>	<b>50 378</b>	<b>197 058</b>	<b>166 076</b>	<b>202 552</b>	<b>190 588</b>	<b>173 106</b>	<b>979 759</b>	<b>3 678</b>	<b>14 207</b>	<b>11 836</b>	<b>14 346</b>	<b>13 074</b>	<b>11 668</b>	<b>68 808</b>
<b>II. Recurrent Costs</b>														
A. Salaries and Allow ances	1 166	1 784	1 851	1 920	1 990	2 062	10 773	85	127	130	132	135	137	746
B. Operating Cost	6 938	7 857	8 155	8 457	8 765	9 081	49 254	506	561	571	582	593	605	3 418
<b>Total Recurrent Costs</b>	<b>8 105</b>	<b>9 640</b>	<b>10 007</b>	<b>10 377</b>	<b>10 755</b>	<b>11 143</b>	<b>60 027</b>	<b>591</b>	<b>688</b>	<b>701</b>	<b>714</b>	<b>728</b>	<b>742</b>	<b>4 164</b>
<b>Total PROJECT COSTS</b>	<b>58 483</b>	<b>206 698</b>	<b>176 083</b>	<b>212 929</b>	<b>201 343</b>	<b>184 249</b>	<b>1 039 785</b>	<b>4 269</b>	<b>14 895</b>	<b>12 537</b>	<b>15 060</b>	<b>13 802</b>	<b>12 409</b>	<b>72 972</b>

**Table 5A: Programme Components by Financiers ('000 USD)**

Indonesia Youth Entrepreneurship and Employment Support Services Components by Financiers		(USD '000)														
		IFAD Loan		IFAD grant		Financing Facilities for Remittance		Beneficiaries		The Government		Total		For. Exch.	Local (Excl. Taxes)	Duties & Taxes
Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
<b>A. Rural Youth Transition To Work</b>																
1. Linking Education and Training to Jobs	3 354	40.9	-	-	-	-	-	428	5.2	4 420	53.9	8 202	11.2	173	7 209	820
2. Apprenticeship	2 180	94.1	55	2.4	-	-	-	-	-	81	3.5	2 316	3.2	-	2 235	81
<b>Subtotal</b>	<b>5 534</b>	<b>52.6</b>	<b>55</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>428</b>	<b>4.1</b>	<b>4 501</b>	<b>42.8</b>	<b>10 519</b>	<b>14.4</b>	<b>173</b>	<b>9 444</b>	<b>901</b>	
<b>B. Rural Youth Entrepreneurship</b>																
1. Institution and Capacity Building	10 791	80.5	25	0.2	-	-	-	-	-	2 591	19.3	13 407	18.4	1 373	10 696	1 338
2. Services to young farmers and entrepreneurs	10 671	80.6	660	5.0	-	-	-	-	-	1 901	14.4	13 232	18.1	2 318	9 656	1 257
<b>Subtotal</b>	<b>21 462</b>	<b>80.6</b>	<b>685</b>	<b>2.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 492</b>	<b>16.9</b>	<b>26 639</b>	<b>36.5</b>	<b>3 692</b>	<b>20 352</b>	<b>2 595</b>	
<b>C. Investing for Rural Youth</b>																
1. Capacity Building for Financial Inclusion	1 636	86.2	-	-	80	4.2	-	-	-	182	9.6	1 898	2.6	71	1 645	182
2. Access To Financing	10 191	71.1	-	-	-	-	2 700	18.9	1 432	10.0	14 323	19.6	-	12 891	1 432	
<b>Subtotal</b>	<b>11 827</b>	<b>72.9</b>	<b>-</b>	<b>-</b>	<b>80</b>	<b>0.5</b>	<b>2 700</b>	<b>16.6</b>	<b>1 614</b>	<b>10.0</b>	<b>16 221</b>	<b>22.2</b>	<b>71</b>	<b>14 536</b>	<b>1 614</b>	
<b>D. Enabling Environment For Rural Youth</b>																
1. Partnership Building	636	86.9	-	-	25	3.4	-	-	-	71	9.7	732	1.0	128	533	71
2. Rural Youth Mobilisation Programme	2 288	90.0	-	-	-	-	-	-	-	254	10.0	2 542	3.5	238	2 050	254
3. Policies for Youth in Agriculture	5 135	73.7	1 260	18.1	-	-	-	-	-	571	8.2	6 965	9.5	193	6 201	571
4. Project Management	8 418	90.0	-	-	-	-	-	-	-	935	10.0	9 353	12.8	148	8 270	935
<b>Subtotal</b>	<b>16 478</b>	<b>84.1</b>	<b>1 260</b>	<b>6.4</b>	<b>25</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>1 831</b>	<b>9.3</b>	<b>19 593</b>	<b>26.9</b>	<b>708</b>	<b>17 054</b>	<b>1 831</b>	
<b>Total PROJECT COSTS</b>	<b>55 300</b>	<b>75.8</b>	<b>2 000</b>	<b>2.7</b>	<b>105</b>	<b>0.1</b>	<b>3 128</b>	<b>4.3</b>	<b>12 439</b>	<b>17.0</b>	<b>72 972</b>	<b>100.0</b>	<b>4 645</b>	<b>61 386</b>	<b>6 942</b>	

**Table 5AA: Programme Components by Financiers (IDR M)**

Indonesia Young Entrepreneurship and Employment Support Services		(IDR Million)											
		Financing Facilities for											
Components by Financiers		IFAD Loan		IFAD grant		Remittance		Beneficiaries		The Government		Total	
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>A. Rural Youth Transition To Work</b>													
1. Linking Education and Training to Jobs		46 677	41.5	-	-	-	-	5 802	5.2	59 995	53.3	112 474	10.8
2. Apprenticeship		29 673	94.1	745	2.4	-	-	-	-	1 117	3.5	31 534	3.0
<b>Subtotal</b>		76 350	53.0	745	0.5	-	-	5 802	4.0	61 112	42.4	144 008	13.8
<b>B. Rural Youth Entrepreneurship</b>													
1. Institution and Capacity Building		155 631	80.5	339	0.2	-	-	-	-	37 342	19.3	193 311	18.6
2. Services to young farmers and entrepreneurs		156 181	81.0	8 937	4.6	-	-	-	-	27 680	14.4	192 798	18.5
<b>Subtotal</b>		311 811	80.8	9 276	2.4	-	-	-	-	65 022	16.8	386 109	37.1
<b>C. Investing for Rural Youth</b>													
1. Capacity Buiding for Financial Inclusion		23 669	86.4	-	-	1 083	4.0	-	-	2 630	9.6	27 383	2.6
2. Access To Financing		142 416	71.6	-	-	-	-	36 561	18.4	19 886	10.0	198 863	19.1
<b>Subtotal</b>		166 085	73.4	-	-	1 083	0.5	36 561	16.2	22 516	10.0	226 245	21.8
<b>D. Enabling Environment For Rural Youth</b>													
1. Partnership Building		8 924	87.0	-	-	339	3.3	-	-	992	9.7	10 254	1.0
2. Rural Youth Mobilisation Programme		32 970	90.0	-	-	-	-	-	-	3 663	10.0	36 634	3.5
3. Policies for Youth in Agriculture		76 485	75.0	17 057	16.7	-	-	-	-	8 498	8.3	102 040	9.8
4. Project Management		121 046	90.0	-	-	-	-	-	-	13 450	10.0	134 495	12.9
<b>Subtotal</b>		239 424	84.5	17 057	6.0	339	0.1	-	-	26 603	9.4	283 423	27.3
<b>Total PROJECT COSTS</b>		793 670	76.3	27 077	2.6	1 422	0.1	42 363	4.1	175 253	16.9	1 039 785	100.0



**Table 6A: Disbursement Accounts by Financiers (IDR M)**

Indonesia  
 Young Entrepreneurship and Employment Support Se

(IDR Million)

Disbursement Accounts by Financiers	IFAD Loan		IFAD grant		IFAD Grant Parallel Cofinancing		Financing Facilities for Remittance		Beneficiaries		The Government		Total		For. Exch.	Local (Excl. Taxes)	Duties & Taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
1. Technical Assistance and Consultancies	143 961	86.5	6 062	3.6	-	-	406	0.2	-	-	15 996	9.6	166 424	16.0	24 648	125 781	15 996
2. Grants and Subsidies	94 929	46.4	-	-	-	-	-	-	42 363	20.7	67 239	32.9	204 530	19.7	-	186 039	18 491
3. Goods, and Services	275 245	84.7	12 458	3.8	-	-	339	0.1	-	-	36 904	11.4	324 946	31.3	38 464	255 267	31 215
4. Trainings, Workshops and Meetings	106 899	75.4	8 558	6.0	-	-	677	0.5	-	-	25 606	18.1	141 740	13.6	2 354	126 136	13 251
5. Salaries and Allow ances	109 499	83.0	-	-	-	-	-	-	-	-	22 494	17.0	131 993	12.7	-	118 793	13 199
6. Operating Costs	63 137	90.0	-	-	-	-	-	-	-	-	7 015	10.0	70 152	6.7	1 616	61 521	7 015
<b>Total PROJECT COSTS</b>	<b>793 670</b>	<b>76.3</b>	<b>27 077</b>	<b>2.6</b>	<b>-</b>	<b>-</b>	<b>1 422</b>	<b>0.1</b>	<b>42 363</b>	<b>4.1</b>	<b>175 253</b>	<b>16.9</b>	<b>1 039 785</b>	<b>100.0</b>	<b>67 082</b>	<b>873 537</b>	<b>99 167</b>

**Table 6AA: Disbursement Accounts by Financiers ('000 USD)**

		(USD '000)																						
Indonesia Young Entrepreneurship and Employment Support Se		Disbursement Accounts by Financiers																						
		IFAD Loan				IFAD grant				IFAD Grant Parallel Cofinancing				Financing Facilities for Beneficiaries				The Government		Total		For.	Local	Duties &
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Exch.	(Excl. Taxes)	Taxes				
1.	Technical Assistance and Consultancies	10 002	86.3	448	3.9	-	-	30	0.3	-	-	1 111	9.6	11 591	15.9	1 723	8 757	1 111						
2.	Grants and Subsidies	7 010	46.4	-	-	-	-	-	-	3 128	20.7	4 966	32.9	15 105	20.7	-	13 739	1 366						
3.	Goods, and Services	18 824	84.4	920	4.1	-	-	25	0.1	-	-	2 531	11.3	22 299	30.6	2 642	17 522	2 135						
4.	Trainings, Workshops and Meetings	7 513	75.3	632	6.3	-	-	50	0.5	-	-	1 788	17.9	9 983	13.7	168	8 885	930						
5.	Salaries and Allow ances	7 571	82.9	-	-	-	-	-	-	-	-	1 556	17.1	9 127	12.5	-	8 214	913						
6.	Operating Costs	4 380	90.0	-	-	-	-	-	-	-	-	487	10.0	4 866	6.7	112	4 268	487						
<b>Total PROJECT COSTS</b>		<b>55 300</b>	<b>75.8</b>	<b>2 000</b>	<b>2.7</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>0.1</b>	<b>3 128</b>	<b>4.3</b>	<b>12 439</b>	<b>17.0</b>	<b>72 972</b>	<b>100.0</b>	<b>4 645</b>	<b>61 386</b>	<b>6 942</b>						

## **Annex B: Detailed Cost Tables**

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**Table 1.1B: Linking Education and Training to Jobs (USD)**

Indonesia

Young Entrepreneurship and Employment Support Services Programme (Y

Table 1.1. Linking Education and Training to jobs

Detailed Costs

Unit	Quantities						Total	Unit Cost (USD)	Totals Including Contingencies (USD)						Total
	2019	2020	2021	2022	2023	2024			2019	2020	2021	2022	2023	2024	
<b>I. Investment Costs</b>															
<b>A. CB for TEVT institutions</b>															
CB for TEVT institutions							30	11.000	-	172 447	175 724	-	-	-	348 171
Specialised capacity building lumpsum		15	15	-	-	-			-	-	120 000	160 000	160 000	160 000	600 000
Graduate tracer studies design lumpsum									-	8 361	-	-	-	-	8 361
Graduate tracer studies	TVET Institution		4	4	-	-		8	4.000	-	16 722	17 040	-	-	33 762
Graduate tracer studies repeated	TVET Institution			10	11	-		21	4.000	-	-	42 600	47 750	-	90 350
improve TEVT lab facilities /a	lumpsum		4	-	-	-		4	40.000	-	167 222	-	-	-	167 222
<b>Subtotal</b>									-	364 752	355 363	207 750	160 000	160 000	1 247 866
<b>B. Career orientation</b>															
Career Guidance and Counselling for SMPs /b	Training			5	-	-		5	8.000	-	-	42 600	-	-	42 600
Career Guidance and Counselling for STPPs and SMKPPs	Training			5	-	-		5	10.800	-	-	57 510	-	-	57 510
Support to organisation of open days	SMKPP			20	20	-		40	300	-	-	6 390	6 511	-	12 901
Agricultural job fairs	province		1	4	4	4		13	6.000	-	6 271	25 560	26 045	26 540	84 416
<b>Subtotal</b>									-	6 271	132 059	32 557	26 540	-	197 427
<b>C. Improved PWMP</b>															
PWMP evaluation /c	province	4	-	-	-	-		4	6.000	24 664	-	-	-	-	24 664
Guidelines for improved PWMP	lumpsum									10 277	-	-	-	-	10 277
Support for implementation of improved PWMP	province		4	4	4	4		16	10.000	-	41 805	42 600	43 409	44 234	172 048
Implementation of improved PWMP /d	cluster		600	600	600	600	3 000	529	-	317 400	317 400	317 400	317 400	317 400	1 587 000
Provision of PWMP grant for alumni /e	cluster		400	400	400	400	2 000	2.000	-	800 000	800 000	800 000	800 000	800 000	4 000 000
Rapid evaluation of improved PWMP and exit strategy /f	studies					4		4	5.000	-	-	-	22 117	-	22 117
<b>Subtotal</b>										34 940	1 159 205	1 160 000	1 160 809	1 183 751	5 816 105
D. Senior TVET and Transition to Work Specialist (NPMU)	person month	9	12	12	-	-		33	3.846	35 571	48 235	49 152	-	-	132 958
E. Province TVET and Transition to Work Specialist	person month	24	48	48	48	24	24	216	3.000	73 991	150 499	153 359	156 273	79 621	694 877
F. International technical assistance	person month	3	4	-	-	-		7	15.000	46 244	62 708	-	-	-	108 952
G. Equipment for TVET and transition to work specialist /g	set	4	-	-	-	-		4	1.000	4 111	-	-	-	-	4 111
<b>Total</b>										194 857	1 791 671	1 849 933	1 557 389	1 449 912	8 202 296

<sup>a</sup> 3 TEVT and 1 SMKPP

<sup>b</sup> A 3-day course covering cost of facility, 2 overnights in a hotel, meals and a transport allowance for a total of 80 participants

<sup>c</sup> One evaluation per each province

<sup>d</sup> Each cluster composed of 3 students, who receive seed money in one instalment in the first year.

<sup>e</sup> Each cluster composed of 3 students, who receive seed money in one instalment in the first year

<sup>f</sup> Mid-term evaluation for each province

<sup>g</sup> One set per TVET and Transition to Work Specialist

**Table 1.2B: Apprenticeship (USD)**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme  
Table 1.2. Apprenticeship  
Detailed Costs

Unit	Quantities						Total	Unit Cost (USD)	Totals Including Contingencies (USD)						Total	
	2019	2020	2021	2022	2023	2024			2019	2020	2021	2022	2023	2024		
<b>I. Investment Costs</b>																
<b>A. Developing certified apprenticeship programmes</b>																
1. Awareness-raising campaign /a	workshop	-	1	-	-	-	-	1	30.000	-	31 354	-	-	-	-	31 354
2. Printing material for awareness-raising workshop	lumpsum	-	-	-	-	-	-	-	-	-	5 226	-	-	-	-	5 226
3. Definition of apprenticeship programme	province	-	4	-	-	-	-	4	25.000	-	104 514	-	-	-	-	104 514
4. Certification process	occupation	-	15	-	-	-	-	15	5.000	-	78 385	-	-	-	-	78 385
<b>5. Pilot apprenticeship</b>																
Apprentices /b	apprentice	-	500	-	-	-	-	500	620	-	310 000	-	-	-	-	310 000
Certification /c	occupation	-	20	-	-	-	-	20	3.000	-	62 708	-	-	-	-	62 708
Print-outs for apprentices	lumpsum	-	500	-	-	-	-	500	22	-	11 496	-	-	-	-	11 496
Incentive for mentors	apprentice	-	500	-	-	-	-	500	180	-	90 000	-	-	-	-	90 000
Incentive for theory instructors	apprenticeship programme	-	20	-	-	-	-	20	800	-	16 000	-	-	-	-	16 000
Implementing Team	lumpsum/province	-	4	-	-	-	-	4	10.000	-	40 000	-	-	-	-	40 000
<b>Subtotal</b>										-	530 205	-	-	-	-	530 205
6. Team of consultants /d	month	-	12	-	-	-	-	12	5.000	-	62 708	-	-	-	-	62 708
7. Evaluation	apprenticeship programme	-	20	-	-	-	-	20	1.500	-	30 000	-	-	-	-	30 000
8. Study for scaling-up	lumpsum	-	-	-	-	-	-	-	-	-	25 000	-	-	-	-	25 000
<b>Subtotal</b>										-	867 391	-	-	-	-	867 391
<b>B. Scaling-up</b>																
1. Apprenticeship Scaling Up Facility	lumpsum	-	-	-	-	-	-	-	-	-	-	300 000	575 000	574 000	-	1 449 000
<b>Total</b>										-	867 391	300 000	575 000	574 000	-	2 316 391

/a One Focus Group Discussion in Jakarta, 2 days/1 night, 180 participants and 10 resource persons.

/b Maximum 5 months duration. Covers 70% of minimum wage and insurance

/c Total of 20 occupations piloted (5 different occupations in every province), with 25 apprentices per occupation. Cost covers certification cost + travel and accommodation of LSP assessors for competency test.

/d Team of two full time consultants

**Table 2.1B: Institution and Capacity Building (USD) – 1/4**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
Table 2.1. Institution and Capacity Building  
Detailed Costs

Unit	Quantities						Total	Unit Cost (USD)	Totals Including Contingencies (USD)						Total	
	2019	2020	2021	2022	2023	2024			2019	2020	2021	2022	2023	2024		
<b>I. Investment Costs</b>																
<b>A. Capacity Building for PLUTs and BDS Service Providers</b>																
<b>1. Business models adaptation</b>																
Preparation of business models /a	person month	2	2	-	-	-	-	4	3.000	6 166	6 271	-	-	-	-	12 437
Validation workshops /b	workshop	-	10	5	-	-	-	15	1.500	-	15 677	7 987	-	-	-	23 664
Updating business models /c	workshop	-	-	-	-	-	15	15	1.500	-	-	-	-	-	25 354	25 354
Documentation /d	set	-	10	5	-	-	-	15	3.000	-	31 354	15 975	-	-	-	47 329
<b>Subtotal</b>										6 166	53 302	23 962	-	-	25 354	108 784
<b>2. Capacity building for PLUTs</b>																
a. Due diligence and need assessment of PLUTs /e	assesment	10	5	-	-	-	-	15	5.000	51 383	26 128	-	-	-	-	77 511
b. Start-up workshop /f	workshop	10	5	-	-	-	-	15	2.000	20 553	10 451	-	-	-	-	31 004
c. Training of PLUTs staff /g	session	-	10	15	15	5	-	45	5.000	-	52 257	79 874	81 392	27 646	-	241 169
d. Youth in Agriculture 3-year action plan /h	person month	-	2	2	-	-	-	4	3.000	-	6 271	6 390	-	-	-	12 661
e. Upgrading PLUTs MIS	studies	1	-	-	-	-	-	1	30.000	30 830	-	-	-	-	-	30 830
<b>f. Equipment</b>																
7/9-seater Minibus	nbr	10	5	-	-	-	-	15	25.000	256 913	130 642	-	-	-	-	387 554
Computer, Docking Station, Tablet	set	30	15	-	-	-	-	45	1.000	30 830	15 677	-	-	-	-	46 507
Photocopier, Printer, Scanner	set	10	5	-	-	-	-	15	700	7 194	3 658	-	-	-	-	10 852
GPS, Camera, Projector	set	10	5	-	-	-	-	15	2.000	20 553	10 451	-	-	-	-	31 004
Office furniture	set	10	5	-	-	-	-	15	3.000	30 830	15 677	-	-	-	-	46 507
Tablets	set	70	35	-	-	-	-	105	300	21 581	10 974	-	-	-	-	32 555
<b>Subtotal</b>										367 899	187 079	-	-	-	-	554 978

**Table 2.1B: Institution and Capacity Building (USD) – 2/4**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
Table 2.1. Institution and Capacity Building

**Detailed Costs**

Unit	Quantities							Total	Unit Cost (USD)	Totals Including Contingencies (USD)						
	2019	2020	2021	2022	2023	2024	2019			2020	2021	2022	2023	2024	Total	
g. Youth Entrepreneur Specialist	person year	5	10	10	10	5	5	45	30.000	154 148	313 541	319 498	325 568	165 877	169 029	1 447 660
h. M&E/KM Officer	person year	2.5	5	5	5	5	5	27.5	30.000	77 074	156 770	159 749	162 784	165 877	169 029	891 283
i. Financial Management Consultant	person year	2.5	10	15	15	15	15	72.5	30.000	77 074	313 541	479 247	488 353	497 631	507 086	2 362 931
j. Other operating costs	year									20 553	18 812	5 325	-	-	-	44 690
k. Operation and maintenance	year									38 537	39 193	39 937	40 696	41 469	42 257	242 089
<b>Subtotal</b>										838 049	1 124 043	1 090 020	1 098 793	898 501	887 401	5 936 807
<b>3. Capacity building for BDSPs</b>																
Training of BDSPs /i	session	5	7	3	-	-	-	15	3.000	15 415	21 948	9 585	-	-	-	46 948
Annual quality control	lumpsum									5 138	5 226	5 325	5 426	5 529	5 634	32 279
<b>Subtotal</b>										20 553	27 174	14 910	5 426	5 529	5 634	79 226
<b>4. Knowledge management</b>																
Participation in MoCSME-organized Multi-Stakeholder Platform	lumpsum									5 138	5 226	5 325	5 426	5 529	5 634	32 279
District multi-stakeholder forum	district	-	30	30	30	30	30	150	500	-	15 677	15 975	16 278	16 588	16 903	81 421
Learning events, peer learning groups and interprovince exchange visits	lumpsum									-	-	10 650	10 852	11 058	11 269	43 829
Development of National Competence Standards for PLUTs staff	contract	-	-	1	-	-	-	1	10.000	-	-	10 000	-	-	-	10 000
Development of on-line training modules for both PLUTs and BDSPs	contract	-	1	-	-	-	-	1	15.000	-	15 000	-	-	-	-	15 000
<b>Subtotal</b>										5 138	35 903	41 950	32 557	33 175	33 806	182 529
<b>Subtotal</b>										869 906	1 240 421	1 170 842	1 136 776	937 205	952 195	6 307 346
<b>B. PLUT Outreach &amp; Mobilization Network</b>																
<b>1. Mobilizers</b>																
Capacity building of mobilizers /j	contract	1	0.5	-	-	-	-	1.5	20.000	20 553	10 451	-	-	-	-	31 004
Team salary /k	team per year	2.5	11.25	15	15	15	15	73.75	13.800	35 454	162 257	220 454	224 642	228 910	233 260	1 104 977
Motorcycles	nbr	40	20	-	-	-	-	60	1.500	61 659	31 354	-	-	-	-	93 013
Tablet	set	40	20	-	-	-	-	60	300	12 332	6 271	-	-	-	-	18 603
Operation and maintenance	team per year	10	45	60	60	60	60	295	2.400	24 664	112 875	153 359	156 273	159 242	162 268	768 680
<b>Subtotal</b>										154 661	323 208	373 813	380 915	388 152	395 527	2 016 276

**Table 2.1B: Institution and Capacity Building (USD) – 3/4**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
Table 2.1. Institution and Capacity Building

**Detailed Costs**

Unit	Quantities							Unit Cost (USD)	Totals Including Contingencies (USD)							
	2019	2020	2021	2022	2023	2024	Total		2019	2020	2021	2022	2023	2024	Total	
<b>2. Youth Facilitators /l</b>																
Capacity building for Youth Facilitators /m	province	4	4	4	2	-	-	14	5.000	20 553	20 903	21 300	10 852	-	-	73 608
Tablet	units	100	150	120	35	-	-	405	300	30 830	47 031	38 340	11 395	-	-	127 595
Performance-based allowance	person per year	-	250	370	405	405	405	1 835	900	-	235 155	354 643	395 566	403 081	410 740	1 799 185
<b>Subtotal</b>										51 383	303 089	414 282	417 813	403 081	410 740	2 000 388
<b>3. Knowledge management</b>																
Network meetings /n	lumpsum									5 138	7 316	7 455	7 597	7 741	7 888	43 135
Award for innovations, initiatives and technologies /o	lumpsum									-	-	21 300	-	22 117	-	43 417
<b>Subtotal</b>										5 138	7 316	28 755	7 597	29 858	7 888	86 551
<b>Subtotal</b>										211 182	633 613	816 850	806 324	821 091	814 155	4 103 216
<b>C. Technical Assistance /p</b>																
National Youth Entrepreneurship Specialist	person year	0.5	1	1	1	1	1	5.5	42.000	21 581	43 896	44 730	45 580	46 446	47 328	249 559
Travel allowances	lumpsum									5 138	15 677	15 975	16 278	16 588	16 903	86 559
Provincial Youth Entrepreneurship and PPP Specialist	person year	2	4	4	4	4	4	22	42.000	86 323	175 583	178 919	182 318	185 782	189 312	998 237
Travel allowances	lumpsum									2 055	6 271	6 390	6 511	6 635	6 761	34 624
<b>Subtotal</b>										115 097	241 426	246 013	250 688	255 451	260 304	1 368 979
D. Improve P4S facilities /q	lumpsum	-	15	-	-	-	-	15	15.000	-	235 155	-	-	-	-	235 155
E. Improve P4S management /r	Training	8	8	8	8	8	8	48	18.460	151 763	154 346	157 278	160 266	163 312	166 414	953 379
F. Provision of training equipment /s	lumpsum	12	12	12	12	12	12	72	3.000	36 995	37 625	38 340	39 068	39 810	40 567	232 406
G. Certification for P4S /t	lumpsum	80	80	80	80	80	80	480	400	32 885	33 444	34 080	34 727	35 387	36 059	206 583
<b>Total</b>										1 417 828	2 576 031	2 463 403	2 427 850	2 252 257	2 269 695	13 407 064



**Table 2.1B: Institution and Capacity Building (USD) – 4/4**

- \a 1 international consultant and 1 local consultant to develop business models. 2 districts per month for the local consultant and 1/4th of a month for the international consultant. USD 10,000 per month as fees for the team and USD 3,000 for travel allowance
- \b 1 workshop per district with the local consultant as moderator
- \c Workshop per district to adapt business models to new technologies, market demand, inputs...
- \d Leaflets describing the knowledge path (TVETs, P4S, PLUTs), the investment path (profitability, investment level, RoI, financing institutions with terms and conditions) and the investor's profile
- \e 1 local NGO for 1/2 month per PLUT
- \f 1 per district
- \g 2 sessions of training per PLUT during first and third year of participation in YESS. Done by a local consultant.
- \h 1 local consultant during 0.5 month per PLUT to assist and guide PLUTs staff in elaborating its Youth in Agriculture 3-year plan of actions
- \i 1 training session per district with representatives of all selected BDSPs. Same consultant for BDSPs training BDSPs than for PLUTs
- \j 1 local NGO contracted to identify and train in each 4 provinces during PY1 and PY2 (new districts participating only from PY2)
- \k The team consists of 4 mobilizers (1 senior and 3 juniors) contracted through local NGOs and paid USD 400-250 per month
- \l Phased process for identification of Youth facilitators: PY1 - 100, PY2 - 250, PY3 - 370; PY4 - 405
- \m 1 session in each province from PY1 to PY3 and then 1 session in PY4 for 2 provinces (South Sulawesi and South Kalimantan)
- \n USD 500 per year per district
- \o USD 2,000 per district for publications and awards every second year, starting from PY2
- \p Their assignment will also cover sub component 2.2
- \q 1 P4S per district
- \r 2 pack per province
- \s 3 pack per province
- \t 20 pack per province

**Table 2.2B: Services to Young Farmers and Entrepreneurs (USD) – 1/2**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
Table 2.2. Services to Young Farmers and Entrepreneurs

Detailed Costs	Unit	Quantities							Total	Unit Cost (USD)	Base Cost (USD)							Total
		2019	2020	2021	2022	2023	2024	2019			2020	2021	2022	2023	2024			
<b>I. Investment Costs</b>																		
<b>A. Business motivation/ Start-up packages</b>																		
<b>1. Business motivation pathways</b>																		
Design of Business Motivation Pathway /a	lumpsum									30 000	-	-	-	-	-	30 000		
Validation workshops	workshop	-	4	-	-	-	-	4	1.000	-	4 000	-	-	-	-	4 000		
Training of PLUTs and network on Business Motivation Pathways /b	session	-	10	5	-	-	-	15	5.000	-	50 000	25 000	-	-	-	75 000		
Business Motivation Workshops /c	lumpsum									-	6 000	9 000	9 000	9 000	-	33 000		
Documentation of Business Motivation Pathways	lumpsum									-	20 000	20 000	20 000	20 000	-	80 000		
<b>Subtotal</b>										30 000	80 000	54 000	29 000	29 000	-	222 000		
<b>2. Start-up training package</b>																		
Design of start-up training package modules /d	lumpsum									50 000	-	-	-	-	-	50 000		
Provision of general modules of start-up training package /e	beneficiaries	-	4 875	8 900	13 325	16 250	16 900	60 250	100	-	487 500	890 000	1 332 500	1 625 000	1 690 000	6 025 000		
Provision of additional modules tailored to entrepreneurs' specificities /f	beneficiaries	-	3 413	6 230	9 328	11 375	11 830	42 176	100	-	341 300	623 000	932 800	1 137 500	1 183 000	4 217 600		
<b>Subtotal</b>										50 000	828 800	1 513 000	2 265 300	2 762 500	2 873 000	10 292 600		
<b>Subtotal</b>										80 000	908 800	1 567 000	2 294 300	2 791 500	2 873 000	10 514 600		
<b>B. Mentorship</b>																		
1. Capacity building of mentors /g	session	20	30	10	-	-	-	60	500	10 000	15 000	5 000	-	-	-	30 000		
2. Tablets	units	-	250	125	-	-	-	375	300	-	75 000	37 500	-	-	-	112 500		
3. Annual quality control	lumpsum									-	2 000	2 000	2 000	2 000	2 000	10 000		
4. Incentives	lumpsum									-	10 000	15 000	15 000	15 000	15 000	70 000		
<b>Subtotal</b>										10 000	102 000	59 500	17 000	17 000	17 000	222 500		
<b>C. Contract farming/ Partnerships</b>																		
1. Development of good practices on contract farming	study	-	1	-	-	-	-	1	30.000	-	30 000	-	-	-	-	30 000		
2. Capacity building PLUTs and network	province	-	4	-	4	-	4	12	2.500	-	10 000	-	10 000	-	10 000	30 000		
3. Interprovince study tour for youth facilitators	province	-	4	-	4	-	4	12	2.501	-	10 004	-	10 004	-	10 004	30 012		
4. Documentation	lumpsum									-	8 000	-	-	-	-	8 000		
<b>Subtotal</b>										-	58 004	-	20 004	-	20 004	98 012		

**Table 2.2B: Services to Young Farmers and Entrepreneurs (USD) – 2/2**

Indonesia  
Youth Entrepreneurship and Employment Support Services Programme (YESS)  
Table 2.2. Services to Young Farmers and Entrepreneurs

Detailed Costs	Unit	Quantities							Unit Cost (USD)	Base Cost (USD)						
		2019	2020	2021	2022	2023	2024	Total		2019	2020	2021	2022	2023	2024	Total
<b>D. SMEs Readiness for Investment</b>																
1. Guidelines for the SME Readiness for Investment	contract								50 000	-	-	-	-	-	-	50 000
2. Due diligence exercise on potential partners	lumpsum								-	30 000	30 000	-	-	-	-	60 000
3. SMEs Pipeline Development	lumpsum								-	35 000	50 000	25 000	-	-	-	110 000
4. Training and capacity building for eligible SMEs	lumpsum								-	20 000	20 000	20 000	-	-	-	60 000
5. Capacity building for Impact Investment Funds staff	lumpsum								-	20 000	30 000	-	-	-	-	50 000
6. Study on Social Impact Bonds	lumpsum								-	-	80 000	-	-	-	-	80 000
7. Agriculture Impact Investment Window /h	lumpsum								50 000	200 000	-	-	-	-	-	250 000
<b>Subtotal</b>									<b>100 000</b>	<b>305 000</b>	<b>210 000</b>	<b>45 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>660 000</b>
<b>Total Investment Costs</b>									<b>190 000</b>	<b>1 373 804</b>	<b>1 836 500</b>	<b>2 376 304</b>	<b>2 808 500</b>	<b>2 910 004</b>	<b>11 495 112</b>	
<b>II. Recurrent Costs</b>																
<b>A. DPIU /i</b>																
<b>1. Government staff /j</b>																
DPIU manager /PPK /k	person month	60	90	90	90	90	90	510	400	24 000	36 000	36 000	36 000	36 000	36 000	204 000
Accountant /l	person month	60	90	90	90	90	90	510	300	18 000	27 000	27 000	27 000	27 000	27 000	153 000
Financial Management Officer /Treasurer /m	person month	60	90	90	90	90	90	510	300	18 000	27 000	27 000	27 000	27 000	27 000	153 000
Procurement officer /n	person month	60	90	90	90	90	90	510	300	18 000	27 000	27 000	27 000	27 000	27 000	153 000
<b>Total Recurrent Costs</b>									<b>78 000</b>	<b>117 000</b>	<b>117 000</b>	<b>117 000</b>	<b>117 000</b>	<b>117 000</b>	<b>663 000</b>	
<b>Total</b>									<b>268 000</b>	<b>1 490 804</b>	<b>1 953 500</b>	<b>2 493 304</b>	<b>2 925 500</b>	<b>3 027 004</b>	<b>12 158 112</b>	

\a International consultant (ILO certified) working in team with local consultants for about 3 months

\b 1 session per district with PLUTs members and network representatives for 3 days. Training done by local consultants involved in design of BMP

\c Only transportation cost and per diem

\d Same international consultant as for BMP (ILO certified) and same local consultants for about 3 months

\e Delivered by PLUTs consultants to young farmers and entrepreneurs

\f Delivered by PLUTs consultants and local consultants to young farmers and entrepreneurs

\g 2 training sessions per district carried out by PLUT consultants. In average 25 mentors per district

\h Assumes that funds from IFAD SIF funds will be made available in 2019.

\i The staff of DPIU will also manage the sub component 2.1 and other activities conducted at District Level.

\j Govt staff at districts each 6 person months/year.

\k 10 in 2019 and addition of 5 in 2020

\l 10 in 2019 and addition of 5 in 2020

\m 10 in 2019 and addition of 5 in 2020

\n 10 in 2019 and addition of 5 in 2020

**Table 3.1B: Capacity Building for Financial inclusion (USD) – 1/2**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
Table 3.1. Capacity Building for Financial Inclusion

**Detailed Costs**

	Unit	Quantities						Total	Unit Cost (USD)	Totals Including Contingencies (USD)						Total	
		2019	2020	2021	2022	2023	2024			2019	2020	2021	2022	2023	2024		
<b>I. Investment Costs</b>																	
<b>A. Financial education</b>																	
1. Adaptation of existing training modules /a	person month										-	30 000	-	-	-	-	30 000
<b>2. Training of trainers</b>																	
Basic /b	trainee	-	80	40	-	-	-	120	300	-	25 083	12 780	-	-	-	-	37 863
Advanced /c	trainee	-	100	50	-	-	-	150	750	-	78 385	39 937	-	-	-	-	118 322
Supervision of first training sessions by OJK certified trainers	lumpsum									-	10 451	-	-	-	-	-	10 451
<b>Subtotal</b>										-	113 920	52 717	-	-	-	-	166 637
<b>3. Training of YESS target groups /d</b>																	
Bridge financing loan beneficiaries	entrepreneur	-	3 750	6 850	10 250	12 500	13 000	46 350	12	-	47 031	87 542	133 483	165 877	175 790	609 723	
Self-financing entrepreneurs	entrepreneur	-	1 125	2 050	3 075	3 750	3 900	13 900	12	-	14 109	26 199	40 045	49 763	52 737	182 853	
Print-outs	lumpsum									-	25 475	47 392	72 303	89 850	95 220	330 240	
<b>Subtotal</b>										-	86 616	161 133	245 831	305 490	323 746	1 122 817	
4. OJK training - Mobile application /e	lumpsum									51 383	-	-	-	-	-	51 383	
<b>Subtotal</b>										51 383	230 535	213 851	245 831	305 490	323 746	1 370 836	
<b>B. Capacity building for Financial Service Providers</b>																	
1. Designing new products/services /f	team per month	-	2	-	-	-	-	2	15.000	-	31 354	-	-	-	-	31 354	
<b>2. State owned banks</b>																	
Strengthening capacity of Bank loan officers	lumpsum									-	20 903	10 650	-	-	-	31 553	
Technical assistance on adaptation of existing financial products/services /g	lumpsum									-	31 354	-	-	-	-	31 354	
Technical assistance on implementation of new products/services /h	lumpsum									-	31 354	31 950	-	-	-	63 304	
Marketing on new and adapted products and services	lumpsum									-	20 903	21 300	-	-	-	42 203	
<b>Subtotal</b>										-	104 514	63 900	-	-	-	168 413	

**Table 3.1B: Capacity Building for Financial inclusion (USD) – 2/2**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
Table 3.1. Capacity Building for Financial Inclusion

Detailed Costs	Unit	Quantities						Total	Unit Cost (USD)	Totals Including Contingencies (USD)						Total	
		2019	2020	2021	2022	2023	2024			2019	2020	2021	2022	2023	2024		
<b>3. non state owned financial institutions</b>																	
Due diligence on BPDs and Local Governments /i	diligence	-	8	-	-	-	-	8	7.500	-	62 708	-	-	-	-	-	62 708
Need assessment of participating BPDs /j	assessment	-	4	-	-	-	-	4	5.000	-	20 903	-	-	-	-	-	20 903
Strengthening capacity of BPD loan officers	lumpsum									-	-	31 950	10 852	11 058	-	-	53 861
Technical assistance on adaptation of existing financial products/services	lumpsum									-	-	21 300	21 705	-	-	-	43 004
Technical assistance on implementation of new products/services	lumpsum									-	-	21 300	21 705	11 058	-	-	54 063
Marketing on new and adapted products and services	lumpsum									-	-	21 300	21 705	-	-	-	43 004
<b>Subtotal</b>										-	83 611	95 849	75 966	22 117	-	-	277 543
4. Capacity building on linking remittances to financial products and services	lumpsum									-	50 000	-	-	-	-	-	50 000
<b>Subtotal</b>										-	269 478	159 749	75 966	22 117	-	-	527 310
<b>Total</b>										51 383	500 014	373 600	321 797	327 607	323 746	-	1 898 147

la Carried out by a local consultant

lb By OJK, using adapted material. Trainees include 15 social mobilisers (one per district), 15 representatives of migrants' associations (one per district) and 90 Youth Facilitators

lc Trainees include PLUT staff, banks, fintechs, BDSPs... Approximately 10 trainees per district. Trainers are OJK certified trainers.

ld In all three sub-sections of target groups are included migrants and their families

le Assistance to OJK for development of their online training application and fine-tuning it with YESS target groups needs

lf Would include: savings to loan products, warehouse receipt financing, bridge financing, accounts receivable financing

lg Training of BRI staff on adapted existing products

lh Training of BRI staff on new products

li In each YESS province, due diligence exercise on the BPD as well as on each the local government's financial statements, financial procedures and reporting

lj Elaboration of a training plan for BPDs staff

**Table 3.2B: Access to Financing (USD)**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
Table 3.2. Access to Financing

Detailed Costs	Unit	Quantities						Total	Unit Cost		Totals Including Contingencies (USD)						Total
		2019	2020	2021	2022	2023	2024		(USD)	2019	2020	2021	2022	2023	2024		
<b>I. Investment Costs</b>																	
<b>A. Identification of bank/financial institutions partners</b>																	
Scoping study at national level	lumpsum	-	1	-	-	-	-	1	35.000	-	36 580	-	-	-	-	36 580	
Scoping study at provincial level	lumpsum	-	4	-	-	-	-	4	12.000	-	48 000	-	-	-	-	48 000	
<b>Subtotal</b>										-	84 580	-	-	-	-	84 580	
<b>B. Business plan development</b>																	
1. Mentoring to youth groups /a	session	-	1 980	1 980	1 980	-	-	5 940	220	-	455 261	463 911	472 725	-	-	1 391 897	
2. Capacity building on business plan /b	Training	-	165	-	-	-	-	165	10.000	-	1 724 473	-	-	-	-	1 724 473	
<b>Subtotal</b>										-	2 179 734	463 911	472 725	-	-	3 116 370	
<b>C. Implementation Support Team</b>																	
District Financial advisor/facilitator /c	person month	-	60	60	60	60	-	240	12.500	-	783 852	798 745	813 921	829 385	-	3 225 902	
<b>D. Competitive grant</b>																	
Provision of grant to selected young entrepreneurs /d	lumpsum	-	150	150	300	-	-	600	12.500	-	1 875 000	1 875 000	3 750 000	-	-	7 500 000	
<b>E. Build partnership with partner banks/financial institutions</b>																	
MOU preparation at national level /e	Workshop	-	15	-	-	-	-	15	3.500	-	54 870	-	-	-	-	54 870	
MOU preparation with local bank (district/prov) /f	Workshop	-	60	-	-	-	-	60	3.000	-	188 124	-	-	-	-	188 124	
<b>Subtotal</b>										-	242 994	-	-	-	-	242 994	
<b>F. Evaluation (assessment study)</b>																	
Evaluation at national level	lumpsum	-	-	1	1	1	1	4	35.000	-	-	37 275	37 983	38 705	39 440	153 402	
<b>Total</b>										-	5 166 160	3 174 930	5 074 629	868 090	39 440	14 323 249	

\a per district : 4 visit x 3 groups x 11, for 2 years, and 2 visit for 1 year

\b per district : 11 pack, 5 days, 30 persons/pack

\c 1 financial advisor/facilitator per district

\d Year 2 - 10 pack/district, Y 3 - 10 pack/district, Y 4- 20 pack/district

\e with 3 potential banks, 5 meetings

\f 4 prov, 5 partner bank/financial institutions, 30 persons, 3 times

**Table 4.1B: Partnership Building (USD)**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
Table 4.1. Partnership Building

**Detailed Costs**

**I. Investment Costs**

**A. Provincial Partnership**

Unit	Quantities						Total	Unit Cost (USD)	Totals Including Contingencies (USD)						Total	
	2019	2020	2021	2022	2023	2024			2019	2020	2021	2022	2023	2024		
province	4	-	-	-	-	-	4	4,000	16 442	-	-	-	-	-	-	16 442
lumpsum per province	-	4	3	3	3	3	16	3,000	-	12 542	9 585	9 767	9 953	10 142	51 988	
Forum	-	-	4	4	4	4	16	5,000	-	-	21 300	21 705	22 117	22 537	87 659	
<b>Subtotal</b>									16 442	12 542	30 885	31 472	32 070	32 679	156 089	

**B. Provincial Mapping Studies and Land Tenure Reviews**

**1. Provincial Mapping Studies**

International TA for market assessment and service provider mapping	person month	2	-	-	-	-	2	21,536	44 263	-	-	-	-	-	44 263
International TA for labour market analysis and employment potential mapping	person month	2	-	-	-	-	2	21,536	44 263	-	-	-	-	-	44 263
Youth profiling /a	study	4	-	-	-	-	4	10,000	41 106	-	-	-	-	-	41 106
Labour market analysis and case studies /b	study	4	-	-	4	-	8	20,000	82 212	-	-	86 818	-	-	169 030
Market assessment /c	study	4	-	-	-	-	4	30,000	123 318	-	-	-	-	-	123 318
Financial and non-financial service providers /d	study	4	-	-	-	-	4	10,000	41 106	-	-	-	-	-	41 106
Study on Migrant Remittances and Investment	study	1	-	-	-	-	1	25,000	25 000	-	-	-	-	-	25 000
Update /e	study	-	-	-	4	-	4	6,000	-	-	-	26 045	-	-	26 045
Translation and publication	lumpsum	1	-	-	1	-	2	5,000	5 138	-	-	5 426	-	-	10 564
<b>Subtotal</b>									406 406	-	-	118 290	-	-	524 696

**2. Provincial tenure review**

Preparation of methodology and guidance material	lumpsum	1	-	-	-	-	1	10,000	10 277	-	-	-	-	-	10 277
Provincial assessment	study	4	-	-	-	-	4	10,000	41 106	-	-	-	-	-	41 106

**Subtotal**

**Subtotal**

**Total**

51 383	-	-	-	-	-	51 383
457 789	-	-	118 290	-	-	576 078
474 231	12 542	30 885	149 761	32 070	32 679	732 167

la One detailed study per province  
lb One detailed study per province  
lc One Detailed study per province  
ld One Detailed study per province  
le One Detailed study per province

**Table 4.2B: Rural Youth Mobilization Programme (USD)**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
Table 4.2. Rural Youth Mobilisation Programme  
Detailed Costs

Unit	Quantities						Total	Unit Cost (USD)	Totals Including Contingencies (USD)						Total	
	2019	2020	2021	2022	2023	2024			2019	2020	2021	2022	2023	2024		
<b>I. Investment Costs</b>																
<b>A. Young Ambassadors</b>																
<b>1. Annual Youth Mobilisation Plan</b>																
Senior media / communication consultant	person month	2	1	1	0.5	1	-	5.5	3.846	7 905	4 020	4 096	2 087	4 253	-	22 360
Meetings of Youth Advisory Group	meeting	4	2	2	2	2	2	14	2.100	8 632	4 390	4 473	4 558	4 645	4 733	31 430
Meetings of Youth Working Groups /a	meeting	4	4	4	4	4	4	24	3.300	13 565	13 796	14 058	14 325	14 597	14 875	85 215
Training in design thinking	lumpsum									6 166	-	-	-	-	-	6 166
<b>Subtotal</b>										36 268	22 205	22 627	20 970	23 495	19 607	145 172
2. Equipment for Youth Mobilisation Specialist /b	set	1	-	-	-	-	-	1	1.000	1 028	-	-	-	-	-	1 028
3. Youth Mobilisation Specialist	person month	6	6	4	3	3	3	25	5.000	30 830	31 354	21 300	16 278	16 588	16 903	133 252
<b>4. Young Ambassadors /c</b>																
Selection, training and launching of Young Ambassadors	lumpsum	-	1	1	1	1	1	5	90.000	-	94 062	95 849	97 671	99 526	101 417	488 526
Travel and DSA for Young Ambassadors	person year	-	15	15	15	15	15	75	1.500	-	22 500	22 500	22 500	22 500	22 500	112 500
Speaking engagements and radio talk show s	event	-	12	12	12	12	12	60	5.500	-	68 979	70 290	71 625	72 986	74 373	358 252
Organisation of speaking angagments and radio show s /d	lumpsum									27 623	28 093	28 627	29 171	29 725	-	143 240
<b>Subtotal</b>										27 623	213 634	217 266	220 966	224 737	198 290	1 102 517
<b>Subtotal</b>										95 748	267 193	261 193	258 215	264 820	234 800	1 381 969
<b>B. Digital Inspiration</b>																
<b>1. Online Platform</b>																
Brand and visual identity development	lumpsum									10 277	-	-	-	-	-	10 277
Development of platform w ebsite (including YESS Website)	lumpsum									51 383	-	-	-	-	-	51 383
Development of platform apps	lumpsum									20 553	-	-	-	-	-	20 553
National launch event	event	-	1	-	-	-	-	1	35.000	-	36 580	-	-	-	-	36 580
Maintenance and operation /e	lumpsum	-	1	1	1	1	1	5	40.000	-	41 805	42 600	43 409	44 234	45 074	217 122
Development of e-learning material	lumpsum	1	1	1	1	1	1	6	15.000	15 415	15 677	15 975	16 278	16 588	16 903	96 836
Engagement of youth associations	lumpsum	-	1	1	1	1	1	5	10.000	-	10 451	10 650	10 852	11 058	11 269	54 281
Study for online platform continuity	lumpsum	-	-	-	1	-	-	1	10.000	-	-	-	10 852	-	-	10 852
Legal studies and registration for company taking over online platform	lumpsum	-	-	-	-	-	1	1	10.000	-	-	-	-	-	11 269	11 269
<b>Subtotal</b>										97 627	104 514	69 225	81 392	71 880	84 514	509 151
2. Videos and digital marketing	lumpsum									-	125 416	127 799	130 227	132 702	135 223	651 367
<b>Subtotal</b>										97 627	229 930	197 024	211 619	204 582	219 737	1 160 519
<b>Total</b>										193 375	497 123	458 216	469 834	469 402	454 537	2 542 488

/a One meeting each year in each province (including travel cost)

/b Computer + docking station + tablet

/c One contract w ith one service provider for all activities related to Young Ambassadors

/d For organizing and facilitating Young Ambassadors' Speaking engagement and radio talk show s

/e Starting in Year 3, IFAD funding proportion contribution w ill decreased 25% every year



**Table 4.3B: Policies for Youth in Agriculture (USD)**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
Table 4.3. Policies for Youth in Agriculture

Detailed Costs	Unit	Quantities						Total	Unit Cost (USD)	Totals Including Contingencies (USD)						Total
		2019	2020	2021	2022	2023	2024			2019	2020	2021	2022	2023	2024	
<b>I. Investment Costs</b>																
<b>A. Policy development</b>																
<b>1. Policy development</b>																
International consultant	person month	-	2	-	1	-	-	3	21.536	-	43 072	-	21 536	-	-	64 608
Policies studies	lumpsum	-	1	1	1	1	1	5	40.000	-	40 000	40 000	40 000	40 000	40 000	200 000
Formulation of land tenure guidelines and tools	lumpsum	1	-	-	-	-	-	1	14.000	14 000	-	-	-	-	-	14 000
CSO for monitoring land access	package	-	-	1	1	1	-	3	40.000	-	-	40 000	40 000	40 000	-	120 000
Policy Workshops	package	-	-	1	1	1	1	4	8.000	-	-	8 000	8 000	8 000	8 000	32 000
Printing and dissemination of policy studies	package	-	1	1	1	1	1	5	5.000	-	5 000	5 000	5 000	5 000	5 000	25 000
Printing of land tenure guidelines and tools	package	-	1	-	1	-	-	2	10.000	-	10 000	-	10 000	-	-	20 000
Training for provincial and target district stakeholders on land tenure guidelines /a	training package	-	4	-	-	-	-	4	10.000	-	40 000	-	-	-	-	40 000
<b>Subtotal</b>										14 000	138 072	93 000	124 536	93 000	53 000	515 608
<b>2. Youth participation in policy dialogue</b>																
International TA	person month	2	-	-	-	-	-	2	21.536	43 072	-	-	-	-	-	43 072
Programme implementation	lumpsum									-	30 000	30 000	20 000	20 000	-	100 000
<b>Subtotal</b>										43 072	30 000	30 000	20 000	20 000	-	143 072
3. Equipment for Policy development specialist	set	1	-	-	-	-	-	1	1.000	1 000	-	-	-	-	-	1 000
4. Policy Development and KM Specialist	person month	6	12	12	12	12	12	66	3.846	23 076	46 152	46 152	46 152	46 152	46 152	253 836
<b>Subtotal</b>										81 148	214 224	169 152	190 688	159 152	99 152	913 516
<b>B. KM, mainstreaming and scaling up</b>																
1. International TA for KM system/Annual Plan for Inclusive Innovation and Scaling Up	person month	1.5	1.5	1	-	-	-	4	21.536	32 304	32 304	21 536	-	-	-	86 144
2. Know ledge management products	package	-	-	1	1	1	1	4	15.000	-	-	15 000	15 000	15 000	15 000	60 000
3. District learning events and peer groups	lumpsum per district	-	-	10	15	15	15	55	1.500	-	-	15 975	24 418	24 882	25 354	90 628
<b>4. Scaling up preparation to other locations</b>																
Dissemination of lessons learned to other locations	lumpsum	-	-	-	-	1	-	1	30.000	-	-	-	-	33 175	-	33 175
Initial activities to potential and interested local government	lumpsum	-	-	-	-	10	10	20	250.000	-	-	-	-	2 764 618	2 817 146	5 581 763
<b>Subtotal</b>										-	-	-	-	2 797 793	2 817 146	5 614 939
<b>Subtotal</b>										32 304	32 304	52 511	39 418	2 837 675	2 857 500	5 851 711
C. Capacity Building for MoA and Dinas Agriculture	lumpsum									-	40 000	40 000	40 000	40 000	40 000	200 000
<b>Total</b>										113 452	286 528	261 663	270 106	3 036 827	2 996 652	6 965 227

/a One training per province

**Table 4.4B: Programme Management (USD) – 1/3**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
Table 4.4. Project Management

**Detailed Costs**

Unit	Quantities							Unit Cost (USD)	Totals Including Contingencies (USD)							
	2019	2020	2021	2022	2023	2024	Total		2019	2020	2021	2022	2023	2024	Total	
<b>I. Investment Costs</b>																
<b>A. Consultants for NPMU</b>																
Director / Consultant team leader	person month	6	12	12	12	12	12	66	3.846	23 714	48 235	49 152	50 085	51 037	52 007	274 230
Financial and Administrative Consultant	person month	9	12	12	12	12	12	69	3.846	35 571	48 235	49 152	50 085	51 037	52 007	286 087
Procurement Consultant	person month	9	6	-	-	-	-	15	3.846	35 571	24 118	-	-	-	-	59 689
M&E Specialist	person month	9	12	6	-	-	-	27	3.846	35 571	48 235	24 576	-	-	-	108 382
GESI Specialist	person month	9	12	6	-	-	-	27	3.846	35 571	48 235	24 576	-	-	-	108 382
IT Specialist	person month	2	12	12	12	12	6	56	3.846	7 905	48 235	49 152	50 085	51 037	26 003	232 417
Communication Specialist	person month	-	-	6	-	6	-	12	3.846	-	-	24 576	-	25 519	-	50 094
Migration and Development Specialist	person month	6	6	6	6	-	-	24	3.846	23 714	24 118	24 576	25 043	-	-	97 450
<b>Subtotal</b>										197 617	289 411	245 758	175 299	178 630	130 017	1 216 731
<b>B. Consultants for PPIUs</b>																
Financial and Administrative Consultant	person month	36	48	48	48	48	48	276	2.500	92 489	125 416	127 799	130 227	132 702	135 223	743 856
Procurement Consultant	person month	36	48	48	48	48	48	276	2.500	92 489	125 416	127 799	130 227	132 702	135 223	743 856
GESI Specialist	person month	24	48	48	48	48	48	264	2.500	61 659	125 416	127 799	130 227	132 702	135 223	713 026
M&E Specialist	person month	24	48	48	48	48	48	264	2.500	61 659	125 416	127 799	130 227	132 702	135 223	713 026
Communication Specialits	person month	-	48	48	48	48	48	240	2.500	-	125 416	127 799	130 227	132 702	135 223	651 367
<b>Subtotal</b>										308 295	627 081	638 996	651 137	663 508	676 115	3 565 132
<b>C. TA and Capacity Building for NPMU and PPIUs</b>																
<b>1. Technical assistance</b>																
Project expeditor (international)	person month	4	-	-	-	-	-	4	21.536	88 526	-	-	-	-	-	88 526
TA for GESI strategy and follow-up	person month	2	1	-	-	-	-	3	21.536	44 263	22 508	-	-	-	-	66 771
International consultant to set-up M&E/KM system	person month	1.5	1	-	-	-	-	2.5	21.536	33 197	22 508	-	-	-	-	55 705
<b>Subtotal</b>										165 986	45 016	-	-	-	-	211 002
<b>2. Capacity Building</b>																
Capacity building activities	lumpsum	1	1	1	1	-	-	4	15.300	15 723	15 991	16 294	16 604	-	-	64 612
<b>Subtotal</b>										181 709	61 007	16 294	16 604	-	-	275 614

**Table 4.4B: Programme Management (USD) – 2/3**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
Table 4.4. Project Management  
Detailed Costs

Unit	Quantities							Unit Cost (USD)	Totals Including Contingencies (USD)							
	2019	2020	2021	2022	2023	2024	Total		2019	2020	2021	2022	2023	2024	Total	
<b>D. Equipment for NPMU and PPIUs</b>																
Vehicle for NPMU	vehicle	1	-	-	-	-	-	1	30.000	30 830	-	-	-	-	-	30 830
Vehicle for PPIUs	vehicle	4	-	-	-	-	-	4	40.000	164 424	-	-	-	-	-	164 424
Computer, Docking Station, Tablet	set	27	-	-	-	-	-	27	1.500	41 620	-	-	-	-	-	41 620
Photocopier, Printer, Scanner	set	5	-	-	-	-	-	5	1.000	5 138	-	-	-	-	-	5 138
GPS, Camera, Projector	set	5	-	-	-	-	-	5	2.000	10 277	-	-	-	-	-	10 277
Office furniture	set	5	-	-	-	-	-	5	2.500	12 846	-	-	-	-	-	12 846
<b>Subtotal</b>										265 134	-	-	-	-	-	265 134
<b>E. Project Planning and Oversight</b>																
Project Steering Committee meetings	meeting	2	2	2	2	2	2	12	5.000	10 277	10 451	10 650	10 852	11 058	11 269	64 557
Youth Advisory Committee meetings	meeting	4	4	4	4	4	4	24	2.500	10 277	10 451	10 650	10 852	11 058	11 269	64 557
National Start-up Workshop	workshop	1	-	-	-	-	-	1	25.000	25 691	-	-	-	-	-	25 691
Final National Workshop	workshop	-	-	-	-	-	1	1	20.000	-	-	-	-	-	22 537	22 537
Other meetings and workshops	meeting	-	1	1	1	1	1	5	20.000	-	20 903	21 300	21 705	22 117	22 537	108 561
<b>Subtotal</b>										46 244	41 805	42 600	43 409	44 234	67 611	285 904
<b>F. Studies and surveys</b>																
Baseline Survey	survey	1	-	-	-	-	-	1	40.000	41 106	-	-	-	-	-	41 106
Impact Assessment and Annual Outcome Survey	survey	-	1	1	1	1	1	5	35.000	-	36 580	37 275	37 983	38 705	39 440	189 982
Interim Reviews	survey	-	1	-	-	1	-	2	30.000	-	31 354	-	-	33 175	-	64 529
<b>Subtotal</b>										41 106	67 934	37 275	37 983	71 880	39 440	295 618
<b>Total Investment Costs</b>										1 040 105	1 087 238	980 922	924 432	958 252	913 183	5 904 132

**Table 4.4B: Programme Management (USD) – 3/3**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
Table 4.4. Project Management

Detailed Costs	Unit	Quantities						Total	Unit Cost (USD)	Totals Including Contingencies (USD)						Total
		2019	2020	2021	2022	2023	2024			2019	2020	2021	2022	2023	2024	
<b>II. Recurrent Costs</b>																
<b>A. NPMU</b>																
<b>1. Government staff /a</b>																
2. Monitoring and evaluation meetings	Meeting	12	12	12	12	12	12	72	2,000	24 664	25 083	25 560	26 045	26 540	27 045	154 937
3. coordination meeting	Meeting	12	12	12	12	12	12	72	3,000	36 995	37 625	38 340	39 068	39 810	40 567	232 406
<b>Subtotal</b>										<b>61 659</b>	<b>62 708</b>	<b>63 900</b>	<b>65 114</b>	<b>66 351</b>	<b>67 611</b>	<b>387 343</b>
<b>B. PPIUs (4)</b>																
<b>1. Government staff</b>																
PPIU manager (PPK)	person month	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Accountant	person month	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Financial Management Officer / Treasurer	person month	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Procurement Officer	person month	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Driver	person month	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>										<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Office operating costs</b>																
Office operation costs (NPMU and PPIUs)	lumpsum	5	5	5	5	5	5	30	4,000	20 553	20 903	21 300	21 705	22 117	22 537	129 114
Vehicles operating costs	lumpsum	5	5	5	5	5	5	30	2,500	12 846	13 064	13 312	13 565	13 823	14 086	80 696
Office extension repairs and refurbishment (PPIUs)	lumpsum	4	4	4	4	4	4	24	3,000	12 332	12 542	12 780	13 023	13 270	13 522	77 469
<b>Subtotal</b>										<b>45 730</b>	<b>46 509</b>	<b>47 392</b>	<b>48 293</b>	<b>49 210</b>	<b>50 145</b>	<b>287 279</b>
<b>D. Travel costs</b>																
Travel costs for NPMU supervision of PPIUs/DPIUs	lumpsum	12	12	12	12	12	12	72	25,000	308 295	313 541	319 498	325 568	331 754	338 057	1 936 713
Travel costs for MoF participation in one supervision mission /b	lumpsum									2 466	2 508	2 556	2 605	2 654	2 704	15 494
Travel costs for BAPPENAS participation in one supervision mission /c	lumpsum									2 466	2 508	2 556	2 605	2 654	2 704	15 494
Travel costs for PPIUs and DPIUs for coordination meetings in Jakarta (2 persons, 2 tim	lumpsum	112	152	152	152	152	152	872	500	57 548	79 430	80 939	82 477	84 044	85 641	470 081
Travel cost for PPIU to districts	lumpsum	-	4	4	4	4	4	20	6,000	-	25 083	25 560	26 045	26 540	27 045	130 273
<b>Subtotal</b>										<b>370 776</b>	<b>423 071</b>	<b>431 109</b>	<b>439 300</b>	<b>447 647</b>	<b>456 152</b>	<b>2 568 055</b>
E. monitoring and evaluation meetings	lumpsum	4	4	4	4	4	4	24	8,000	32 885	33 444	34 080	34 727	35 387	36 059	206 583
<b>Total Recurrent Costs</b>										<b>511 050</b>	<b>565 732</b>	<b>576 481</b>	<b>587 434</b>	<b>598 595</b>	<b>609 968</b>	<b>3 449 260</b>
<b>Total</b>										<b>1 551 155</b>	<b>1 652 969</b>	<b>1 557 403</b>	<b>1 511 866</b>	<b>1 556 847</b>	<b>1 523 152</b>	<b>9 353 392</b>

<sup>a</sup> Values relates to basic salaries for civil servants as set by government law . They exclude benefits such as functional allow ances, job allow ances and performance allow ances

<sup>b</sup> Based on one mission per year to every target province and district for 1 staff

<sup>c</sup> Based on one mission per year to every target province and district for 1 staff

<sup>d</sup> Each IU send 2 persons for each coordination meeting (4 PPIUs and 15 DPIUs)

## Appendix 10: Economic and Financial Analysis

### A. Introduction

1. The programme is expected to generate substantial net incremental benefits for farmers, young rural entrepreneurs and rural households in the project area. Benefits would directly accrue to farmers, women and youth through activities aimed at: i) diversifying productive activities for rural poor, ii) boosting agriculture thorough increase in production and productivity; iii) strengthening and facilitating access to market and access to finance; iv) promoting entrepreneurship and value-addition to agricultural produce; v) increase formal employment in farm and off-farm activities; vi) increase access to land and production inputs. The project will apply a holistic and systematic approach to the enhancement and improvement of the several sectors and productive activities identified during the project design mission.

2. The project will lead to increased income of smallholder farmers, household and young rural entrepreneurs. Benefits would accrue from: (i) increased access to finance for farm and off-farm productive use; (ii) reduced transaction costs for finance provision; (iii) diversification of productive activities and sources of income; (iv) increased food availability for rural poor, (v) increased value-added of agricultural outputs; (vi) reduced transportation costs and enhanced processing efficiency through innovative technology and improved infrastructure; (vi) improved quality of processed products, thus attracting higher prices at local market; (vii) increased employment either for hired or family labour, for both on-farm and off-farm activities; and (viii) tax revenues as a result of increased volume of taxable production.

3. Increase in income would be largely dependent on farmers / household / young rural entrepreneurial groups accessing finance and new financial tools which the project will promote, thus improving market access, supporting marketing linkages and generally creating a favourable economic environment that encourages young farmers/ young rural entrepreneurs to produce more competitive products.

4. This annex presents the Economic and Financial Analysis (EFA) of project's interventions through the use of indicative activity models. The analysis builds upon the precautionary principle, accounting for project benefits in a realistic and conservative manner. A cash-flow analysis is finally carried out to present the "with" and "without" project analysis. The key-indicators used to carry out the analysis are Net Present Values (NPVs), Financial and Economic Internal Rate of Return (FIRR - EIRR), Benefit-cost ratio (B/C ratio) and switching values for both benefits and costs.

### B. Methodology, assumptions and data

5. Financial analysis. The primary objective of the financial analysis is to determine the financial viability and incentives for the project target group as a result of their engagement in project activities, and hence to examine Project's impacts on family labour, cash flow and household incomes. A number of indicative economic activities and product value chains which will be supported by project were identified during the project design process. The following 17 illustrative models are used in the EFA: (i) Five crop production models for the main agricultural commodities in the project area (rice, maize, soybean, potato, cassava, banana); (ii) Five farm models over land plots of 0.3 ha composed by a different composition of the pre-identified crops; (iii) Cassava processing; (iv) Banana processing for chips production; (v) Beekeeping activity; (vi) backyard mushroom production; (vii) Mushroom processing. These models will be used as building blocks for the economic evaluation of the entire project once aggregated for the target population. All the technical assumptions within the models have been elaborated jointly with the team members on the basis of field surveys, national statistics, international and national expert consultation. The diagram in Figure 7 provides a logical sketch of the adopted approach and the selected value chains, while summary results from the financial models are presented in table 1.

Figure 7: EFA diagram

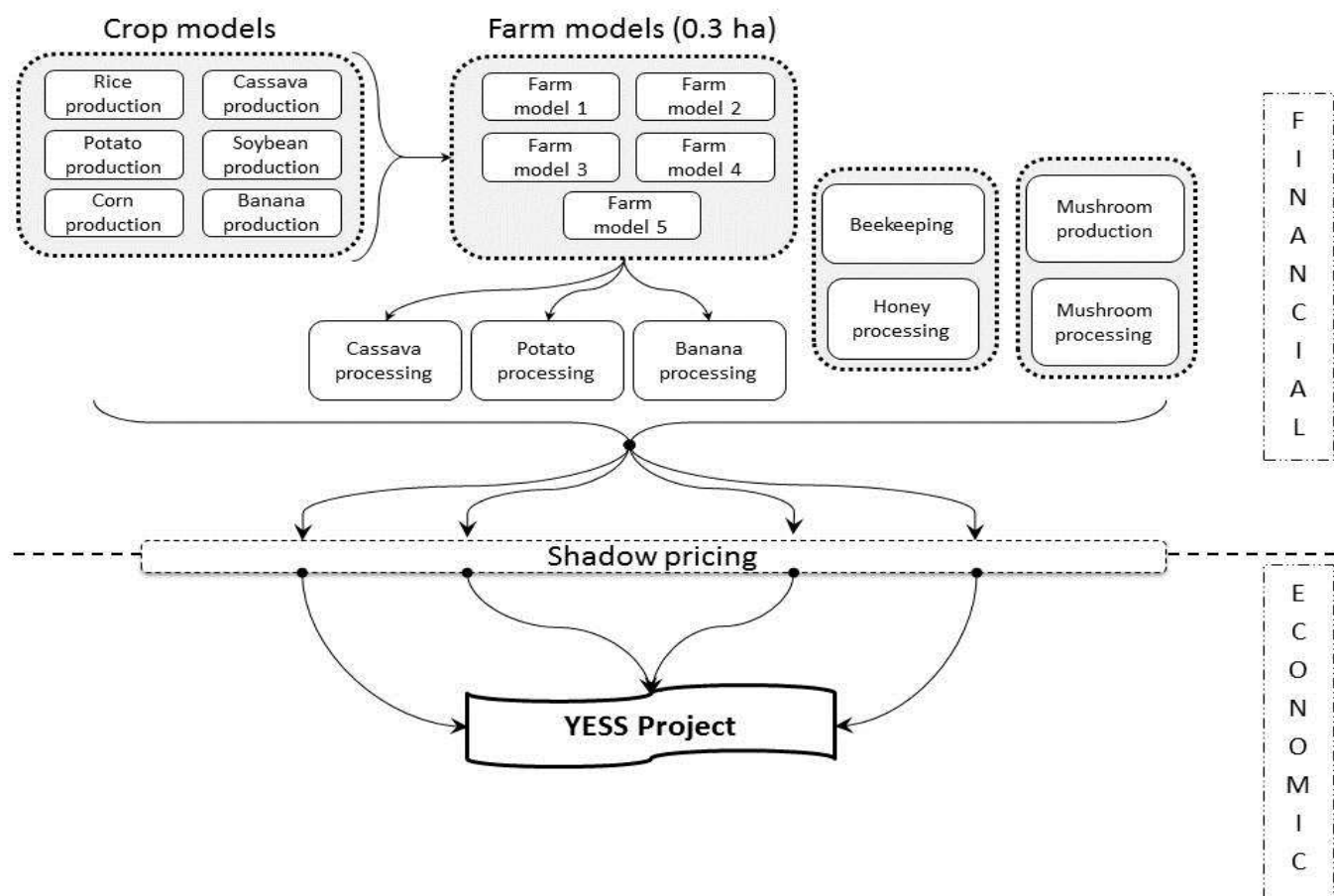


Table 1: Summary of Financial models

MODELS	Total number of HHs / unit	NPV (IDR '000) @ 9%	NPV (USD) @ 9%	Return to family labour (IDR '000)	Return to family labour (USD)	IRRf	B/C ratio	Switching value Benefits	Switching value Costs
Farm model 1	40,538	594	44	42	3	12%	1.08	-8%	8%
Farm model 2	40,538	2,603	192	61	4	21%	1.16	-14%	16%
Farm model 3	40,538	6,378	472	72	5	52%	1.59	-37%	59%
Farm model 4	40,538	14,236	1,054	92	7	116%	1.93	-48%	93%
Farm model 5	40,538	9,960	737	65	5	60%	2.09	-52%	109%
Bee Keeping	7,371	24,876	1,842	109	8	27%	1.24	-19%	24%
Mushroom	14,741	902	67	91	7	20%	1.45	-31%	45%
Banana processing	1,964	43,025	3,190	136	10	27%	1.91	-48%	91%
Cassava processing	1,964	47,465	3,154	108	8	24%	1.89	-47%	89%
Mushroom Processing	1,964	54,477	4,033	166	12	16%	1.33	-25%	53%

Note: For the 20 year project life

6. Project target group and beneficiaries. The broad target group for the Project will be smallholder farmers, young rural entrepreneurs and farmers communities actively engaged in farm and off-farm productive activities. The Project will have a poverty focus and it is estimated that the number of direct beneficiaries will be 328,300 HHs of whom 230,694 HHs are directly accounted for in the production models considered in the EFA. Direct HHs beneficiaries for processing units was not possible, considering the different nature of the investment. Aggregation in this case is done on the number of plan/facilities started or renovated.

7. Overall the project will benefit women, youth and men directly involved in farm and off-farm activities proposed by the project as well as indirect beneficiaries employed in the value adding activities. Direct beneficiaries inclusion and phasing is described in table 2 below.

**Table 2: Beneficiaries and investment phasing**

	MODELS	Unit	Y1	Y2	Y3	Y4	Y5	Y6	Total
Production	Farm model	HHs	2,027	6,081	10,135	10,135	8,108	4,054	40 538
	Farm model 2	HHs	2,027	6,081	10,135	10,135	8,108	4,054	40 538
	Farm model 3	HHs	2,027	6,081	10,135	10,135	8,108	4,054	40 538
	Farm model 4	HHs	2,027	6,081	10,135	10,135	8,108	4,054	40 538
	Farm model 5	HHs	2,027	6,081	10,135	10,135	8,108	4,054	40 538
	Bee Keeping	HHs	369	1,106	1,843	1,843	1,474	737	7 371
	Mushroom	HHs	737	2,211	3,685	3,685	2,948	1,474	14 741
Processing	Banana processing	Unit	98	295	491	491	393	196	1 964
	Cassava processing	Unit	98	295	491	491	393	196	1 964
	Mushroom Processing	Unit	98	295	491	491	393	196	1 964

8. Key assumptions. The following source of information gathered during the design mission have been used to set up the analysis: interviews with farmers and entrepreneurs, documents and surveys from the Indonesia Bureau of statistics, academic papers and mission estimates. In particular, information on labour and input requirements for various operations, capital costs, prevailing wages, yields, farm gate and market prices of commodities, input and farm-to-market transport costs were collected through pre-feasibility studies. Conservative assumptions were made both for inputs and outputs, and take account of possible risks.

9. Exchange rate. The exchange rate used in the analysis is fixed at 1 USD = 13,505 IDR computed as an average of the exchange rate prevailing during design mission.

10. Nominaire and Prices. The adopted numeraire for the EFA is the domestic price level expressed in local currency unit. The financial prices for project inputs and products represent average market prices and were collected in the field during the design mission (November 2017). Prices used represent estimates of the average seasonal prices and the analysis is carried out using nominal constant prices.

11. Labour. Family labour has been valued both in financial and economic analysis. It has been assumed that farm labour is provided by the households and is valued at IDR 50,000 per day (USD 3.7). Hired labour is priced at IDR 70,000 per day (USD 5.18), which is the prevailing market rate. A shadow wage rate factor (SWRF) of 0.85 is applied to both family and hired labour since this is principally unskilled labour.

12. Opportunity cost of capital. A discount rate of 9 per cent has been used in this analysis to assess the viability and robustness of the investments. In order to consider the profitability of the foreseen investments with market alternatives, the selected value is calculated as an average of the lending, deposit and money market interest rates.

### C. Productive models

13. **Farm models.** Five farm models were originated combining different crops cultivated in the project area. The average land size for target beneficiaries in the project area is of about 0.3 ha per household. Rice production is still regarded as the main staple food product jointly with maize. Crop production at farm level is facing major challenges both in term of lack of reliable farm inputs and climate change. The typical rural household in the project area would cultivate at least three different crops, predominantly rice, maize and soybeans. With project scenarios have been elaborated under the assumption that thanks to increased access to finance, technical assistance and inputs, rural HHs would be induced to cultivate more profitable and market-oriented commodities. Chili, banana, cassava, sweet potato are considered valid alternative to traditional farming, offering greater opportunity for value-addition in the transition towards a diversified production. Nonetheless, rice production will not be crowded out given its relevance within the dietary customs of Indonesian households. Details on farm composition model are provided in the table below. Details on production costs are provided in annex to this appendix.

**Table 3: Farm models composition**

Commodity	unit	Without project scenario Size	With project scenario				
			Farm 1	Farm 2	Farm 3	Farm 4	Farm 5
Rice/paddy	ha	0.2	0.2	0.2	0.2	0.2	0.2
Maize	ha	0.05	-	-	-	-	-
Soybean	ha	0.05	-	-	-	-	-
Sweet potato	ha	-	0.05	0.05	-	-	0.05
Banana	ha	-	0.05	-	0.05	-	0.05
Cassava	ha	-	-	-	0.05	0.05	-
Chili	ha	-	-	0.05	-	0.05	-

14. The transition to new crops is a profitable and viable option for rural households and shows positive returns. Cash-flows over the 20 year project period, discounted at 9 per cent, produce NPVs ranging from IDR 0.594 M (USD 44) to IDR 54.5 M (USD 4033) with FIRR from 12 per cent to 116 per cent. To every dollar invested an extra worth from USD 0.08 up to USD 1.09 is generated (B/C ratios ranging from 1.08 to 2.09). Finally, thresholds for the various models have been identified. Details on the switching values for both benefits and costs are provided in table 1.

15. **Bee keeping model.** Bee keeping is an economically valid production activity that can generate income, support industrial businesses (medicines, cosmetics etc), support local labour market. This productive activity also plays a vital environmental role in the pollination process for various types of agricultural crops, plantations and forestry. Bee keeping requires small portion of land, capital, labour, knowledge and skills as well as good management practices. Bee cultivation provides both direct and indirect benefits. The direct benefits derived from honeybee cultivation are those related to selling the produce, namely honey, pollen, royal jelly, bee pollen, propolis, beeswax, bee bread, bee larvae, and bee venom. Indirect benefits include increasing agricultural production, plantation and forestry, improving public health, opening up employment and business opportunities, improving people's welfare and income.

16. Initial investment costs concern acquisition of equipment and tools required for starting the activity (ten complete beehives, gloves, mask, smoker etc.) with an initial outlay of about IDR 11.2 M (USD 831). Operating costs related to inputs, tools and utilities costs would sum up to an average IDR 4.4 M per year (USD 328). Labour costs sourced in the family is instead valued at IDR 5.5 M (about USD 407).

17. At full development stage, production would reach 300 kg per year (30 kg year per beehive) for a total value of IDR 19.5 M (USD 1,444). Despite a lack of comparable counterfactual, the analysis includes a WoP scenario considering the forgone income of labour force, so as to avoid benefit overestimation. Manpower has been valued at the unskilled/family labour wage for a total value of IDR 5.5 M (USD 407),



18. The NPV of the model, is equal to IDR 24.8 M (USD 1,841) with an FIRR of 27 per cent and a B/C ratio equal to 1.24. Activity results would finally turn negative in case of benefits declines of 19 per cent or costs increase of 24 per cent.

19. Mushroom production model. Oyster mushroom is one type of mushroom, whose business is quite profitable because as its production does not require extensive land or big scale infrastructure. Capital requirement are relatively low and cropping pattern allows for three production cycles every year.

20. The initial investment concerns a light protection structure - which can be made out of bamboo sticks and other light material - small equipment (weighing scale, tools etc.) and mushroom baglogs for the first production season. The investment cost in year one would make up to around IDR 3.3 M (USD 250). Operating costs would mainly cover expenses for drugs to contain diseases, utilities and maintenance of equipment for a total value of roughly IDR 2.8 M (USD 214). This cost would also include new mushroom baglogs to keep up production after year 1 once older baglogs would need to be replaced. Labour cost at full development is of about IDR 2.1 M (USD 155) and can be easily carried out by family members that received a training on mushroom farming.

21. Mushrooms are sold at IDR 10,000 kg generating a gross revenue of IDR 7.7 M (USD 570). In order to appreciate activity contribution to household income the proposed investment should have been nested in a broader HHs model. Unfortunately, lack of reliable data at design stage, concerning source of income for HHs, made it impossible to complete the task. Nonetheless - as a partial finding towards change in income - it is worth noticing that monthly returns to labour will attain IDR 114,000 - well higher than the actual unskilled rural labour wage (IDR 46,000).

22. Activity results are positive with a NPV of IDR 0.902 M (USD 67) and a FIRR of 20%. B/C ratio is equal to 1.45 and switching values of -31 per cent for benefits and +45% forcosts.

23. Mushroom processing model. Good taste and high nutritional value can poke people's interest to consume processed oyster mushroom products. Therefore, oyster mushroom processing industry has good potential for further development within the local economy. Processing activities consists of washing, cleaning and frying raw mushroom sourced by local producer. Packaging and labelling are also important aspect of the process related to market demand which requires both better quality and appearance of marketed products. The project will support young entrepreneurs to initiate this business thanks to innovative financial products and support. Increase in value-addition is pursued through use of efficient technology and increase technical knowledge. In the current scenario, processors are not currently engaged in the activity therefore the foregone labour to undertake it is also considered in the WoP.

24. The initial investment cost of IDR 72.8 M (USD 5,400) includes installation of the workshop alongside with equipment and machinery. Operating costs at full development phase (excluding labour) would amount to an average IDR 110 M (USD 8,125). Labour cost provided by hired workers would sum up to IDR 33.5 M (USD 2,480).

25. Processing capacity is assumed to reach up to 3.2 tons of mushroom per year with an expected gross revenue of roughly IDR 212.6 M (USD 15,740) related to sales of crispy mushrooms and mushrooms nuggets.

26. Activity's results are positive with NPV equal to IDR 54.5 M (USD 4,033) and FIRR of 16 per cent. The B/C ratio is equal to 1.33 while switching values for benefits and cost are of -25 per cent and +53 per cent respectively.

27. Cassava processing model. Cassava plant is one of the main agricultural commodities in Indonesia usually used as food ingredient. In addition, cassava can also be used as a substitute food - such as cassava chips - after processing is carried out either in wet or dry form. Other kinds of processed cassava products include cassava flour, patilo, glass cake, rainbow cake, sweet cake and so forth. Local entrepreneurs in the target area are interested in accessing better quality raw material and increase value-addition via investments in new machineries and equipment so as to reach high-quality standards and product certification. The project will support enterprises to access finance and support their business. In the foreseen scenario, processors would invest in machineries and equipment; training on processing advanced techniques, food hygiene and labour safety.

28. Initial investment cost includes installation of machinery and equipment required for processing and transforming raw material into sellable products. The average cost for setting up the activity would

be equal to IDR 29 M (USD 2,100). Operating costs related to inputs acquisition, utilities and maintenance expenses would reach on average IDR 16.5 M (USD 1,221). At full development stage, labour cost for would equal to about IDR 13 M (USD 960).

29. The small scale facility is expect to reach a processing capacity of about 1 ton per year. Sales of final product would generate an average gross revenue of IDR 49.7 M (USD 3,680). The WoP considers the foregone labour opportunities of processing labour requirement being valued at labour market prices.

30. The cash-flow over the period of 20 years, discounted at 9 per cent, produces a NPV of IDR 47.5 M (USD 3,515) and a FIRR of 27 per cent. The B/C ratio equal to 1.89 while switching values for benefits and costs are of -47 per cent and +89 per cent respectively.

31. Banana processing model. Banana processing small scale facility can be started with an initial outlay of about IDR 24.9 m (USD 1,843). The expenses include installation of basic machinery required to clean, dry, fry and pack banana chips. Operating cost at full development stage - mainly related inputs acquisition, electricity and maintenance - will average IDR 12.3 M (USD 910). Revenues from sales of about 440 kg of packed product would equal IDR 38.9 M (USD 2,880).

32. The model's cash-flow discounted at 9%, produces a NPV of IDR 43 M (USD 3,190) with an FIRR of 27 per cent. Each dollar invested in the activity will generate an extra USD 0.91 worth (B/C ratio is equal to 1.917). the activity would instead turn to negative results in case of a decline in benefit of 48 per cent or an increase in cost of 91 per cent.

#### D. Economic analysis

33. The objectives of the economic analysis are: (i) to examine the overall Project viability; (ii) to assess the Project's impact and the overall economic rate of return; and (iii) to perform sensitivity analyses upon risks and variables affecting project's results.

34. Key Assumptions. Production and activity models considered in the financial analysis are used as building blocks for determining the viability of the whole project, once addressing for market distortion and opportunity costs for inputs and outputs. The economic analysis of the project hinges on the following assumptions: (i) Project life has been assumed at 20 years in light of investments lifecycle; (ii) project inputs and outputs are valued at their economic parity prices estimated upon international prices as reported by the World Bank commodity outlook, and on the basis of custom duties and taxes rates as provided by the national bureau of international trade; (iii) an economic discount rate of 9% has been used to calculate the weighted average of saving interest rates, long term bonds yields and the real interest rate; (iv) family labour is valued at its opportunity cost; (v) the shadow exchange rate factor (SERF) of 1.01 is calculated upon international trade statistics and applied for the conversion of commodity prices when detailed conversion factor is not available; (vi) conversion factors for main inputs and outputs are calculated starting from international prices<sup>130</sup> and on the basis of import and export taxes and duties in Indonesia; and (vii) the shadow exchange rate (SER), estimated upon international trade data, is equal to IDR 13,614 ( figure 2).

Figure 1: Derivation of SER with national data (values in IDR)

Total imports of G&S	M	1,284,682,299,215,000	1,401,129,221,822,700	1,541,278,114,590,700	1,310,433,886,958,300	1,537,719,772,734,300	1,768,821,873,848,100	1,910,299,521,014,600	1,945,867,324,036,400	1,987,113,919,438,030	1,859,711,512,990,420	1,817,548,772,273,200	1,832,440,385,190,720
Total exports of G&S	X	1,347,685,282,231,700	1,462,817,762,521,500	1,602,274,919,018,600	1,447,012,267,490,600	1,667,917,825,501,200	1,914,267,941,367,800	1,945,063,702,941,100	2,026,113,681,046,500	2,047,887,100,952,720	2,004,416,350,117,380	1,969,635,444,498,590	1,939,328,863,775,040
Average duties on imports	t	3.42%	2.68%	4.29%	1.48%	2.46%	2.49%	2.42%	2.27%	2.42%	2.27%	2.42%	2.42%
Import duties	Tm	43,936,134,633,153	37,550,263,144,848	66,120,831,115,941	19,394,421,526,983	37,827,906,409,264	44,043,664,658,818	46,229,248,408,553	44,171,188,255,626	48,088,156,850,400	42,215,451,344,883	43,984,680,289,011	43,794,328,030,937
Average taxes on exports	s			0.85%	0.04%	0.53%	1.51%	1.05%	0.78%	0.55%	0.19%	0.19%	
Export duties	Tx			13,578,300,000,000,000	564,955,000,000,000	8,897,710,000,000	28,855,600,000,000	21,237,900,000,000	15,835,400,000,000	11,329,034,070,580,000	3,727,145,557,008,000	3,742,307,344,547,32	11,974,257,923,179
Total international commerc	M-X	2,632,367,581,446,700	2,863,946,984,344,200	3,143,553,033,609,300	2,757,446,154,389,900	3,205,637,598,235,500	3,683,089,815,215,900	3,855,363,223,955,700	3,971,981,015,082,900	4,035,001,020,390,750	3,864,127,863,107,800	3,787,184,216,771,790	3,771,769,248,965,760
	M-Tm	1,328,618,433,848,150	1,438,679,484,967,550	1,607,398,945,706,640	1,329,828,308,485,280	1,575,547,679,143,560	1,812,865,538,506,900	1,956,528,769,423,150	1,990,038,512,292,030	2,035,202,076,288,430	1,901,926,964,335,300	1,861,533,452,562,210	1,876,234,713,221,660
	X-Tx	1,347,685,282,231,700	1,462,817,762,521,500	1,588,696,619,018,600	1,446,447,312,490,600	1,659,020,115,501,200	1,885,412,341,367,800	1,923,825,802,941,100	2,010,278,281,046,500	2,036,558,097,545,660	2,000,689,204,560,370	1,965,899,137,154,040	1,925,953,854,302,380
	SCF	0.984	0.987	0.984	0.993	0.991	0.996	0.994	0.993	0.991	0.990	0.989	0.992
	OER (IDR/USD)	9,159	9,141	9,699	10,390	9,090	8,770	9,387	10,461	11,865	13,389	13,308	13,308
	SER	9,312	9,261	9,861	10,461	9,172	8,807	9,447	10,536	11,973	13,523	13,450	13,450

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35. **Programme Economic Costs.** The economic analysis includes the investment and incremental recurrent costs of project components. Project financial costs have been converted to economic values by removal of taxes, duties and subsidies. In order to avoid double counting, the final aggregation considered only those costs that were not included in financial models. Specifically, the estimation of economic costs considered: (a) all investments costs deducted from taxes; (b) the recurrent costs of the program; and (c) the use of a conversion factor of 1.01 (SERF) to correct market costs to economic costs into Costab.

36. **Benefits Estimation.** The incremental benefits stream comprises the economic net values of all the models developed in the financial analysis. These benefits are then aggregated following the inclusion phasing foreseen for targeted households and cooperatives (table 2).

37. **Economic Profitability.** The project is a technical and economically viable investment to the economy as a whole. The project economic NPV of the net benefit stream, discounted at 9%, is IDR 2,483 billion (USD 183.8 million) producing an EIRR of 32.7% for the base case scenario.

38. **Sensitivity Analysis.** The results of the sensitivity analysis are given in the tables below, showing the impact of changes in costs, benefits, output prices and variations in the SWRF on EIRR and NPV. The impact on the project results of simultaneous increases in costs and decreases in benefits, decreases in output prices and delays in achieving benefits are shown in Table 5. It is clear from these cases that the project could only become no viable – with an EIRR below 9% - as the result of severe changes in implementation costs or in achieving expected project benefits.

**Table 4: Sensitivity analysis**

Incremental benefits	EIRR	Total Project Costs	EIRR	Output Prices	EIRR	SWRF	EIRR
0%	<b>32.7%</b>	0%	<b>32.7%</b>	0%	<b>32.7%</b>	0.75	34.5%
-25%	28.3%	-25%	37.1%	-25%	14.4%	0.80	33.6%
-20%	29.3%	-20%	36.1%	-20%	18.2%	0.85	<b>32.7%</b>
-10%	31.1%	-10%	34.3%	-10%	25.5%	0.90	31.8%
10%	34.2%	10%	31.2%	10%	39.9%	0.95	31.0%
20%	35.5%	20%	29.9%	20%	47.3%	1.00	30.1%
25%	36.1%	25%	29.3%	25%	51.1%		
switching values							
	-81%		418%		-32%		

Incremental benefits	NPV	Total Project Costs	NPV	Output Prices	NPV	SWRF	NPV
0%	2,483,278	0%	2,483,278	0%	2,483,278	0.75	2,648,433
-25%	1,713,923	-25%	2,631,813	-25%	515,537	0.80	2,565,855
-20%	1,867,794	-20%	2,602,106	-20%	909,085	0.85	2,483,278
-10%	2,175,536	-10%	2,542,692	-10%	1,696,182	0.90	2,400,700
10%	2,791,019	10%	2,423,864	10%	3,270,374	0.95	2,318,122
20%	3,098,761	20%	2,364,450	20%	4,057,470	1.00	2,235,545
25%	3,252,632	25%	2,334,743	25%	4,451,018		

**Table 5: Sensitivity analysis – combined factors**

Variables		EIRR	NPV (IDR mln)
Costs +10%	Benefits -10%	29.6%	2,116,122
Costs +20%	Benefits -20%	26.4%	1,748,966
Costs +10%	Output prices -10%	24.4%	1,636,149
Costs +20%	Output prices -20%	16.5%	790,257
Benefits lagged 1 year		28.7%	2,117,656
Benefits lagged 2 years		25.3%	1,783,064
Costs +20%	Lagged 1 year	26.1%	1,998,828
Costs +20%	Lagged 2 years	23.0%	1,664,236

39. Finally, the sensitivity analysis has been paired with the risk analysis so as to identify how - and the extent to which - project risks would ultimately have an impact on the overall profitability of the project. The project is not particularly affected by market or political risks, while institutional frictions – to be more closely monitored – can potential harm project profitability.

Risks (type and description)	Probability of occurrence	Mitigation measures	Comparative sensitivity analysis result (Proxy)
<b>POLITICAL</b> Weak GoI implementation capacity	Medium	Implementation capacity in Indonesia is mixed. This will be addressed by: complementing implementation teams with qualified and experienced consultants; resorting to technical assistance to provide methodological guidance and capacity building; outsourcing implementation for specific activities; and implementing a performance-based allocation of project resources at district level, whereby good performance will be rewarded and poor performance would warrant lesser resources but increased capacity building.	Costs (base case) Benefits -10% Benefits lagged by 1 years EIRR: 27.2%
<b>INSTITUTIONAL</b> Management challenge deriving from widespread geographical area	Low to Medium	Successful experience with implementation on widespread implementation areas gained under CCDP will be built upon, including: adopting a phased project implementation; use of ICT tools to facilitate communication and project monitoring; close monitoring of performance with performance dashboards and weekly performance assessment meetings allowing early detection and correction of problems; NPMU will extend regular capacity building.	Costs +10% Benefits -20% Benefits lagged by 2 years EIRR: 21.3%
<b>MARKET</b> Limited interest of private sector partners and financial institutions to engage in rural areas or agriculture-based sector because of the risks	Low to Medium	YESS will provide incentives for agribusiness and financial providers to de-risk their support to young farmers and entrepreneurs, including: building primo-borrowers' credit history; capacity building for better risk assessment in the agriculture-based sector; support to contract farming.	Costs (base case) Benefits -20% Benefits lagged by 2 years EIRR: 22.5%
<b>MARKET</b> Drop out and failure of entrepreneurs	Medium to High	Entrepreneurs will: be directed to types of businesses suiting their assets and skill profile; get support for developing sustainable business plans; access adapted BDS services, including support to develop business linkages; access financial services along graduation path; have access to	Costs (base case) Benefits -20% Benefits lagged by 1 years EIRR: 25.6%

Risks (type and description)	Probability of occurrence	Mitigation measures	Comparative sensitivity analysis result (Proxy)
		mentorship services.	
<b>INSTITUTIONAL</b> Elite capture of programme benefits	Low to Medium	YESS will support the identification of investment opportunities and the development of business models suiting the asset, risk and capacity profiles of the rural poor/near poor youth (self-targeting). Mobilisation teams will mobilise the main target group, facilitate their accessing project services and, with support of youth facilitators and village communities, filter unwanted applications from social categories not intended to benefit from project services.	Costs (base case) Benefits -30% Benefits lagged by 0 years EIRR: 27.2%
<b>POLICY</b> Difficult access to land	Medium to High	Provincial land tenure reviews will be carried out and land tenure models will be developed and disseminated. Business opportunities matching provincial potential and adapted to young people with little or no access to land will be identified through mapping and translated into business support packages.	Costs +20% Benefits -10% Benefits lagged by 2 years EIRR: 21.7%
<b>INSTITUTIONAL</b> Limited synergies between ministries involved in the promotion of youth employment and entrepreneurship	High	Multi-Stakeholder Platforms will be established at provincial and district level, bringing together public and private players as well as youth organisations who will collectively prepare promotion plans, guide project implementation and review achievements	Costs +10% Benefits -10% Benefits lagged by 2 years EIRR: 22.8%
<b>INSTITUTIONAL</b> Limited effectiveness of PLUTs	Low to medium	Integrating YESS business development service delivery through the PLUT system, allows to influence a national initiative funded by the MoCSME and the districts in a pro-poor, youth-focused way that is expected to have spillover effects to non-programme districts. The phasing of project activities has taken this into account in close consultation with the Government and alignment with PLUT expansion commitments. This allows to ensure one service delivery approach across all districts. The actual set up of future PLUTs will be closely monitored and performance of existing PLUTs comprehensively evaluated through the Project M&E system.	Costs +10% Benefits -20% Benefits lagged 1 year EIRR: 24.2%
<b>INSTITUTIONAL</b> Limited coordination within Multistakeholder Platforms	Medium	Clear alignment with partners' strategies and establishment of an incentive- and commitment matrix will support an effective functioning of the MSPs.	Costs – base case Benefits -20% Benefits lagged 1 year EIRR: 25.6%

**ATTACHMENT 1**  
**PRICES AND MODELS**

**Figure A 1: prices and conversion factors (1/4)**

	Unit	Financial Prices ('000 IDR)	Conversion factors	Economic Prices ('000 IDR)
<b>OUTPUTS</b>				
<b>Commodities sold</b>				
Rice/paddy	kg	4.6	1.01	4.6
Rice by-product (Straw)	kg	0.43	1.01	0
Maize	kg	2	1.01	2
Soybean	kg	8	0.97	7
Chili	kg	4	1.01	4
Banana	kg	1.5	0.97	1
Cassava	kg	4.2	0.97	4
Sweet Potato	kg	2.2	1.01	2
Banana chips	kg	95	0.86	81
Cassava chips	kg	75	0.86	64
Raw honey	kg	65	0.97	63
Raw wax	kg	164	0.97	158
Processed Honey	kg	110	0.97	106
Oyster mushroom	kg	10	0.97	10
Crispy Mushroom	kg	45	0.97	43
Mushroom nuggets	kg	70	0.97	68
<b>INPUTS</b>				
<b>Seeds</b>				
Rice seeds	kg	5	1.01	5
Maize seeds	kg	30	1.01	30
Soybean seeds	kg	25	1.01	25
Chili seeds	kg	10	1.01	10
Banana seedlings	kg	3	1.01	3
Cassava seeds	kg	0.03	1.01	0
Sweet Potato seeds	kg	0.05	1.01	0
<b>Agricultural inputs</b>				
Manure	ton	500	1.01	504
Bags (50 kg)	no.	16	1.01	16
<i>Fertilizers:</i>				
TSP	kg	5.30	0.87	5
Ammonium sulphate	kg	1.50	0.87	1
Calcium carbide	kg	1.65	0.90	1
Potassium chloride	kg	3.00	0.90	3
KCL	kg	2.60	0.90	2
Superphosphate 18% P2O5	kg	2.00	0.87	2
Urea	kg	1.80	0.87	2
Basal Fertilizers (NPK, DAP, CAN)	kg	10.00	0.90	9
<i>Chemical products:</i>				
Insecticides	kg	50.00	1.22	61
Herbicides	lt	90.00	1.22	110
Tools	lumpsum	150.00	1.01	151
Irrigation / Energy/Electricity	kWh	0.36	1.00	0
Mechanical Plowing	ha	650.00	1.01	655
Transport	per kg	0.08	1.01	0
Land rent	per ha	500.00	1.00	500

**Figure A 2: Prices and conversion factors (2/4)**

<b>Bee keeping</b>				
<i>Investments</i>				
Beehive complete	no.	205	1.00	205
Smoker	no.	740	1.01	746
Beekeeper catsuit-nylon	no.	1,028	1.01	1,036
Beekeeper's gloves	no.	123	1.01	124
Beekeeper chisels	no.	82	1.01	83
Broom tool	no.	62	1.00	62
Excluding screen for queens	no.	144	1.00	144
Wax preformed	kg	206	1.00	206
Plastic buckets of 25 kg	no.	70	1.00	70
Other accessories and tools	lumpsum	2,056	1.00	2,056
<i>Operating costs</i>				
Energy food	kg	10	1.01	10
Protein feed	kg	10	1.01	10
Raw wax	kg	226	1.01	228
Replacement of Hives 5% year	no.	822	1.00	822
Electricity	lumpsum	6,169	1.00	6,169
Jars	no.	70	1.00	70
<b>Mushroom production</b>				
<i>Investments</i>				
Bamboo Shelter	unit	450	1.00	450
Weighting scale	no.	35	1.01	35
Knife and other tools	no.	11	1.00	11
Sprayer	no.	150	1.00	150
Baskets for harvest	no.	11	1.00	11
<i>Operating costs</i>				
Mushroom baglogs	no.	5	1.01	5
Electricity for watering	Lumpsum	9	1.00	9
Drugs to spray	lt	5	1.22	6
O&M investment (5% of invest. Cost)	Lumpsum	34	1.00	34
Land lease	Lumpsum	40	1.00	40
Transportation cost	per kg	0.12	1.00	0.12
<b>Honey processing</b>				
<i>Investments</i>				
Construction of honey workshop with water tank of 16.000 Lt	no.	380,393	1.00	380,393
Stainless steel wax molten bath type	no.	9,458	1.01	9,535
Stainless steel mug for soldering wax	no.	144	1.01	145
Slane	no.	329	1.00	329
Stainless electric laminator w/wax	no.	10,281	1.01	10,364
Reels for wax	no.	226	1.00	226
Bucket with lid in stainless steel to handle honey	no.	781	1.00	781
Stainless steel sieve	no.	946	1.00	946
Table stainless steel cap. 48 frames	no.	12,296	1.00	12,296
Radial electric frames 48 stainless steel centrifuge	no.	27,964	1.00	27,964
400 L stainless steel decanter with 2 cutting records quickly fixed s	no.	9,253	1.00	9,253
Stainless steel chisel	no.	82	1.00	82
Stretched wire	no.	144	1.00	144
Wire	kg	99	1.00	99
Rivet bag	no.	123	1.00	123
Soldering iron	no.	123	1.01	124
Iron scale capacity 300 kg	no.	3,701	1.01	3,731
Plastic buckets of 25 kg	no.	70	1.00	70
Other accessories and tools	lumpsum	2,056	1.01	2,073
Acquisition of pluviometer	no.	82	1.01	83
Project i.d. card	no.	4,395	1.00	4,395
Acquisition of computer and Multimedia Kit (dual core, Desktop PC	kit	16,449	1.01	16,582
Technical assistance (12.5% of the cost of invest.)	lumpsum	135,708	1.00	135,708
<i>Operating inputs</i>				
Honey	kg	65	0.97	63
Electricity	lumpsum	6,169	1.00	6,169
Accounting	lumpsum	3,853	1.00	3,853
Gasoline	liter	16	1.23	20
Jars	no.	70	1.01	70



**Figure A 3: Prices and conversion factors (3/4)**

<b>Mushroom processing</b>				
<i>Investment inputs</i>				
Workshop	no.	35,000	1.00	35,000
Deep fryer machine	no.	5,600	1.01	5,645
Weighing machine	no.	1,700	1.01	1,714
Packing machine	no.	900	1.01	907
Labelling machine	no.	17,000	1.01	17,137
Gas open burner	no.	9,500	1.00	9,500
Table stainless steel	no.	550	1.00	550
<i>Operating inputs</i>				
Fresh raw mushroom	kg	10	1.00	10.0
Garlic powder	kg	70	1.00	70
Conr starch	kg	10	1.00	10
Salt	kg	4	1.00	4
Rice flour	kg	50	1.00	50
Cooking oil	lt	80	1.00	80
Pepper	kg	160	1.00	160
Sugar	kg	17	1.00	17
Chicken egg	kg	18	1.00	18
Chicken meat	kg	30	1.00	30
Wheat flour	kg	57	1.01	57
Bread Flour	kg	160	1.01	161
Electricity (2.5KWh / 1 kg of product)	Kwh	1	1.00	1
Fuel for cooking (12 kg cylinder)	no.	150	1.23	184
Water	lumpsum	2,500	1.00	2,500
Hygiene	IDR/ton	1,500	1.00	1,500
O&M building (5% of investment cost)	lumpsum	1,750	1.00	1,750
O&M machinery and equipment	lumpsum	1,890	1.00	1,890
Packaging (250 gr)	no.	0	1.01	0
Transportation	ton	297	1.00	297
Tools/equipment	lumpsum	3,500	1.01	3,528
<b>Banana chips processing</b>				
<i>Investment inputs</i>				
Workshop	no.	20,000	1.00	20,000
Slicer	no.	4,500	1.01	4,536
Frying equipment (wok and slicer)	no.	300	1.00	300
Weighing scale	no.	50	1.01	50
Packing machine	no.	500	1.01	504
Labelling machine	no.	2,000	1.01	2,016
Gas stove and 3 kg tube	no.	300	1.01	302
Plastic bucket	no.	15	1.00	15
Table stainless steel	no.	550	1.00	550
<i>Operating inputs</i>				
Fresh raw Banana	kg	1.5	0.97	1.4
Cooking oil (20 lt per 100 kg of product)	lt	13.0	1.01	13.1
Salt (7.5 kg / 100 kg product)	kg	4.0	1.01	4.0
Fuel for cooking (3 kg cylinder)	no.	17.5	1.23	21.5
Sugar (12kg/100 kg of product)	kg	13.0	1.00	13.0
Electricity (2.5KWh / 1 kg of product)	Kwh	0.8	1.00	0.8
Water	lumpsum	2,500.0	1.00	2,500.0
Hygiene	IDR/ton	1,500.0	1.00	1,500.0
O&M building (5% of investment cost)	lumpsum	1,000.0	1.00	1,000.0
O&M machinery and equipment	lumpsum	244.5	1.00	244.5
Plastic bag in aluminium foil (250 gr)	no.	0.4	1.01	0.4
Transportation	ton	13.0	1.00	13.0
Tools/equipment	lumpsum	850.0	1.00	850.0

**Figure A 4: Prices and conversion factors (4/4)**

<b>Cassava chips processing</b>				
<i>Investment inputs</i>				
Workshop	no.	20,000	1.00	20,000
Cart	no.	250	1.01	252
Weighing scale	no.	230	1.01	232
Drum	no.	300	1.01	302
Drying machine	no.	1,200	1.01	1,210
Blender	no.	450	1.01	454
Dynamo	no.	750	1.01	756
Blades cutter	no.	450	1.01	454
Frame	no.	300	1.01	302
Transmission belt	no.	20	1.01	20
Aluminium Bag	no.	60	0.90	54
Aluminium Tank	no.	200	0.90	181
Big pan	no.	500	1.00	500
Small pan	no.	350	1.00	350
Tools for stirring	no.	12	1.00	12
Stove	no.	260	1.00	260
Big oil tank	no.	300	0.90	271
Installation cost	Lumpsum	550	1.00	550
<i>Operating inputs</i>				
Fresh raw Cassava	kg	4	0.97	4
Cooking oil (0.18 lt per 1 kg of product)	lt	13	1.00	13
Salt (0.02 kg / 1 kg product)	kg	4	1.00	4
Chilli (0.0125 kg/1kg of product)	kg	4	1.00	4
Fuel for cooking (0.125 lt / 1kg of product)	lt	18	1.23	22
Sugar (0.05kg/ 1 kg of product)	kg	13	1.00	13
Garlic (0.003kg/1kg of product)	kg	70	1.00	70
Electricity	per month	250	1.00	250
Water	per month	80	1.00	80
Hygiene	IDR/ton	1,500	1.00	1,500
O&M building (5% of investment cost)	lumpsum	1,000	1.00	1,000
O&M machinery and equipment	lumpsum	445	1.00	445
Plastic bag in aluminium foil (250 gr)	no.	0	1.01	0
Labels	no.	0	1.00	0
Transportation	ton	13	1.00	13
Tools/equipment	lumpsum	850	1.01	857
<b>Labour</b>				
Skilled labour (=hired labour, "surplus" labour)	pers.day	70	0.85	60
Family labour	pers.day	50	0.85	43
Administrative staff, managers	pers.day	120	1.00	120
Taxes	%	10%	0	0
Insurance	%	22%	0	0
Discount rate	%	9%	1	9%

Table A.5: Crop Production Models

PRODUCTION AND INPUTS	Rice wet (1 ha)			Rice dry (1 ha)			Chili (1 ha)			Sweet potato (1 Ha)			Cassava (1 ha)			Soybean (1 ha)			Corn (1 ha)			Banana (1 ha)		
	Area normally dedicated to the crop (ha)	0.3		0.3		0		0		4		4		4		4		4		4		4		
Number of beneficiaries per ha	10		10		0		0		0		30		30		30		30		30		30		4	
number of production cycles/year	1		1		1		1		2		1		1		1		2		1		1		1	
ITEMS	Unit	Price ('000 IDR)	Quantities	Unit	Price ('000 IDR)	Quantities	Unit	Price ('000 IDR)	Quantities	Unit	Price ('000 IDR)	Quantities	Unit	Price ('000 IDR)	Quantities	Unit	Price ('000 IDR)	Quantities	Unit	Price ('000 IDR)	Quantities	Unit	Price ('000 IDR)	Quantities
<b>PRODUCTION AND INPUTS</b>																								
Product	kg	4.6	3,833	kg	4.6	3,467	kg	4.20	6,500	kg	2.20	25,200	kg	4.20	20,000	kg	7.50	2,355	kg	1.80	9,000	kg	1.50	22,000
<b>Total sale</b>	kg		3,833	kg		3,467	kg		6,500	kg		25,200	kg		20,000	kg		2,355	kg		9,000	kg		22,000
<b>Selfconsumption</b>	kg		0	kg		0	kg		0	kg		0	kg		0	kg		0	kg		0	kg		0
By product	kg	0.43	3,450	kg	0.43	3,120	kg			kg			kg			kg			kg			kg		
Post-harvest losses	%		5%	%		5%	%		5%	%		5%	%		5%	%		5%	%		5%	%		5%
<b>Investment</b>																								
<b>Productive inputs</b>																								
Seeds	kg	5	50	kg	5	50.0	gr	10.00	50	no.	0.05	20,000	kg	0.03	5,000	kg	25.00	50	kg	30.00	10	kg	15.00	1,250
Manure	ton	500	2	ton	500	2.0	ton	500	2.0	ton	500	35	ton	500	50	ton	500	0.8	ton	500	3	ton	500	3
Bags (50 kg)	no.	16	77	no.	16	69	no.	16	130	no.	16	504	no.	16	400	no.	16	47	no.	16	180	no.	16	440
<b>Fertilizers:</b>																								
TSP	kg	5.30	40	kg	5.30	68	kg	5.30	180	kg	5.30		kg	5.30		kg	5.30		kg	5.30		kg	5.30	
Ammonium sulphate	kg	1.50		kg	1.50		kg	1.50	400	kg	1.50		kg	1.50	25	kg	1.50		kg	1.50		kg	1.50	
Calcium carbide	kg	1.65		kg	1.65		kg	1.65		kg	1.65		kg	1.65		kg	1.65		kg	1.65		kg	1.65	
Potassium chloride	kg	3.00		kg	3.00		kg	3.00		kg	3.00	700	kg	3.00	200	kg	3.00		kg	3.00		kg	3.00	
KCL	kg	3.00		kg	3.00		kg	3.00		kg	3.00		kg	3.00		kg	3.00	100	kg	3.00	100	kg	3.00	300
Superphosphate 18% P2O5	kg	2.00	70	kg	2.00	40	kg	2.00	500	kg	2.00		kg	2.00	75	kg	2.00	10	kg	2.00	150	kg	2.00	300
Urea	kg	1.80	100	kg	1.80	93	kg	1.80	300	kg	1.80		kg	1.80	200	kg	1.80	50	kg	1.80	200	kg	1.80	600
Basal Fertilizers (NPK, DAP, CAN)	kg	10.0		kg	10.00		kg	10.00		kg	10.00	350	kg	10.00		kg	10.00		kg	10.00		kg	10.00	
<b>Chemical products:</b>																								
Insecticides	kg	50	1	kg	50	1	kg	50	0.5	kg	50		kg	50	2	kg	50		kg	50	3	kg	50	2
Herbicides	lt	90	1	lt	90	1	lt	90	0.5	lt	90		lt	90		lt	90		lt	90	5	lt	90	
Tools	lumpsum	150	1	lumpsum	150	1	lumpsum	150	1	lumpsum	150	1	lumpsum	150	1	lumpsum	150	1	lumpsum	150	1	lumpsum	150	1
Irrigation / Energy/Electricity	kWh	0.36	0	kWh	0.36	0	lt	0.36	0	lt	0.36	0	lt	0.36	0	lt	0.36	0	lt	0.36	0	lt	0.36	0
Mechanical Plowing	ha	650	1	ha	650	1	ha	650	1	ha	650	1	ha	650	1	ha	650	1	ha	650	1	ha	650	1
Transport	per kg	0.08	3,833	per kg	0.08	3,467	per kg	0.08	1	per kg	0.08	2	per kg	0.08	1	per kg	0.08	1	per kg	0.08	2	per kg	0.08	1
Land rent	per ha	500	1	per ha	500	1	per ha	500	1	per ha	500	1	per ha	500	1	per ha	500	1	per ha	500	1	per ha	500	1
<b>Labour force</b>																								
Land Preparation and sowing	pers.day		10	pers.day		10	pers.day		10	pers.day		10	pers.day		10	pers.day		10	pers.day		10	pers.day		40
Transplanting	pers.day		70	pers.day		60	pers.day		40	pers.day		10	pers.day		10	pers.day		30	pers.day		10	pers.day		40
Various operations	pers.day		0	pers.day		0	pers.day		50	pers.day		100	pers.day		62	pers.day		15	pers.day		74	pers.day		50
Harvesting	pers.day		10	pers.day		10	pers.day		60	pers.day		15	pers.day		10	pers.day		20	pers.day		40	pers.day		30
<b>Sub-total labour force</b>			90.00			80			160			135			92			75			134			160
Specialized labour	pers.day	70	0	pers.day	70	0	pers.day	70	0	pers.day	70	0	pers.day	70	0	pers.day	70	0	pers.day	70	0	pers.day	70	0
Family labour	pers.day	50	90.0	pers.day	50	80	pers.day	50	160	pers.day	50	135	pers.day	50	92	pers.day	50	75	pers.day	50	75	pers.day	50	160

Indonesia  
Youth Entrepreneurship and Employment Services (YESS)  
Design completion report  
Appendix 10: Economic and Financial Analysis

Table A.5 - continued

FINANCIAL BUDGET	Rice wet (1 ha)	Rice dry (1 ha)	Chili (1 ha)	Sweet potato (1 Ha)	Cassava (1 ha)	Soybean (1 ha)	Corn (1 ha)	Banana (1 ha)
ITEMS	Revenues/costs	Revenues/costs	Revenues/costs	Revenues/costs	Revenues/costs	Revenues/costs	Revenues/costs	Revenues/costs
<b>Production Revenues</b>								
Product	17,632	15,948	27,300	55,440	84,000	17,663	16,200	33,000
<i>Sales</i>	17,632	15,948	27,300	55,440	84,000	17,663	16,200	101,200
<i>Selfconsumption</i>	0	0	0	0	0	0	0	0
By product	1,483	1,342	0	0	0	0	0	0
Post-harvest losses	882	797	1,495	5,796	4,600	542	2,070	5,060
<i>Total revenues</i>	18,234	16,493	25,805	49,644	79,400	17,121	14,130	27,940
<b>Operating costs</b>								
Seeds	250	250	500	1,000	150	1,250	300	18,750
Manure	1,000	1,000	1,000	17,500	25,000	375	1,500	1,500
<b>Fertilizers:</b>								
TSP	212	360	954	0	133	0	0	0
Ammonium sulphate	0	0	600	0	0	0	0	0
Calcium carbide	0	0	0	0	330	0	0	0
Potassium chloride	0	0	0	2,100	0	0	0	0
KCL	0	0	0	0	0	300	300	900
Superphosphate 18% P2O5	140	80	1,000	0	150	20	300	600
Urea	180	167	540	0	360	90	360	1,080
Basal Fertilizers (NPK, DAP, CAN)	0	0	0	3,500	0	0	0	0
<b>Chemical Products:</b>								
Insecticides	25	50	25	0	100	0	150	100
Herbicides	72	90	45	0	0	0	450	0
Tools	150	150	150	150	150	150	150	150
Irrigation / Energy/Electricity	0	0	0	0	0	0	0	0
Mechanical Plowing	650	650	650	650	650	650	650	650
Transport	307	277	0	0	0	0	0	0
Land rent	500	500	500	500	500	500	500	500
<i>Sub-total operating costs</i>	3,486	3,575	5,964	25,400	27,523	3,335	4,660	24,230
<b>Labour costs</b>								
Cost of specialized labour	0	0	0	0	0	0	0	0
Cost of family labour	4,500	4,000	8,000	6,750	4,600	3,750	6,700	8,000
<i>Sub-total of labour cost</i>	4,500	4,000	8,000	6,750	4,600	3,750	6,700	8,000
<i>Total production cost</i>	7,986	7,575	13,964	32,150	32,123	7,085	11,360	32,230
<b>Income (after labour cost)</b>	<b>10,248</b>	<b>8,917</b>	<b>11,841</b>	<b>17,494</b>	<b>47,277</b>	<b>10,036</b>	<b>2,770</b>	<b>-4,290</b>
<b>Income (before labour cost)</b>	<b>14,748</b>	<b>12,917</b>	<b>19,841</b>	<b>24,244</b>	<b>51,877</b>	<b>13,786</b>	<b>9,470</b>	<b>3,710</b>

Figure A 5: Farm model 1

YIELDS AND INPUTS			WITHOUT PROJECT			WITH PROJECT							
ITEMS	UNIT	PRICE ('000 IDR)	1	1	2	3	4	5	6	7	8	9	10
<b>Croppin pattern and distribution</b>													
Total land available to HHs	ha		0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Rice/paddy	ha		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Maize	ha		0.05	0	0	0	0	0	0	0	0	0	0
Soybean	ha		0.05	0	0	0	0	0	0	0	0	0	0
Chili	ha		0	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Banana	ha		0	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
<b>Main production</b>													
Rice/paddy	kg	4.6	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460
Selfconsumption	kg		765	765	765	765	765	765	765	765	765	765	765
Rice by-product (Straw)	kg	0.43	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314
Maize	kg	1.80	450	0	0	0	0	0	0	0	0	0	0
Soybean	kg	7.50	118	0	0	0	0	0	0	0	0	0	0
Chili	kg	4.20	0	163	211	276	325	325	325	325	325	325	325
Banana	kg	1.50	0	440	660	880	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Post harvest losses	%		10%	10%	10%	9%	9%	9%	8%	8%	8%	7%	7%
<b>Total Production</b>	kg		<b>3,008</b>	<b>3,039</b>	<b>3,281</b>	<b>3,577</b>	<b>3,821</b>	<b>3,821</b>	<b>3,863</b>	<b>3,863</b>	<b>3,863</b>	<b>3,905</b>	<b>3,905</b>
<b>Investment inputs</b>													
Chili Seeds	gr	10		3									
Banana Seeds	kg	15		63									
<b>Operating inputs</b>													
Rice seeds	kg	5	20	20	20	20	20	20	20	20	20	20	20
Maize seeds	kg	30	1	0	0	0	0	0	0	0	0	0	0
Soybean seeds	kg	25	3	0	0	0	0	0	0	0	0	0	0
Chili seeds for replanting	gr	10		3	3	3	3	3	3	3	3	3	3
Banana seeds for replanting	kg	15		0	0	0	0	0	60	0	0	0	0
Manure	ton	500	1	1	1	1	1	1	1	1	1	1	1
Bags	no.	16	41	58	58	58	58	58	58	58	58	58	58
<b>Inorganic Fertilizer:</b>													
TSP	kg	5	22	31	31	31	31	31	31	31	31	31	31
Ammonium sulphate	kg	2		20	20	20	20	20	20	20	20	20	20
Calcium carbide	kg	2											
Potassium chloride	kg	3											
KCL	kg	3	10	15	15	15	15	15	15	15	15	15	15
Superphosphate 18% P2O5	kg	2	30	62	62	62	62	62	62	62	62	62	62
Urea	kg	2	51	84	84	84	84	84	84	84	84	84	84
Basal Fertilizers (NPK, DAP, CAN)	kg	10											
<b>Chemicals:</b>													
Insecticides	kg	50	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Herbicides	lt	90	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Tools	lumpsum	150	1	1	1	1	1	1	1	1	1	1	1
Irrigation / Energy/Electricity	kWh	0.36											
Mechanical Plowing	ha	650	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Transport	per kg	0.08	3,008	3,039	3,281	3,577	3,821	3,821	3,863	3,863	3,863	3,905	3,905
Land rent	per ha	500	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
<b>Labour</b>													
Land Preparation and sowing	pers. day		5	7	7	7	7	7	7	7	7	7	7
Transplanting	pers. day		28	30	30	30	30	30	30	30	30	30	30
Various operations	pers. day		4	5	5	5	5	5	5	5	5	5	5
Harvesting	pers. day		7	9	9	9	9	9	9	9	9	9	9
<b>Sub-total labour days</b>			<b>44</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
Skilled labour (S)	pers. day	70	0	0	0	0	0	0	0	0	0	0	0
Family labour (F)	pers. day	50	44	50	50	50	50	50	50	50	50	50	50
<b>FINANCIAL BUDGET ('000 IDR)</b>													
ITEMS			1	1	2	3	4	5	6	7	8	9	10
<b>Main production revenue</b>													
Rice/paddy			6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716
Selfconsumption			3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519
Rice by-product (Straw)			565	565	565	565	565	565	565	565	565	565	565
Maize			810	0	0	0	0	0	0	0	0	0	0
Soybean			883	0	0	0	0	0	0	0	0	0	0
Chili			0	683	887	1,160	1,365	1,365	1,365	1,365	1,365	1,365	1,365
Banana			0	660	990	1,320	1,650	1,650	1,650	1,650	1,650	1,650	1,650
Post harvest losses			897	862	916	879	927	927	824	824	824	721	721
<b>Total revenue</b>			<b>4,558</b>	<b>4,242</b>	<b>4,723</b>	<b>5,364</b>	<b>5,850</b>	<b>5,850</b>	<b>5,953</b>	<b>5,953</b>	<b>5,953</b>	<b>6,056</b>	<b>6,056</b>
<b>Investment input costs</b>													
Chili Seeds			0	25	0	0	0	0	0	0	0	0	0
Banana Seeds			0	938	0	0	0	0	0	0	0	0	0
<b>Sub-total investment costs</b>			<b>0</b>	<b>963</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating inputs</b>													
Rice seeds			100	100	100	100	100	100	100	100	100	100	100
Maize seeds			15	0	0	0	0	0	0	0	0	0	0
Soybean seeds			63	0	0	0	0	0	0	0	0	0	0
Chili seeds for replanting			0	0	30	30	30	30	30	30	30	30	30
Banana seeds for replanting			0	0	0	0	0	0	900	0	0	0	0
Manure			494	525	525	525	525	525	525	525	525	525	525
Bags			649	923	923	923	923	923	923	923	923	923	923
<b>Inorganic Fertilizer:</b>													
TSP			114	162	162	162	162	162	162	162	162	162	162
Ammonium sulphate			0	30	30	30	30	30	30	30	30	30	30
Calcium carbide			0	0	0	0	0	0	0	0	0	0	0
Potassium chloride			0	0	0	0	0	0	0	0	0	0	0
KCL			30	45	45	45	45	45	45	45	45	45	45
Superphosphate 18% P2O5			60	124	124	124	124	124	124	124	124	124	124
Urea			92	150	150	150	150	150	150	150	150	150	150
Basal Fertilizers (NPK, DAP, CAN)			0	0	0	0	0	0	0	0	0	0	0
<b>Chemicals:</b>													
Insecticides			23	21	21	21	21	21	21	21	21	21	21
Herbicides			55	35	35	35	35	35	35	35	35	35	35
Tools			150	150	150	150	150	150	150	150	150	150	150
Irrigation / Energy/Electricity			0	0	0	0	0	0	0	0	0	0	0
Mechanical Plowing			195	195	195	195	195	195	195	195	195	195	195
Transport			241	243	262	286	306	309	309	309	312	312	312
Land rent			150	150	150	150	150	150	150	150	150	150	150
<b>Sub-total operating costs</b>			<b>2,430</b>	<b>2,854</b>	<b>2,903</b>	<b>2,927</b>	<b>2,946</b>	<b>2,946</b>	<b>3,850</b>	<b>2,950</b>	<b>2,950</b>	<b>2,953</b>	<b>2,953</b>
<b>Labour costs</b>													
Skilled labour costs			0	0	0	0	0	0	0	0	0	0	0
Family labour costs			2,223	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
<b>Sub-total labour costs</b>			<b>2,223</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>
<b>Total production costs</b>			<b>4,652</b>	<b>6,316</b>	<b>5,403</b>	<b>5,427</b>	<b>5,446</b>	<b>5,446</b>	<b>6,350</b>	<b>5,450</b>	<b>5,450</b>	<b>5,453</b>	<b>5,453</b>
<b>Net Benefits (after labour costs)</b>			<b>-94</b>	<b>-2,074</b>	<b>-680</b>	<b>-63</b>	<b>404</b>	<b>404</b>	<b>-396</b>	<b>504</b>	<b>504</b>	<b>603</b>	<b>603</b>
<b>Net Incremental Benefits (NIB)</b>				<b>-1,980</b>	<b>-585</b>	<b>31</b>	<b>498</b>	<b>498</b>	<b>-302</b>	<b>598</b>	<b>598</b>	<b>697</b>	<b>697</b>
<b>Net Benefits (before labour costs)*</b>			<b>2,128</b>	<b>426</b>	<b>1,820</b>	<b>2,437</b>	<b>2,904</b>	<b>2,904</b>	<b>2,104</b>	<b>3,004</b>	<b>3,004</b>	<b>3,103</b>	<b>3,103</b>

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Figure A 6: Farm model 2

YIELDS AND INPUTS			WITHOUT PROJECT		WITH PROJECT									
ITEMS	UNIT	PRICE ('000 IDR)	1	2	3	4	5	6	7	8	9	10		
<b>Croppin pattern and distribution</b>														
Total land available to HHs	ha		0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3		
Rice/paddy	ha		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2		
Maize	ha		0.05	0	0	0	0	0	0	0	0	0		
Soybean	ha		0.05	0	0	0	0	0	0	0	0	0		
Chili	ha		0	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05		
Sweet Potato	ha		0	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05		
<b>Main production</b>														
Rice/paddy	kg	4.6	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460		
<i>Selfconsumption</i>	kg		765	765	765	765	765	765	765	765	765	765		
Rice by-product (Straw)	kg	0.43	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314		
Maize	kg	1.80	450	0	0	0	0	0	0	0	0	0		
Soybean	kg	7.50	118	0	0	0	0	0	0	0	0	0		
Chili	kg	4.20	0	163	211	276	325	325	325	325	325	325		
Sweet Potato	kg	2.2	0	630	819	1,071	1,260	1,260	1,260	1,260	1,260	1,260		
Post harvest losses	%		10%	10%	10%	9%	9%	9%	8%	8%	8%	7%		
<b>Total Production</b>	kg		<b>3,008</b>	<b>3,210</b>	<b>3,424</b>	<b>3,750</b>	<b>3,967</b>	<b>3,967</b>	<b>4,010</b>	<b>4,010</b>	<b>4,010</b>	<b>4,054</b>		
<b>Investment inputs</b>														
Chili Seeds	gr	10		3										
Sweet Potato Seeds	kg	0.03		1,000										
<b>Operating inputs</b>														
Rice seeds	kg	5	20	20	20	20	20	20	20	20	20	20		
Maize seeds	kg	30	1	0	0	0	0	0	0	0	0	0		
Soybean seeds	kg	25	3	0	0	0	0	0	0	0	0	0		
Chili seeds for replanting	gr	10		3	3	3	3	3	3	3	3	3		
Sweet potato seeds for replanting	kg	0.03		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000		
Manure	ton	500	1	3	3	3	3	3	3	3	3	3		
Bags	no.	16	41	61	61	61	61	61	61	61	61	61		
<b>Inorganic Fertilizer:</b>														
TSP	kg	5.3	22	31	31	31	31	31	31	31	31	31		
Ammonium sulphate	kg	1.5		20	20	20	20	20	20	20	20	20		
Calcium carbide	kg	1.7												
Potassium chloride	kg	3.0		35	35	35	35	35	35	35	35	35		
KCL	kg	3.0	10											
Superphosphate 18% P2O5	kg	2.0	30	47	47	47	47	47	47	47	47	47		
Urea	kg	1.8	51	54	54	54	54	54	54	54	54	54		
Basal Fertilizers (NPK, DAP, CAN)	kg	10.0		18	18	18	18	18	18	18	18	18		
<b>Chemicals:</b>														
Insecticides	kg	50	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3		
Herbicides	lt	90	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4		
<b>Tools</b>														
Irrigation / Energy/Electricity	kWh	0.36	1	1	1	1	1	1	1	1	1	1		
Mechanical Plowing	ha	650	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3		
Transport	per kg	0.08	3,008	3,210	3,424	3,750	3,967	3,967	4,010	4,010	4,010	4,054		
Land rent	per ha	500	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3		
<b>Labour</b>														
Land Preparation and sowing	pers. day		5	5	5	5	5	5	5	5	5	5		
Transplanting	pers. day		28	29	29	29	29	29	29	29	29	29		
Various operations	pers. day		4	8	8	8	8	8	8	8	8	8		
Harvesting	pers. day		7	8	8	8	8	8	8	8	8	8		
<i>Sub-total labour days</i>			44	49	49	49	49	49	49	49	49	49		
Skilled labour (S)	pers. day	70	0	0	0	0	0	0	0	0	0	0		
Family labour (F)	pers. day	50	44	49	49	49	49	49	49	49	49	49		
<b>FINANCIAL BUDGET ('000 IDR)</b>			<b>WITHOUT PROJECT</b>		<b>WITH PROJECT</b>									
<b>ITEMS</b>			<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>		
<b>Main production revenue</b>														
Rice/paddy			6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716		
<i>Selfconsumption</i>			3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519		
Rice by-product (Straw)			565	565	565	565	565	565	565	565	565	565		
Maize			810	0	0	0	0	0	0	0	0	0		
Soybean			883	0	0	0	0	0	0	0	0	0		
Chili			0	683	887	1,160	1,365	1,365	1,365	1,365	1,365	1,365		
Sweet Potato			0	1,386	1,802	2,356	2,772	2,772	2,772	2,772	2,772	2,772		
Post harvest losses			897	935	997	972	1,028	1,028	913	913	913	799		
<b>Total revenue</b>			<b>4,558</b>	<b>4,896</b>	<b>5,454</b>	<b>6,307</b>	<b>6,871</b>	<b>6,871</b>	<b>6,986</b>	<b>6,986</b>	<b>7,100</b>	<b>7,100</b>		
<b>Investment input costs</b>														
Chili Seeds			0	25	0	0	0	0	0	0	0	0		
Sweet Potato Seeds			0	30	0	0	0	0	0	0	0	0		
<b>Sub-total investment costs</b>			<b>0</b>	<b>55</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Operating inputs</b>														
Rice seeds			100	100	100	100	100	100	100	100	100	100		
Maize seeds			15	0	0	0	0	0	0	0	0	0		
Soybean seeds			63	0	0	0	0	0	0	0	0	0		
Chili seeds for replanting			0	0	30	30	30	30	30	30	30	30		
Sweet potato seeds for replanting			0	0	30	30	30	30	30	30	30	30		
Manure			494	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325	1,325		
Bags			649	974	974	974	974	974	974	974	974	974		
<b>Inorganic Fertilizer:</b>														
TSP			114	162	162	162	162	162	162	162	162	162		
Ammonium sulphate			0	30	30	30	30	30	30	30	30	30		
Calcium carbide			0	0	0	0	0	0	0	0	0	0		
Potassium chloride			0	105	105	105	105	105	105	105	105	105		
KCL			30	0	0	0	0	0	0	0	0	0		
Superphosphate 18% P2O5			60	94	94	94	94	94	94	94	94	94		
Urea			92	96	96	96	96	96	96	96	96	96		
Basal Fertilizers (NPK, DAP, CAN)			0	175	175	175	175	175	175	175	175	175		
<b>Chemicals:</b>														
Insecticides			23	16	16	16	16	16	16	16	16	16		
Herbicides			55	35	35	35	35	35	35	35	35	35		
<b>Tools</b>														
Irrigation / Energy/Electricity			150	150	150	150	150	150	150	150	150	150		
Mechanical Plowing			195	195	195	195	195	195	195	195	195	195		
Transport			241	257	274	300	317	317	321	321	321	324		
Land rent			150	150	150	150	150	150	150	150	150	150		
<b>Sub-total operating costs</b>			<b>2,430</b>	<b>3,865</b>	<b>3,942</b>	<b>3,968</b>	<b>3,985</b>	<b>3,985</b>	<b>3,989</b>	<b>3,989</b>	<b>3,989</b>	<b>3,992</b>		
<b>Labour costs</b>														
Skilled labour costs			0	0	0	0	0	0	0	0	0	0		
Family labour costs			2,223	2,438	2,438	2,438	2,438	2,438	2,438	2,438	2,438	2,438		
<b>Sub-total labour costs</b>			<b>2,223</b>	<b>2,438</b>	<b>2,438</b>	<b>2,438</b>	<b>2,438</b>	<b>2,438</b>	<b>2,438</b>	<b>2,438</b>	<b>2,438</b>	<b>2,438</b>		
<b>Total production costs</b>			<b>4,652</b>	<b>6,357</b>	<b>6,379</b>	<b>6,405</b>	<b>6,423</b>	<b>6,423</b>	<b>6,426</b>	<b>6,426</b>	<b>6,430</b>	<b>6,430</b>		
<b>Net Benefits (after labour costs)</b>			<b>-94</b>	<b>-1,462</b>	<b>-925</b>	<b>-99</b>	<b>449</b>	<b>449</b>	<b>559</b>	<b>559</b>	<b>559</b>	<b>670</b>		
<b>Net Incremental Benefits (NIB)</b>			<b>-94</b>	<b>-1,367</b>	<b>-831</b>	<b>-4</b>	<b>543</b>	<b>543</b>	<b>654</b>	<b>654</b>	<b>654</b>	<b>764</b>		
<b>Net Benefits (before labour costs)*</b>			<b>2,128</b>	<b>976</b>	<b>1,512</b>	<b>2,339</b>	<b>2,886</b>	<b>2,886</b>	<b>2,997</b>	<b>2,997</b>	<b>2,997</b>	<b>3,107</b>		

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Figure A 7: Farm model 3

YIELDS AND INPUTS			WITHOUT PROJECT		WITH PROJECT									
ITEMS	UNIT	PRICE ('000 IDR)	1	1	2	3	4	5	6	7	8	9	10	
<b>Croppin pattern and distribution</b>														
Total land available to HHs	ha		0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
Rice/paddy	ha		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Maize	ha		0.05	0	0	0	0	0	0	0	0	0	0	
Soybean	ha		0.05	0	0	0	0	0	0	0	0	0	0	
Cassava	ha		0	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	
Banana	ha		0	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	
<b>Main production</b>														
Rice/paddy	kg	4.6	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	
Selfconsumption	kg		765	765	765	765	765	765	765	765	765	765	765	
Rice by-product (Straw)	kg	0.43	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	
Maize	kg	1.80	450	0	0	0	0	0	0	0	0	0	0	
Soybean	kg	7.50	118	0	0	0	0	0	0	0	0	0	0	
Cassava	kg	4.20	0	500	650	850	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
Banana	kg	1.50	0	440	660	880	1,100	1,100	1,100	1,100	1,100	1,100	1,100	
Post harvest losses	%		10%	10%	10%	9%	9%	9%	8%	8%	8%	7%	7%	
<b>Total Production</b>	kg		<b>3,008</b>	<b>3,343</b>	<b>3,676</b>	<b>4,099</b>	<b>4,435</b>	<b>4,435</b>	<b>4,484</b>	<b>4,484</b>	<b>4,484</b>	<b>4,533</b>	<b>4,533</b>	
<b>Investment inputs</b>														
Cassava Seeds	kg	0.03		250										
Banana Seeds	kg	15.00		63										
<b>Operating inputs</b>														
Rice seeds	kg	5	20	20	20	20	20	20	20	20	20	20	20	
Maize seeds	kg	30	1	0	0	0	0	0	0	0	0	0	0	
Soybean seeds	kg	25	3	0	0	0	0	0	0	0	0	0	0	
Cassava seeds for replanting	kg	0.03		250	250	250	250	250	250	250	250	250	250	
Banana seeds for replanting	kg	15		0	0	0	0	60	0	0	0	0	0	
Manure	ton	500	1	3	3	3	3	3	3	3	3	3	3	
Bags	no.	16	41	71	71	71	71	71	71	71	71	71	71	
<b>Inorganic Fertilizer:</b>														
TSP	kg	5.3	22	23	23	23	23	23	23	23	23	23	23	
Ammonium sulphate	kg	1.5												
Calcium carbide	kg	1.7		10	10	10	10	10	10	10	10	10	10	
Potassium chloride	kg	3.0												
KCL	kg	3.0	10	15	15	15	15	15	15	15	15	15	15	
Superphosphate 18% P2O5	kg	2.0	30	41	41	41	41	41	41	41	41	41	41	
Urea	kg	1.8	51	79	79	79	79	79	79	79	79	79	79	
Basal Fertilizers (NPK, DAP, CAN)	kg	10.0												
<b>Chemicals:</b>														
Insecticides	kg	50	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Herbicides	lt	90	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
Tools	lumpsum	150	1	1	1	1	1	1	1	1	1	1	1	
Irrigation / Energy/Electricity	kWh	0.36												
Mechanical Plowing	ha	650	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
Transport	per kg	0.08	3,008	3,343	3,676	4,099	4,435	4,435	4,484	4,484	4,484	4,533	4,533	
Land rent	per ha	500	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
<b>Labour</b>														
Land Preparation and sowing	pers. day		5	7	7	7	7	7	7	7	7	7	7	
Transplanting	pers. day		28	29	29	29	29	29	29	29	29	29	29	
Various operations	pers. day		4	6	6	6	6	6	6	6	6	6	6	
Harvesting	pers. day		7	6	6	6	6	6	6	6	6	6	6	
Sub-total labour days			44	47	47	47	47	47	47	47	47	47	47	
Skilled labour (S)	pers. day	70	0	0	0	0	0	0	0	0	0	0	0	
Family labour (F)	pers. day	50	44	47	47	47	47	47	47	47	47	47	47	
<b>FINANCIAL BUDGET ('000 IDR)</b>														
			WITHOUT PROJECT		WITH PROJECT									
ITEMS			1	1	2	3	4	5	6	7	8	9	10	
<b>Main production revenue</b>														
Rice/paddy			6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	
Selfconsumption			3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	
Rice by-product (Straw)			565	565	565	565	565	565	565	565	565	565	565	
Maize			810	0	0	0	0	0	0	0	0	0	0	
Soybean			883	0	0	0	0	0	0	0	0	0	0	
Cassava			0	2,100	2,730	3,570	4,200	4,200	4,200	4,200	4,200	4,200	4,200	
Banana			0	660	990	1,320	1,650	1,650	1,650	1,650	1,650	1,650	1,650	
Post harvest losses			897	1,004	1,100	1,095	1,182	1,182	1,050	1,050	1,050	919	919	
<b>Total revenue</b>			<b>4,558</b>	<b>5,518</b>	<b>6,382</b>	<b>7,557</b>	<b>8,430</b>	<b>8,430</b>	<b>8,562</b>	<b>8,562</b>	<b>8,562</b>	<b>8,693</b>	<b>8,693</b>	
<b>Investment input costs</b>														
Cassava Seeds			0	8	0	0	0	0	0	0	0	0	0	
Banana Seeds			0	938	0	0	0	0	0	0	0	0	0	
<b>Sub-total investment costs</b>			<b>0</b>	<b>945</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Operating inputs</b>														
Rice seeds			100	100	100	100	100	100	100	100	100	100	100	
Maize seeds			15	0	0	0	0	0	0	0	0	0	0	
Soybean seeds			63	0	0	0	0	0	0	0	0	0	0	
Cassava seeds for replanting			0	0	8	8	8	8	8	8	8	8	8	
Banana seeds for replanting			0	0	0	0	0	0	900	0	0	0	0	
Manure			494	1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725	1,725	
Bags			649	1,139	1,139	1,139	1,139	1,139	1,139	1,139	1,139	1,139	1,139	
<b>Inorganic Fertilizer:</b>														
TSP			114	121	121	121	121	121	121	121	121	121	121	
Ammonium sulphate			0	0	0	0	0	0	0	0	0	0	0	
Calcium carbide			0	17	17	17	17	17	17	17	17	17	17	
Potassium chloride			0	0	0	0	0	0	0	0	0	0	0	
KCL			30	45	45	45	45	45	45	45	45	45	45	
Superphosphate 18% P2O5			60	82	82	82	82	82	82	82	82	82	82	
Urea			92	141	141	141	141	141	141	141	141	141	141	
Basal Fertilizers (NPK, DAP, CAN)			0	0	0	0	0	0	0	0	0	0	0	
<b>Chemicals:</b>														
Insecticides			23	25	25	25	25	25	25	25	25	25	25	
Herbicides			55	32	32	32	32	32	32	32	32	32	32	
Tools			150	150	150	150	150	150	150	150	150	150	150	
Irrigation / Energy/Electricity			0	0	0	0	0	0	0	0	0	0	0	
Mechanical Plowing			195	195	195	195	195	195	195	195	195	195	195	
Transport			241	267	294	328	355	355	359	359	359	363	363	
Land rent			150	150	150	150	150	150	150	150	150	150	150	
<b>Sub-total operating costs</b>			<b>2,430</b>	<b>4,190</b>	<b>4,224</b>	<b>4,258</b>	<b>4,285</b>	<b>4,285</b>	<b>5,188</b>	<b>4,288</b>	<b>4,288</b>	<b>4,292</b>	<b>4,292</b>	
<b>Labour costs</b>														
Skilled labour costs			0	0	0	0	0	0	0	0	0	0	0	
Family labour costs			2,223	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	
<b>Sub-total labour costs</b>			<b>2,223</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	
<b>Total production costs</b>			<b>4,652</b>	<b>7,465</b>	<b>6,554</b>	<b>6,588</b>	<b>6,615</b>	<b>6,615</b>	<b>7,518</b>	<b>6,618</b>	<b>6,618</b>	<b>6,622</b>	<b>6,622</b>	
<b>Net Benefits (after labour costs)</b>			<b>-94</b>	<b>-1,947</b>	<b>-172</b>	<b>969</b>	<b>1,816</b>	<b>1,816</b>	<b>1,043</b>	<b>1,943</b>	<b>1,943</b>	<b>2,071</b>	<b>2,071</b>	
<b>Net Incremental Benefits (NIB)</b>				<b>-1,852</b>	<b>-77</b>	<b>1,063</b>	<b>1,910</b>	<b>1,910</b>	<b>1,137</b>	<b>2,037</b>	<b>2,037</b>	<b>2,165</b>	<b>2,165</b>	
<b>Net Benefits (before labour costs)*</b>			<b>2,128</b>	<b>383</b>	<b>2,158</b>	<b>3,299</b>	<b>4,146</b>	<b>4,146</b>	<b>3,373</b>	<b>4,273</b>	<b>4,273</b>	<b>4,401</b>	<b>4,401</b>	

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Figure A 8: Farm model 4

YIELDS AND INPUTS			WITHOUT PROJECT		WITH PROJECT									
ITEMS	UNIT	PRICE ('000 IDR)	1	2	3	4	5	6	7	8	9	10		
<b>Croppin pattern and distribution</b>														
Total land available to HHs	ha		0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3		
Rice/paddy	ha		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2		
Maize	ha		0.05	0	0	0	0	0	0	0	0	0		
Soybean	ha		0.05	0	0	0	0	0	0	0	0	0		
Chili	ha		0	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05		
Cassava	ha		0	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05		
<b>Main production</b>														
Rice/paddy	kg	4.6	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460		
Selfconsumption	kg		765	765	765	765	765	765	765	765	765	765		
Rice by-product (Straw)	kg	0.43	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314		
Maize	kg	1.80	450	0	0	0	0	0	0	0	0	0		
Soybean	kg	7.50	118	0	0	0	0	0	0	0	0	0		
Chili	kg	4.20	0	163	211	276	325	325	325	325	325	325		
Cassava	kg	4.20	0	500	650	850	1,000	1,000	1,000	1,000	1,000	1,000		
Post harvest losses	%		10%	10%	10%	9%	9%	9%	8%	8%	8%	7%		
<b>Total Production</b>	kg		<b>3,008</b>	<b>3,093</b>	<b>3,272</b>	<b>3,549</b>	<b>3,730</b>	<b>3,730</b>	<b>3,771</b>	<b>3,771</b>	<b>3,771</b>	<b>3,812</b>		
<b>Investment inputs</b>														
Chili Seeds	gr	10		3										
Cassava seeds	kg	0.03		250										
<b>Operating inputs</b>														
Rice seeds	kg	5	20	20	20	20	20	20	20	20	20	20		
Maize seeds	kg	30	1	0	0	0	0	0	0	0	0	0		
Soybean seeds	kg	25	3	0	0	0	0	0	0	0	0	0		
Chili seeds for replanting	gr	10		3	3	3	3	3	3	3	3	3		
Cassava seeds for replanting	kg	0.03		250	250	250	250	250	250	250	250	250		
Manure	ton	500	1	3	3	3	3	3	3	3	3	3		
Bags	no.	16	41	56	56	56	56	56	56	56	56	56		
<b>Inorganic Fertilizer:</b>														
TSP	kg	5.3	22	32	32	32	32	32	32	32	32	32		
Ammonium sulphate	kg	1.5	20	20	20	20	20	20	20	20	20	20		
Calcium carbide	kg	1.7	10	10	10	10	10	10	10	10	10	10		
Potassium chloride	kg	3.0												
KCL	kg	3.0	10											
Superphosphate 18% P2O5	kg	2.0	30	51	51	51	51	51	51	51	51	51		
Urea	kg	1.8	51	64	64	64	64	64	64	64	64	64		
Basal Fertilizers (NPK, DAP, CAN)	kg	10.0												
<b>Chemicals:</b>														
Insecticides	kg	50	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4		
Herbicides	lt	90	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4		
Tools	lumpsum	150	1	1	1	1	1	1	1	1	1	1		
Irrigation / Energy/Electricity	kWh	0.36												
Mechanical Plowing	ha	650	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3		
Transport	per kg	0.08	3,008	3,093	3,272	3,549	3,730	3,730	3,771	3,771	3,812	3,812		
Land rent	per ha	500	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3		
<b>Labour</b>														
Land Preparation and sowing	pers. day		5	5	5	5	5	5	5	5	5	5		
Transplanting	pers. day		28	29	29	29	29	29	29	29	29	29		
Various operations	pers. day		4	6	6	6	6	6	6	6	6	6		
Harvesting	pers. day		7	8	8	8	8	8	8	8	8	8		
Sub-total labour days			44	47	47	47	47	47	47	47	47	47		
Skilled labour (S)	pers. day	70	0	0	0	0	0	0	0	0	0	0		
Family labour (F)	pers. day	50	44	47	47	47	47	47	47	47	47	47		
<b>FINANCIAL BUDGET ('000 IDR)</b>														
ITEMS			WITHOUT PROJECT		WITH PROJECT									
			1	2	3	4	5	6	7	8	9	10		
<b>Main production revenue</b>														
Rice/paddy			6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716		
Selfconsumption			3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519		
Rice by-product (Straw)			565	565	565	565	565	565	565	565	565	565		
Maize			810	0	0	0	0	0	0	0	0	0		
Soybean			883	0	0	0	0	0	0	0	0	0		
Chili			0	683	887	1,160	1,365	1,365	1,365	1,365	1,365	1,365		
Cassava			0	2,100	2,730	3,570	4,200	4,200	4,200	4,200	4,200	4,200		
Post harvest losses			897	1,006	1,090	1,081	1,156	1,156	1,028	1,028	1,028	899		
<b>Total revenue</b>			<b>4,558</b>	<b>5,538</b>	<b>6,289</b>	<b>7,411</b>	<b>8,171</b>	<b>8,171</b>	<b>8,299</b>	<b>8,299</b>	<b>8,299</b>	<b>8,428</b>		
<b>Investment input costs</b>														
Chili Seeds			0	25	0	0	0	0	0	0	0	0		
Cassava seeds			0	8	0	0	0	0	0	0	0	0		
<b>Sub-total investment costs</b>			<b>0</b>	<b>33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Operating inputs</b>														
Rice seeds			100	100	100	100	100	100	100	100	100	100		
Maize seeds			15	0	0	0	0	0	0	0	0	0		
Soybean seeds			63	0	0	0	0	0	0	0	0	0		
Chili seeds for replanting			0	0	25	25	25	25	25	25	25	25		
Cassava seeds for replanting			0	0	8	8	8	8	8	8	8	8		
Manure			494	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700		
Bags			649	891	891	891	891	891	891	891	891	891		
<b>Inorganic Fertilizer:</b>														
TSP			114	169	169	169	169	169	169	169	169	169		
Ammonium sulphate			0	30	30	30	30	30	30	30	30	30		
Calcium carbide			0	17	17	17	17	17	17	17	17	17		
Potassium chloride			0	0	0	0	0	0	0	0	0	0		
KCL			30	0	0	0	0	0	0	0	0	0		
Superphosphate 18% P2O5			60	102	102	102	102	102	102	102	102	102		
Urea			92	114	114	114	114	114	114	114	114	114		
Basal Fertilizers (NPK, DAP, CAN)			0	0	0	0	0	0	0	0	0	0		
<b>Chemicals:</b>														
Insecticides			23	21	21	21	21	21	21	21	21	21		
Herbicides			55	35	35	35	35	35	35	35	35	35		
Tools			150	150	150	150	150	150	150	150	150	150		
Irrigation / Energy/Electricity			0	0	0	0	0	0	0	0	0	0		
Mechanical Plowing			195	195	195	195	195	195	195	195	195	195		
Transport			241	247	262	284	298	298	302	302	302	305		
Land rent			150	150	150	150	150	150	150	150	150	150		
<b>Sub-total operating costs</b>			<b>2,430</b>	<b>3,921</b>	<b>3,968</b>	<b>3,990</b>	<b>4,004</b>	<b>4,004</b>	<b>4,008</b>	<b>4,008</b>	<b>4,011</b>	<b>4,011</b>		
<b>Labour costs</b>														
Skilled labour costs			0	0	0	0	0	0	0	0	0	0		
Family labour costs			2,223	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330	2,330		
<b>Sub-total labour costs</b>			<b>2,223</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>	<b>2,330</b>		
<b>Total production costs</b>			<b>4,652</b>	<b>6,283</b>	<b>6,298</b>	<b>6,320</b>	<b>6,334</b>	<b>6,338</b>	<b>6,338</b>	<b>6,338</b>	<b>6,341</b>	<b>6,341</b>		
<b>Net Benefits (after labour costs)</b>			<b>-94</b>	<b>-745</b>	<b>-8</b>	<b>1,091</b>	<b>1,837</b>	<b>1,837</b>	<b>1,962</b>	<b>1,962</b>	<b>1,962</b>	<b>2,087</b>		
<b>Net Incremental Benefits (NIB)</b>			<b>-651</b>	<b>86</b>	<b>1,186</b>	<b>1,931</b>	<b>1,931</b>	<b>2,056</b>	<b>2,056</b>	<b>2,056</b>	<b>2,181</b>	<b>2,181</b>		
<b>Net Benefits (before labour costs)*</b>			<b>2,128</b>	<b>1,585</b>	<b>2,322</b>	<b>3,421</b>	<b>4,167</b>	<b>4,167</b>	<b>4,292</b>	<b>4,292</b>	<b>4,417</b>	<b>4,417</b>		



Indonesia  
Youth Entrepreneurship and Employment Services (YESS)  
Design completion report  
Appendix 10: Economic and Financial Analysis

Figure A 9: Farm model 5

YIELDS AND INPUTS			WITHOUT PROJECT											WITH PROJECT											
ITEMS	UNIT	PRICE ('000 IDR)	1	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10		
<b>Cropping pattern and distribution</b>																									
Total land available to HHS	ha		0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
Rice/paddy	ha		0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Maize	ha		0.05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Soybean	ha		0.05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sweet potato	ha		0	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	
Banana	ha		0	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	
<b>Main production</b>																									
Rice/paddy	kg	4.6	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	
Selfconsumption	kg		765	765	765	765	765	765	765	765	765	765	765	765	765	765	765	765	765	765	765	765	765	765	
Rice by-product (Straw)	kg	0.43	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	1,314	
Maize	kg	1.80	450	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Soybean	kg	7.50	118	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sweet potato	kg	2.2	0	630	819	1,071	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	1,260	
Banana	kg	1.5	0	440	660	880	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	
Post harvest losses	%		10%	10%	10%	9%	9%	9%	8%	8%	8%	7%	7%	10%	10%	10%	9%	9%	9%	8%	8%	8%	7%	7%	
<b>Total Production</b>	kg		<b>3,008</b>	<b>3,460</b>	<b>3,828</b>	<b>4,300</b>	<b>4,672</b>	<b>4,672</b>	<b>4,723</b>	<b>4,723</b>	<b>4,723</b>	<b>4,775</b>	<b>4,775</b>	<b>3,008</b>	<b>3,460</b>	<b>3,828</b>	<b>4,300</b>	<b>4,672</b>	<b>4,672</b>	<b>4,723</b>	<b>4,723</b>	<b>4,723</b>	<b>4,775</b>	<b>4,775</b>	
<b>Investment inputs</b>																									
Sweet potato Seeds	kg	0.05		1,000																					
Banana Seeds	kg	15.00		63																					
<b>Operating inputs</b>																									
Rice seeds	kg	5	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	20	
Maize seeds	kg	30	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Soybean seeds	kg	25	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sweet potato seeds for replanting	kg	0.05		1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	0	0	0	0	0	0	0	0	0	0	0	
Banana seeds for replanting	kg	15		0	0	0	0	0	0	0	0	0	0	60	0	0	0	0	0	0	0	0	0	0	
Manure	ton	500	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Bags	no.	16	41	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	
<b>Inorganic Fertilizer:</b>																									
TSP	kg	5.3	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22	
Ammonium sulphate	kg	1.5																							
Calcium carbide	kg	1.7																							
Potassium chloride	kg	3.0		35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35	
KCL	kg	3.0	10	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15	
Superphosphate 18% P2O5	kg	2.0	30	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	37	
Urea	kg	1.8	51	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	69	
Basal Fertilizers (NPK, DAP, CAN)	kg	10.0		18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	18	
<b>Chemicals:</b>																									
Insecticides	kg	50	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
Herbicides	lt	90	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	
<b>Tools</b>																									
Irrigation / Energy/Electricity	kWh	0.36																							
Mechanical Plowing	ha	650	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
Transport	per kg	0.08	3,008	3,460	3,828	4,300	4,672	4,672	4,723	4,723	4,723	4,775	4,775	3,008	3,460	3,828	4,300	4,672	4,672	4,723	4,723	4,723	4,775	4,775	
Land rent	per ha	500	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	
<b>Labour</b>																									
Land Preparation and sowing	pers. day		5	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	7	
Transplanting	pers. day		28	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	29	
Various operations	pers. day		4	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	8	
Harvesting	pers. day		7	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	6	
<b>Sub-total labour days</b>			<b>44</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>44</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	<b>49</b>	
Skilled labour (S)	pers. day	70	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Family labour (F)	pers. day	50	44	49	49	49	49	49	49	49	49	49	49	44	49	49	49	49	49	49	49	49	49	49	
<b>FINANCIAL BUDGET ('000 IDR)</b>																									
			WITHOUT PROJECT											WITH PROJECT											
ITEMS			1	1	2	3	4	5	6	7	8	9	10	1	2	3	4	5	6	7	8	9	10		
<b>Main production revenue</b>																									
Rice/paddy			6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	6,716	
Selfconsumption			3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	3,519	
Rice by-product (Straw)			565	565	565	565	565	565	565	565	565	565	565	565	565	565	565	565	565	565	565	565	565	565	
Maize			810	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Soybean			883	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sweet potato			0	1,386	1,802	2,356	2,772	2,772	2,772	2,772	2,772	2,772	2,772	0	0	0	0	0	0	0	0	0	0	0	
Banana			0	660	990	1,320	1,650	1,650	1,650	1,650	1,650	1,650	1,650	0	0	0	0	0	0	0	0	0	0	0	
Post harvest losses			897	933	1,007	986	1,053	1,053	936	936	936	819	819	897	933	1,007	986	1,053	1,053	936	936	936	819	819	
<b>Total revenue</b>			<b>4,558</b>	<b>4,875</b>	<b>5,547</b>	<b>6,452</b>	<b>7,131</b>	<b>7,131</b>	<b>7,248</b>	<b>7,248</b>	<b>7,248</b>	<b>7,365</b>	<b>7,365</b>												

**Figure A 10: Bee keeping model**

YIELDS AND INPUTS			WITHOUT PROJECT	WITH PROJECT									
ITEMS	UNIT	PRICE ('000 IDR)	1	1	2	3	4	5	6	7	8	9	10
<b>Main production output (yields)</b>													
Raw honey	kg	65		150	195	270	300	300	300	300	300	300	300
Raw wax	kg	164		8	10	14	15	15	15	15	15	15	15
<i>Sales</i>	liter/kg		0	148	195	274	305	305	305	305	305	305	305
<i>Selfconsumption</i>	liter/kg	41		10	10	10	10	10	10	10	10	10	10
<b>Investments</b>													
Beehive complete	no.	205		10					5				
Smoker	no.	740		1					0				
Beekeeper catsuit-nylon	no.	1,028		1					1				
Beekeeper's gloves	no.	123		1					1				
Beekeeper chisels	no.	82		1					0				
Broom tool	no.	62		1					0				
Excluding screen for queens	no.	144		1					0				
Wax preformed	kg	206		22					0				
Plastic buckets of 25 kg	no.	70		6					6				
Other accessories and tools	lumpsum	2,056		1					1				
<b>Operating inputs</b>													
Energy food	kg	10		98	127	176	195	195	195	195	195	195	195
Protein feed	kg	10		20	25	35	39	39	39	39	39	39	39
Raw wax	kg	226		4	5	6	7	7	7	7	7	7	7
Replacement of Hives 5% year	no.	822		1	1	1	1	1	1	1	1	1	1
Electricity	lumpsum	6,169		0	0	0	0	0	0	0	0	0	0
Jars	no.	70		1	1	1	1	1	1	1	1	1	1
<b>Labour</b>													
Skilled (paid) labour (S)	pers.day												
Family labour (F)	pers.day	50		110	110	110	110	110	110	110	110	110	110

FINANCIAL BUDGET			WITHOUT PROJECT	WITH PROJECT									
ITEMS			1	1	2	3	4	5	6	7	8	9	10
<b>Main production revenue</b>													
Raw honey			0	9,750	12,675	17,550	19,500	19,500	19,500	19,500	19,500	19,500	19,500
Raw wax			0	1,230	1,599	2,214	2,460	2,460	2,460	2,460	2,460	2,460	2,460
<i>Sales</i>			0	0	0	0	0	0	0	0	0	0	0
<i>Selfconsumption</i>			0	411	411	411	411	411	411	411	411	411	411
<b>Total revenue</b>			0	10,569	13,863	19,353	21,549	21,549	21,549	21,549	21,549	21,549	21,549
<b>Investment costs</b>													
Beehive complete			0	2,050	0	0	0	0	1,025	0	0	0	0
Smoker			0	740	0	0	0	0	0	0	0	0	0
Beekeeper catsuit-nylon			0	1,028	0	0	0	0	1,028	0	0	0	0
Beekeeper's gloves			0	123	0	0	0	0	123	0	0	0	0
Beekeeper chisels			0	82	0	0	0	0	0	0	0	0	0
Broom tool			0	62	0	0	0	0	0	0	0	0	0
Excluding screen for queens			0	144	0	0	0	0	0	0	0	0	0
Wax preformed			0	4,524	0	0	0	0	0	0	0	0	0
Plastic buckets of 25 kg			0	419	0	0	0	0	419	0	0	0	0
Other accessories and tools			0	2,056	0	0	0	0	2,056	0	0	0	0
<b>Sub-total investment costs</b>			0	11,229	0	0	0	0	4,652	0	0	0	0
<b>Operational costs</b>													
Energy food			0	1,002	1,303	1,804	2,005	2,005	2,005	2,005	2,005	2,005	2,005
Protein feed			0	192	250	346	385	385	385	385	385	385	385
Raw wax			0	792	1,029	1,425	1,583	1,583	1,583	1,583	1,583	1,583	1,583
Replacement of Hives 5% year			0	411	411	411	411	411	411	411	411	411	411
Jars			0	70	42	42	42	42	42	42	42	42	42
<b>Sub-total operating inputs costs</b>			0	2,468	3,036	4,029	4,426	4,426	4,426	4,426	4,426	4,426	4,426
<b>Labour</b>													
Skilled (paid) labour costs			0	0	0	0	0	0	0	0	0	0	0
Family labour costs			0	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
<b>Sub-total labour costs</b>			0	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500	5,500
<b>Total production costs</b>			0	19,196	8,536	9,529	9,926	9,926	14,578	9,926	9,926	9,926	9,926
<b>Income (after labour costs)</b>			5,500	-8,628	5,327	9,824	11,623	11,623	6,971	11,623	11,623	11,623	11,623
<b>Incremental net income</b>				-14,128	-173	4,324	6,123	6,123	1,471	6,123	6,123	6,123	6,123
<b>Income (before labour costs)</b>			5,500	-3,539	10,416	14,913	16,711	16,711	12,059	16,711	16,711	16,711	16,711

Return to family labour*	109.63	8.12
*consider full development year family labour requirements		
Discount rate	9%	
NPV @ 0.09	24,876	1,842.01
IRR	27%	
NPVb	128,264	
NPVc	103,387	
B/C ratio	1.24	
Switching values Benefits	-19%	
Switching values Costs	24%	

**Figure A 11: Oyster mushroom production model**

YIELDS AND INPUTS			WITH PROJECT										
ITEMS	UNIT	PRICE ('000 IDR)	WITHOUT PROJECT	1	2	3	4	5	6	7	8	9	10
<b>Main production</b>													
Oyster mushroom	kg	10		810	810	810	810	810	810	810	810	810	810
By-product	kg												
Post harvest losses	%			10%	10%	8%	6%	5%	5%	5%	5%	5%	5%
<b>Investment inputs</b>													
Bamboo Shelter	unit	450		1					1				
Weighting scale	no.	35		1									
Knife and other tools	no.	11		2					1				
Sprayer	no.	150		1					1				
Baskets for harvest	no.	11		2					2				
Mushroom baglogs	no.	5		600									
<b>Operating inputs</b>													
Mushroom baglogs	no.	5		0	600	600	600	600	600	600	600	600	600
Electricity for watering	Lumpsum	9		1	1	1	1	1	1	1	1	1	1
Drugs to spray	lt	5		2	2	2	2	2	2	2	2	2	2
O&M investment (5% of invest. Cost)	Lumpsum	34		1	1	1	1	1	1	1	1	1	1
Land lease	Lumpsum	40		1	1	1	1	1	1	1	1	1	1
Transportation cost	per kg	0.12		810	810	810	810	810	810	810	810	810	810
<b>Labour</b>													
Setting up shelter	pers. day	S/F		4					4				
Operations	pers. day	S/F		30	30	30	30	30	30	30	30	30	30
Harvesting	pers. day	S/F		12	12	12	12	12	12	12	12	12	12
	pers. day	S/F											
<i>Sub-total labour</i>			0	46	42	42	42	42	46	42	42	42	42
Skilled (paid) labour (S)	pers. day	70	0	0	0	0	0	0	0	0	0	0	0
Family labour (F)	pers. day	50	0	46	42	42	42	42	46	42	42	42	42
<b>FINANCIAL BUDGET</b>													
ITEMS			WITHOUT PROJECT	WITH PROJECT									
			1	1	2	3	4	5	6	7	8	9	10
<b>Main production revenue</b>													
Mushroom			0	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100
	<i>Sales</i>		0	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100	8,100
	<i>Selfconsumption</i>		0	0	0	0	0	0	0	0	0	0	0
By-product			0	0	0	0	0	0	0	0	0	0	0
Post harvest losses			0	810	810	648	486	405	405	405	405	405	405
<i>Total revenue</i>			0	7,290	7,290	7,452	7,614	7,695	7,695	7,695	7,695	7,695	7,695
<b>Investment input costs</b>													
Bamboo Shelter			0	450	0	0	0	0	450	0	0	0	0
Weighting scale			0	35	0	0	0	0	0	0	0	0	0
Knife and other tools			0	22	0	0	0	0	11	0	0	0	0
Sprayer			0	150	0	0	0	0	150	0	0	0	0
Baskets for harvest			0	22	0	0	0	0	22	0	0	0	0
Mushroom baglogs			0	2,700	0	0	0	0	0	0	0	0	0
<i>Sub-total investment costs</i>			0	3,379	0	0	0	0	633	0	0	0	0
<b>Operating input costs</b>													
Mushroom baglogs			0	0	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700
Electricity for watering			0	9	9	9	9	9	9	9	9	9	9
Drugs to spray			0	10	10	10	10	10	10	10	10	10	10
O&M investment (5% of invest. Cost)			0	34	34	34	34	34	34	34	34	34	34
Land lease			0	40	40	40	40	40	40	40	40	40	40
Transportation cost			0	97	97	97	97	97	97	97	97	97	97
<i>Sub-total operating costs</i>			0	190	2,890	2,890	2,890	2,890	2,890	2,890	2,890	2,890	2,890
<b>Labour costs</b>													
Skilled (paid) labour costs			0	0	0	0	0	0	0	0	0	0	0
Family labour costs			0	2,300	2,100	2,100	2,100	2,100	2,300	2,100	2,100	2,100	2,100
<i>Sub-total labour costs</i>			0	2,300	2,100	2,100	2,100	2,100	2,300	2,100	2,100	2,100	2,100
<i>Total production costs</i>			0	5,869	4,990	4,990	4,990	4,990	5,823	4,990	4,990	4,990	4,990
<b>Income (after labour costs)</b>			<b>2,300</b>	<b>1,421</b>	<b>2,300</b>	<b>2,462</b>	<b>2,624</b>	<b>2,705</b>	<b>1,872</b>	<b>2,705</b>	<b>2,705</b>	<b>2,705</b>	<b>2,705</b>
<b>Incremental net income</b>				-879	-0	162	324	405	-428	405	405	405	405
<b>Income (before labour costs)</b>			<b>2,300</b>	<b>3,721</b>	<b>4,400</b>	<b>4,562</b>	<b>4,724</b>	<b>4,805</b>	<b>4,172</b>	<b>4,805</b>	<b>4,805</b>	<b>4,805</b>	<b>4,805</b>

Return to family labour*	90,69
*consider full development year family labour requirements	
Discount rate	9%
NPV ('000 IDR) @ 0.09	66.83
IRR	20%
NPVb	48,291
NPVc	33,328
B/C ratio	1.45
Switching values Benefits	-31%
Switching values Costs	45%

6.72

66.83



Indonesia  
 Youth Entrepreneurship and Employment Services (YESS)  
 Design completion report  
 Appendix 10: Economic and Financial Analysis

Figure A 13: Cassava processing model

YIELDS AND INPUTS		WITHOUT PROJECT										WITH PROJECT													
ITEMS	UNIT	PRICE ('000 IDR)	1	1	2	3	4	5	6	7	8	9	10	1	1	2	3	4	5	6	7	8	9	10	
<b>Technical parameters</b>																									
Processing capacity (of which)	kg/year		250	390	680	900	900	900	900	900	900	900	900	250	390	680	900	900	900	900	900	900	900	900	900
Cassava chips	kg/year		250	390	680	900	900	900	900	900	900	900	900	250	390	680	900	900	900	900	900	900	900	900	900
<b>Input to output ratio</b>																									
Cassava chips	%		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
<b>Cassava chips production shares</b>																									
Cassava chips	%		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Main production</b>																									
Cassava chips	kg	75	200	312	544	720	720	720	720	720	720	720	720	200	312	544	720	720	720	720	720	720	720	720	720
<b>Total Sales</b>	kg		200	312	544	720	720	720	720	720	720	720	720	200	312	544	720	720	720	720	720	720	720	720	720
<b>Selfconsumption</b>	kg																								
Processing losses	%		10%	10%	8%	8%	8%	8%	8%	7%	7%	7%	7%												
<b>Investment inputs</b>																									
Workshop	no.	20,000		1																					
Cart	no.	250		1						1															
Weighing scale	no.	230		1						1															
Drum	no.	300		5						5															
Drying machine	no.	1,200		1																					
Blender	no.	450		1																					
Dynamo	no.	750		1																					
Blades cutter	no.	450		1																					
Frame	no.	300		1																					
Transmission belt	no.	20		2																					
Aluminium Bag	no.	60		1																					
Aluminium Tank	no.	200		2																					
Big pan	no.	500		2																					
Small pan	no.	350		2																					
Tools for stirring	no.	12		20																					
Stove	no.	260		2																					
Big oil tank	no.	300		2																					
Installation cost	lumpsum	550		1																					
<b>Operating inputs</b>		0																							
Fresh raw Cassava	kg	4	250	390	680	900	900	900	900	900	900	900	900												
Cooking oil (0.18 lt per 1 kg of product)	lt	13	36	56	98	130	130	130	130	130	130	130	130												
Salt (0.02 kg / 1 kg product)	kg	4	4	6	11	14	14	14	14	14	14	14	14												
Chilli (0.0125 kg/kg of product)	kg	4	4																						
Fuel for cooking (0.125 lt / 1kg of product)	lt	18	45	59	77	90	90	90	90	90	90	90	90												
Sugar (0.05kg/ 1 kg of product)	kg	13	10	16	27	36	36	36	36	36	36	36	36												
Garlic (0.003kg/1kg of product)	kg	70	0.6	0.9	1.6	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2												
Electricity	per month	250	12	12	12	12	12	12	12	12	12	12	12												
Water	per month	80	12	12	12	12	12	12	12	12	12	12	12												
Hygiene	IDR/ton	1,500	0	0	1	1	1	1	1	1	1	1	1												
O&M building (5% of investment cost)	lumpsum	1,000		1	1	1	1	1	1	1	1	1	1												
O&M machinery and equipment	lumpsum	445		1	1	1	1	1	1	1	1	1	1												
Plastic bag in aluminium foil (250 gr)	no.	0	800	1,248	2,176	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880												
Labels	no.	0	800	1,248	2,176	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880												
Transportation	ton	13	0.2	0.3	0.5	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7												
Tools/equipment	lumpsum	850		1	1	1	1	1	1	1	1	1	1												
<b>Labour</b>																									
Operations (0.15 FTE days per kg)	pers. day	S/F	30	47	82	108	108	108	108	108	108	108	108												
Family labour	pers. day	S/F	30	47	82	108	108	108	108	108	108	108	108												
<b>Sub-total labour</b>			60	94	163	216	216	216	216	216	216	216	216												
Skilled (paid) labour (S)	pers. day	70	30	47	82	108	108	108	108	108	108	108	108												
Family labour	pers. day	50	30	47	82	108	108	108	108	108	108	108	108												

FINANCIAL BUDGET		WITHOUT PROJECT										WITH PROJECT													
ITEMS			1	1	2	3	4	5	6	7	8	9	10	1	1	2	3	4	5	6	7	8	9	10	
<b>Main production revenue</b>																									
Cassava chips		0	15,000	23,400	40,800	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	0	15,000	23,400	40,800	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
<b>Sales</b>		0	15,000	23,400	40,800	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000	0	15,000	23,400	40,800	54,000	54,000	54,000	54,000	54,000	54,000	54,000	54,000
<b>Selfconsumption</b>		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Post-processing losses</b>		0	1,500	2,340	3,264	4,320	4,320	4,320	4,320	3,780	3,780	3,780	3,780	0	1,500	2,340	3,264	4,320	4,320	4,320	3,780	3,780	3,780	3,780	3,780
<b>Total revenue</b>		0	13,500	21,060	37,536	49,680	49,680	49,680	49,680	50,220	50,220	50,220	50,220	0	13,500	21,060	37,536	49,680	49,680	49,680	50,220	50,220	50,220	50,220	50,220
<b>Investment input costs</b>																									
Workshop		0	20,000	0	0	0	0	0	0	0	0	0	0	0	20,000	0	0	0	0	0	0	0	0	0	0
Cart		0	250	0	0	0	0	0	250	0	0	0	0	0	250	0	0	0	0	0	0	0	0	0	0
Weighing scale		0	230	0	0	0	0	0	230	0	0	0	0	0	230	0	0	0	0	0	0	0	0	0	0
Drum		0	1,500	0	0	0	0	0	1,500	0	0	0	0	0	1,500	0	0	0	0	0	0	0	0	0	0
Drying machine		0	1,200	0	0	0	0	0	0	0	0	0	0	0	1,200	0	0	0	0	0	0	0	0	0	0
Blender		0	450	0	0	0	0	0	450	0	0	0	0	0	450	0	0	0	0	0	0	0	0	0	0
Dynamo		0	750	0	0	0	0	0	0	0	0	0	0	0	750	0	0	0	0	0	0	0	0	0	0
Blades cutter		0	450	0	450	0	0	0	450	0	0	0	0	0	450	0	450	0	0	0	0	0	450	0	0
Aluminium Bag		0	60	0	0	0	0	0	60	0	0	0	0	0	60	0	0	0							

Figure A 14: Banana processing model

YIELDS AND INPUTS			WITHOUT PROJECT	WITH PROJECT									
ITEMS	UNIT	PRICE ('000 IDR)	1	1	2	3	4	5	6	7	8	9	10
<b>Technical parameters</b>													
Processing capacity (of which)	kg/year			220	330	440	550	550	550	550	550	550	550
Banana chips	kg/year			220	330	440	550	550	550	550	550	550	550
<b>Input to output ratio</b>													
Banana chips	%			80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
<b>Banana chips production shares</b>													
Banana chips	%			100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Main production</b>													
Banana chips	kg	95		176	264	352	440	440	440	440	440	440	440
<b>Total Sales</b>	kg			176	264	352	440	440	440	440	440	440	440
<i>Selfconsumption</i>	kg												
Processing losses	%			10%	10%	8%	8%	8%	8%	7%	7%	7%	7%
<b>Investment inputs</b>													
Workshop	no.	20,000		1					1				
Slicer	no.	4,500		1					1				
Frying equipment (wok and slicer)	no.	300		1					1				
Weighing scale	no.	50		2					1				
Packing machine	no.	500		2					1				
Labelling machine	no.	2,000		1					0				
Gas stove and 3 kg tube	no.	300		1					0				
Plastic bucket	no.	15		6					6				
Table stainless steel	no.	550		2					0				
<b>Operating inputs</b>													
Fresh raw Banana	kg	2		220	330	440	550	550	550	550	550	550	550
Cooking oil (20 lt per 100 kg of product)	lt	13		35	53	70	88	88	88	88	88	88	88
Salt (7.5 kg / 100 kg product)	kg	4		13	20	26	33	33	33	33	33	33	33
Fuel for cooking (3 kg cylinder)	no.	18		75	98	128	150	150	150	150	150	150	150
Sugar (12kg/100 kg of product)	kg	13		21	32	42	53	53	53	53	53	53	53
Electricity (2.5KWh / 1 kg of product)	kwh	1		550	715	935	1,100	1,100	1,100	1,100	1,100	1,100	1,100
Water	lumpsum	2,500		1	1	1	1	1	1	1	1	1	1
Hygiene	IDR/ton	1,500		0	0	0	0	0	0	0	0	0	0
O&M building (5% of investment cost)	lumpsum	1,000		1	1	1	1	1	1	1	1	1	1
O&M machinery and equipment	lumpsum	245		1	1	1	1	1	1	1	1	1	1
Plastic bag in aluminium foil (250 gr)	no.	0		704	1,056	1,408	1,760	1,760	1,760	1,760	1,760	1,760	1,760
Transportation	ton	13		0.2	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Tools/equipment	lumpsum	850		1	1	1	1	1	1	1	1	1	1
<b>Labour</b>													
Operations (0.18 FTE days per kg)	pers. day	S/F		32	48	63	79	79	79	79	79	79	79
Family labour	pers. day	S/F		32	48	63	79	79	79	79	79	79	79
<i>Sub-total labour</i>				63	95	127	158	158	158	158	158	158	158
Skilled (paid) labour (\$)	pers. day	70		32	48	63	79	79	79	79	79	79	79
Family labour	pers. day	50		32	48	63	79	79	79	79	79	79	79
<b>FINANCIAL BUDGET</b>			<b>WITHOUT PROJECT</b>	<b>WITH PROJECT</b>									
<b>ITEMS</b>			<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
<b>Main production revenue</b>													
Banana chips			0	16,720	25,080	33,440	41,800	41,800	41,800	41,800	41,800	41,800	41,800
<i>Sales</i>			0	16,720	25,080	33,440	41,800	41,800	41,800	41,800	41,800	41,800	41,800
<i>Selfconsumption</i>			0	0	0	0	0	0	0	0	0	0	0
Post-processing losses			0	1,672	2,508	2,675	3,344	3,344	3,344	2,926	2,926	2,926	2,926
<i>Total revenue</i>			0	15,048	22,572	30,765	38,456	38,456	38,456	38,874	38,874	38,874	38,874
<b>Investment input costs</b>													
Workshop			0	20,000	0	0	0	0	0	0	0	0	0
Frying equipment (wok and slicer)			0	300	0	0	0	0	300	0	0	0	0
Weighing scale			0	100	0	0	0	0	50	0	0	0	0
Packing machine			0	1,000	0	0	0	0	500	0	0	0	0
Labelling machine			0	2,000	0	0	0	0	0	0	0	0	0
Gas stove and 3 kg tube			0	300	0	0	0	0	0	0	0	0	0
Plastic bucket			0	90	0	0	0	0	90	0	0	0	0
Table stainless steel			0	1,100	0	0	0	0	0	0	0	0	0
<i>Sub-total investment costs</i>			0	24,890	0	0	0	0	940	0	0	0	0
<b>Operating input costs</b>													
Fresh raw Banana			0	330	495	660	825	825	825	825	825	825	825
Cooking oil (20 lt per 100 kg of product)			0	458	686	915	1,144	1,144	1,144	1,144	1,144	1,144	1,144
Salt (7.5 kg / 100 kg product)			0	53	79	106	132	132	132	132	132	132	132
Fuel for cooking (3 kg cylinder)			0	1,313	1,706	2,231	2,625	2,625	2,625	2,625	2,625	2,625	2,625
Sugar (12kg/100 kg of product)			0	275	412	549	686	686	686	686	686	686	686
Electricity (2.5KWh / 1 kg of product)			0	458	595	778	916	916	916	916	916	916	916
Water			0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Hygiene			0	330	429	561	660	660	660	660	660	660	660
O&M building (5% of investment cost)			0	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
O&M machinery and equipment			0	0	245	245	245	245	245	245	245	245	245
Plastic bag in aluminium foil (250 gr)			0	282	422	563	704	704	704	704	704	704	704
Transportation			0	2	3	5	6	6	6	6	6	6	6
Tools/equipment			0	850	850	850	850	850	850	850	850	850	850
<i>Sub-total operating costs</i>			0	6,849	9,423	10,963	12,292	12,292	12,292	12,292	12,292	12,292	12,292
<b>Labour costs</b>													
Skilled (paid) labour costs			0	2,218	3,326	4,435	5,544	5,544	5,544	5,544	5,544	5,544	5,544
Family labour			0	1,584	2,376	3,168	3,960	3,960	3,960	3,960	3,960	3,960	3,960
<i>Sub-total labour costs</i>			0	3,802	5,702	7,603	9,504	9,504	9,504	9,504	9,504	9,504	9,504
<i>Total production costs</i>			0	35,541	48,126	61,726	78,000	78,000	78,000	78,000	78,000	78,000	78,000
<b>Gross Income (after labour costs)</b>			0	-20,493	7,446	12,199	16,660	16,660	15,720	17,078	17,078	17,078	17,078
Taxes (10%)			0	0	745	1,220	1,666	1,666	1,572	1,708	1,708	1,708	1,708
Insurance on labour (22%)			0	836	1,255	1,673	2,091	2,091	2,091	2,091	2,091	2,091	2,091
<b>Net Income (after labour costs)</b>			3,802	-21,329	5,447	9,306	12,903	12,903	12,057	13,279	13,279	13,279	13,279
<b>Incremental net income</b>				-25,131	1,646	5,505	9,101	9,101	8,255	9,478	9,478	9,478	9,478
<b>Net income (before labour costs)</b>			3,802	-17,527	11,150	16,910	22,407	22,407	21,561	22,783	22,783	22,783	22,783

**Figure A 15"Project economic cost (IDR million)**

Indonesia  
Young Entrepreneurship and Employment Support Services Programme (YESS)  
**Project Components by Year -- Totals Including Contingencies**

Economic Costs (IDR Million)	Economic Costs						Total
	2019	2020	2021	2022	2023	2024	
<b>A. Rural Youth Transition To Work</b>							
1. Linking Education and Training to Jobs	2,752	9,674	11,990	8,178	7,803	5,708	46,105
2. Apprenticeship	-	11,137	4,062	7,786	7,773	-	30,758
<b>Subtotal</b>	<b>2,752</b>	<b>20,812</b>	<b>16,052</b>	<b>15,964</b>	<b>15,576</b>	<b>5,708</b>	<b>76,864</b>
<b>B. Rural Youth Entrepreneurship</b>							
1. Institution and Capacity Building	15,866	29,311	34,207	33,196	32,567	32,290	177,436
2. Services to young farmers and entrepreneurs	3,457	18,977	24,689	31,295	36,671	37,947	153,036
<b>Subtotal</b>	<b>19,324</b>	<b>48,287</b>	<b>58,896</b>	<b>64,491</b>	<b>69,238</b>	<b>70,237</b>	<b>330,472</b>
<b>C. Investing for Rural Youth</b>							
1. Capacity Buiding for Financial Inclusion	624	6,099	4,372	3,689	3,683	3,571	22,038
2. Access To Financing	1,865	56,004	57,740	63,545	50,844	25,541	255,538
<b>Subtotal</b>	<b>2,489</b>	<b>62,102</b>	<b>62,111</b>	<b>67,235</b>	<b>54,527</b>	<b>29,112</b>	<b>277,576</b>
<b>D. Enabling Environment For Rural Youth</b>							
1. Partnership Building	5,835	149	360	1,721	360	360	8,787
2. Rural Youth Mobilisation Programme	2,359	5,945	5,381	5,418	5,317	5,058	29,477
3. Policies for Youth in Agriculture	1,574	3,907	3,532	3,617	3,187	2,370	18,187
4. Project Management	14,358	13,272	11,871	10,921	10,886	11,105	72,414
<b>Subtotal</b>	<b>24,126</b>	<b>23,273</b>	<b>21,145</b>	<b>21,677</b>	<b>19,751</b>	<b>18,894</b>	<b>128,866</b>
<b>Total PROJECT COSTS</b>	<b>48,690</b>	<b>154,474</b>	<b>158,205</b>	<b>169,367</b>	<b>159,092</b>	<b>123,950</b>	<b>813,778</b>

Figure A 16: Estimate of Traded Prices

Urea	Financial	Economic
Item	Value	
1. CIF price al port (fob: \$ per ton)	245	245
freight & insurance	40	40
2. Exchange rate	13505	13614
3. CIF price at port (CIF: IDR per ton)	3848925	3879967
4. Import duty (5% of CIF)	192446	0
5. Value-Added Tax (10%)	384893	0
8. Handling (10 IDR per kg)	10000	10000
9. Storage fee (1% of CIF and duties)	44263	38800
10. Port fee (50 % of the storage fee and handling fee)	27131	24400
11. Transportation cost from port to farm (IDR per ton)	577339	467239
12. price at the farm gate (IDR per ton)	5084996	4420405
13. price at the farm gate (IDR per kg)	5085	4420
conversion factor	0.87	

Rock phosphate	Financial	Economic
Item	Value	
1. CIF price al port (fob: \$ per ton)	85	85
freight & insurance	40	40
2. Exchange rate	13505.00	13613.92
3. CIF price at port (CIF: IDR per ton)	1688125	1701740
4. Import duty (5% of CIF)	84406	0
5. Value-Added Tax (10%)	168813	0
8. Handling (10 IDR per kg)	10000	10000
9. Storage fee (1% of CIF and duties)	19413	17017
10. Port fee (50 % of the storage fee and handling fee)	14707	13509
11. Transportation cost from port to farm (IDR per ton)	253219	204929
12. price at the farm gate (IDR per ton)	2238683	1947195
13. price at the farm gate (IDR per kg)	2239	1947
conversion factor	0.87	

Triple super phosphate	Financial	Economic
Item	Value	
1. CIF price al port (fob: \$ per ton)	296	296
freight & insurance	40	40
2. Exchange rate	13505	13614
3. CIF price at port (CIF: IDR per ton)	4537680	4574276
4. Import duty (5% of CIF)	226884	0
5. Value-Added Tax (10%)	453768	0
8. Handling (10 IDR per kg)	10000	10000
9. Storage fee (1% of CIF and duties)	52183	45743
10. Port fee (50 % of the storage fee and handling fee)	31092	27871
11. Transportation cost from port to farm (IDR per ton)	680652	550850
12. price at the farm gate (IDR per ton)	5992259	5208741
13. price at the farm gate (IDR per kg)	5992	5209
conversion factor	0.87	

Maize	Financial	Economic
Item	Value	
1. Fob Price at port (USD per ton)	149	149
freight and insurance	40	40
2. Exchange rate	13505	13614
1. CIF Price at port (IDR per ton)	2552445	2573030
4. Import duty (0% of CIF)	0	0
5. Value-Added Tax (0%)	0	0
6. Handling (50 IDR per kg)	50	50
7. Storage fee (1% of CIF and duties)	25524	25730
8. Port fee (50 % of the storage fee and handling fee)	12787	12890
9. Transportation cost from port to wholesale market (IDR per ton)	382867	385955
10. Price at wholesale market (IDR)	2973673	2997656
11. Transportation cost from port to farm (IDR per ton)	57430	57893
12. price at the farm gate (IDR per ton)	2916243	2939763
13. price at the farm gate (IDR per kg)	2916	2940
conversion factor	1.01	

Potassium chloride	Financial	Economic
Item	Value	
1. CIF price al port (fob: \$ per ton)	216	216
freight & insurance	40	40
2. Exchange rate	13505	13614
3. CIF price at port (CIF: IDR per ton)	3457280	3485163
4. Import duty (0% of CIF)	0	0
5. Value-Added Tax (10%)	345728	0
8. Handling (10 IDR per kg)	10000	10000
9. Storage fee (1% of CIF and duties)	38030	34852
10. Port fee (50 % of the storage fee and handling fee)	24015	22426
11. Transportation cost from port to farm (IDR per ton)	518592	419695
15. price at the farm gate (BRL per ton)	4393645	3972136
16. price at the farm gate (BRL per kg)	4393.6	3972.1
conversion factor	0.90	

DAP	Financial	Economic
Item	Value	
1. CIF price al port (fob: \$ per ton)	357	357
freight & insurance	40	40
2. Exchange rate	13505.00	13613.92
3. CIF price at port (CIF: IDR per ton)	5361485	5404725
4. Import duty (0% of CIF)	0	0
5. Value-Added Tax (10%)	536149	0
8. Handling (10 IDR per kg)	10000	10000
9. Storage fee (1% of CIF and duties)	58976	54047
10. Port fee (50 % of the storage fee and handling fee)	34488	32024
11. Transportation cost from port to farm (IDR per ton)	804223	650855
12. price at the farm gate (IDR per ton)	6805321	6151652
13. price at the farm gate (IDR per kg)	6805	6152
conversion factor	0.90	

Soybeans	Financial	Economic
Item	Value	
1. CIF Price at port (USD per ton)	400	400
2. Exchange rate	13505	13614
1. CIF Price at port (IDR per ton)	5402000	5445567
4. Import duty (5% of CIF)	270100	0
5. Value-Added Tax (0%)	0	0
6. Special Sales Taxes (SST) - 0%	0	0
7. Storage fee (1% of CIF and duties)	56721	54456
8. Port fee (50 % of the storage fee and handling fee)	28386	27253
9. Transportation cost from port to wholesale market (IDR per ton)	810300	816835
10. Price at wholesale market (IDR)	6567557	6344161
11. Transportation cost from port to farm (IDR per ton)	121545	122525
12. price at the farm gate (IDR per ton)	6446012	6221636
13. price at the farm gate (IDR per kg)	6446	6222
conversion factor	0.97	

Rice	Financial	Economic
Item	Value	
1. fob Price at port (USD per ton)	400	400
freight and insurance	35	35
2. Exchange rate	13505	13614
1. CIF Price at port (IDR per ton)	5874675	5922054
4. Import duty (450 IDR/kg)	4500	0
5. Value-Added Tax (0%)	0	0
6. Handling (50 IDR per kg)	50	50
7. Storage fee (1% of CIF and duties)	58792	59221
8. Port fee (50 % of the storage fee and handling fee)	29421	29635
9. Transportation cost from port to wholesale market (IDR per ton)	881201	888308
10. Price at wholesale market (IDR)	6848639	6899268
11. Transportation cost from port to farm (IDR per ton)	132180	133246
12. price at the farm gate (IDR per ton)	6716459	6766022
13. price at the farm gate (IDR per kg)	6716	6766
conversion factor	1.0074	



Table A.18: Net Incremental Benefits for production models (Years 1 to 10 only)

<b>Models Net incremental benefits (IDR '000)</b>											
<b>MODELS</b>	<b>Y1</b>	<b>Y2</b>	<b>Y3</b>	<b>Y4</b>	<b>Y5</b>	<b>Y6</b>	<b>Y7</b>	<b>Y8</b>	<b>Y9</b>	<b>Y10</b>	
Farm model	(2,085)	1,004	2,141	2,913	2,913	3,041	3,041	3,041	3,169	3,169	
Farm model 2	(1,155)	(614)	244	791	791	934	934	934	1,076	1,076	
Farm model 3	(979)	881	2,054	2,900	2,900	2,074	3,059	3,059	3,218	3,218	
Farm model 4	(55)	669	1,801	2,546	2,546	2,703	2,703	2,703	2,859	2,859	
Farm model 5	(1,567)	12	911	1,560	1,560	767	1,705	1,705	1,849	1,849	
Bee Keeping	(12,902)	609	4,382	5,891	5,891	1,229	5,891	5,891	5,891	5,891	
Mushroom	127	976	1,138	1,300	1,381	578	1,381	1,381	1,381	1,381	
Banana chip processing	(23,477)	4,687	9,606	14,265	14,265	13,320	14,683	14,683	14,683	14,683	
Cassava chips processing	(29,857)	1,768	11,230	18,857	18,857	13,296	19,397	19,397	18,944	19,397	
Mushroom Processing	(82,773)	1,656	25,661	41,412	41,412	3,402	43,723	43,723	43,723	43,723	

Table A.19: Estimate of Economic Indicators (Years 1 to 10 only)

<b>Total Net Incremental Benefits (IDR million)</b>										
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
<b>Crop production:</b>										
Farm Model 1	(4,225.7)	(10,642.7)	(10,685.1)	7,969.1	38,590.4	74,792.1	105,136.7	117,302.2	121,985.2	123,796.6
Farm Model 2	(2,342.1)	(8,270.9)	(14,949.9)	(14,846.1)	(6,702.4)	7,535.6	23,100.6	32,459.6	36,409.4	38,428.7
Farm Model 3	(1,983.5)	(4,164.4)	(396.2)	17,380.6	45,326.2	75,227.1	97,827.2	107,063.4	112,429.7	116,682.7
Farm Model 4	(111.5)	1,022.4	7,163.0	22,336.7	45,228.3	70,213.1	90,826.8	103,043.1	107,970.8	110,195.6
Farm Model 5	(3,176.9)	(9,506.6)	(13,965.2)	(7,060.4)	9,297.7	29,831.9	47,180.7	53,752.2	58,140.6	62,091.7
Bee keeping	(4,755.2)	(14,041.2)	(21,488.0)	(15,638.6)	(1,140.9)	17,282.1	32,147.9	33,717.6	34,830.0	36,548.0
Mushrooms	93.3	999.1	3,462.7	7,536.5	12,054.4	15,526.1	16,967.4	16,798.6	17,276.2	17,987.5
<b>Processing:</b>										
Banana chips	(2,305.5)	(6,456.2)	(9,203.3)	(4,995.3)	3,399.2	14,461.1	24,067.7	26,801.3	27,921.4	28,219.4
Cassava chips	(2,931.9)	(8,622.2)	(13,036.0)	(8,631.5)	2,061.4	16,464.4	29,098.0	33,019.1	34,737.6	35,459.8
Mushrooms	(8,128.3)	(24,222.2)	(37,633.6)	(28,201.9)	(2,833.8)	29,860.9	56,367.3	60,484.4	64,712.4	69,579.4
Total incremental benefits	(29,867.3)	(83,904.9)	(110,731.6)	(24,150.9)	145,280.6	351,194.3	522,720.3	584,441.7	616,413.4	638,989.2
- lagged one year		(29,867.3)	(83,904.9)	(110,731.6)	(24,150.9)	145,280.6	351,194.3	522,720.3	584,441.7	616,413.4
- lagged two years			(29,867.3)	(83,904.9)	(110,731.6)	(24,150.9)	145,280.6	351,194.3	522,720.3	584,441.7
Total project costs	48,690.0	154,474.0	158,204.7	169,367.0	159,091.6	123,950.4				
Net incremental benefits	(78,557.3)	(238,378.8)	(268,936.3)	(193,517.9)	(13,811.0)	227,243.9	522,720.3	584,441.7	616,413.4	638,989.2
- lagged one year	(48,690.0)	(184,341.3)	(242,109.6)	(280,098.6)	(183,242.5)	21,330.1	351,194.3	522,720.3	584,441.7	616,413.4
- lagged two years	(48,690.0)	(154,474.0)	(188,072.0)	(253,271.8)	(269,823.2)	(148,101.3)	145,280.6	351,194.3	522,720.3	584,441.7
EIRR	32.7%									
NPV @9% (IDR million)	2,483,278									

Note: Based on Net Incremental Benefits of production models and Implementation Schedule for farms and enterprises.



## **Appendix 11: Draft Programme Implementation Manual (PIM)**

A table of contents for the PIM is presented hereafter. A full PIM will be prepared by GoI, with support from IFAD, between negotiations and loan signing.

### **Table of contents**

#### **Abbreviations & acronyms**

#### **I. Introduction**

1. Presentation of the project
2. Objectives of the project
3. Description of the project components
4. Cost and financing
5. Organization and management
6. Institutional and implementation arrangements
7. Organizational chart

#### **II. Administrative procedures**

1. Human resources management
  - 1.1. Job descriptions
  - 1.2. Recruitment procedures
  - 1.3. Contract management
  - 1.4. Internal rules for personnel
2. Correspondance organisation
3. Communication organisation
4. Logistics
5. Asset management
6. Stock management

#### **III. Financial and disbursements procedures**

1. Financial arrangements and flow of funds
2. IFAD disbursement procedures
3. YESS disbursement procedures
4. Accounting systems and procedures
5. Planning and budgeting

#### **IV. Procurement procedures**

1. IFAD basic procurement principles
2. National rules and regulations
3. Main methods of procurement for goods and works
4. Main methods of selection of consultants and services providers
5. Specific procurement arrangements
  - 1.1. Declaration of bid security
  - 1.2. Bonds for insurances companies

#### **V. Monitoring & evaluation and knowledge management**

1. Planning of M&E
2. AWPB preparation, including annual targets
3. Follow-up of outputs
4. Evaluation of results
5. Evaluation of impact
6. Elaboration of progress reports

#### **VI. Governance and Anti-Corruption Framework**



## **Appendix 12: Compliance with IFAD policies**

The Indonesia Country Strategic Opportunities Programme (COSOP) details IFAD's three strategic objectives (SO) in Indonesia:

- SO-1: Smallholder producers participate in remunerative agricultural markets
- SO-2: Smallholder producers and their families are more resilient to risks
- SO-3: Rural institutions deliver responsive services that meet the needs of smallholder producers.

YESS directly addresses the three strategic objectives and is thus consistent with IFAD's country strategy for Indonesia. It is furthermore consistent with the relevant IFAD policies, strategies and guidelines, notably:

1. IFAD Strategic Framework 2016-2025;
2. Targeting Policy: Reaching the rural poor;
3. Gender Equality and Women's Empowerment Policy;
4. Private-Sector Development and Partnership Strategy;
5. Rural Finance Policy;
6. Policy on Preventing Fraud and Corruption;
7. Policy on Supervision and Implementation Support;
8. Loan and Grant Administration Operational Manual;
9. Guidelines for Project Design.



## Appendix 13: PLUT Assessment

### Background

1. In 2014, the Ministry of Cooperatives and SMEs (MoCSME) has initiated the creation of Centres for Integrated Business Services (*Pusat Layanan Usaha Terpadu* or PLUT) to promote SMEs and innovation. MoCSME's objective is to create 258 PLUTs by 2020, of which 51 have been established so far<sup>131</sup>. Meetings with the Ministry confirmed that, while implementation was delayed for various reasons<sup>132</sup>, PLUT expansion continues and measures are taken to enhance effectiveness as well as to develop alternate approaches to expansion, including adapting the range and scale of services to the potential and needs of specific provinces/districts, as well as diversifying sources of financing (see below).
2. Services are mostly provided for free to a majority of micro-enterprises (including cooperatives) both online and offline, by five to seven full-time technical consultants, supported by three administrative staff. They include: business planning and support to enterprise creation; registration; technical and management skills development; market linkages; standards and certification; business linkages and intermediation to link entrepreneurs with business development and financial service providers; using digital services. PLUTs also include shops where local products are sold. PLUTs mobilise skilled professionals from academic institutions, local government departments and the business community to provide specialised trainings, including through cost-sharing agreements.
3. The creation of new PLUTs will resume in 2019. Meanwhile, new developments aimed at enhancing service delivery will be generalized to all PLUTs in 2018. These include: the training of mentors selected from the business community to increase PLUT outreach and provide on-going support to SMEs; the upgrading of PLUTs based in provincial capitals (Kota) to provide guidance to district-based PLUTs in the province; the extension of MoCSME financing and support for five years (instead of four) for all the PLUTs; increased support to cooperatives.
4. At the national level, the PLUT network has a partnership with OJK to provide online access to financial and business education for micro-enterprises, and PLUTs have partnerships with local KADINs (Chamber of Commerce and Industry, also covering agriculture).
5. MoCSME has a PLUT capacity assessment system and supports PLUT capacity building and networking through trainings, the sharing of best practices and models, digital tools (including an updated website <http://cis-nasional.id/>), special events (such as an annual convention where all PLUTs come annually together for training and knowledge sharing) and a partnership with the Association of BDS Providers (Asosiasi BDS Indonesia) that provides capacity building and support to networking and partnership development. Furthermore, PLUTs are receiving support from KOMPAK, an Australia-Indonesia Government partnership working to reduce poverty in Indonesia by supporting the Government of Indonesia (GoI) to improve basic services and economic opportunities for the poor and vulnerable. It provides support to PLUTs by enhancing staff capacities as business development consultants and has developed modules for capacity assessment and training<sup>133</sup>.
6. The PLUT programme foresees that the financing of core consultants and operational costs is to be taken over by local governments by the fourth year. Transition to local ownership has been delayed, partly due to legal issues in transferring ownership to local governments, which are being addressed by MoCSME. The Ministry is also developing a plan for promoting PLUT financial sustainability, with a view to assist PLUTs and local governments to raise resources. This would involve developing the provision of services for a fee, as well as partnering with the private sector to share costs, as is the case for example in West Java (the PLUT in Canjur has partnerships with national telecoms and banks and generates revenue through CSR initiatives) and in South Sulawesi

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<sup>131</sup> See map in Attachment 1.

<sup>132</sup> A moratorium in 2015, due to a change in national political leadership, and subsequent programme review in 2015, as well as issues related to the transfer of PLUT ownership to local governments as reviewed below.

<sup>133</sup> <http://kompak.or.id/en>.

(financing contributed by a seaweed producers' association). It would also involve linking the modalities whereby local governments take on responsibility of future operations to location-specific potential (some areas being more conducive for revenue generation), with MoCSME committed to extend financial support through the transition process. Furthermore, Bappenas and MoCSME are planning to transform PLUT status so that they become Public Service Agencies (Badan Layanan Umum – BLU) with financial and administrative autonomy.

7. The need to develop PLUT sustainable models (i.e. models where PLUT financing does no longer rely on central government financing), building on the lessons of experience, has certainly contributed to slowing down the expansion of a programme that only started in 2014, entirely on Gol financing. There is however no question that the PLUT programme is continuing, that Gol will keep financing the operation of PLUTs already established and that it will strengthen the programme and make it easier to integrate by local governments.

### **Rationale for selecting PLUTs as implementing partners**

8. Against this background and in agreement with BAPPENAS, MoA and MoCSME, the preferred scenario for implementing YESS support to youth entrepreneurship is to build on the network of existing PLUTs as this would:

- build on existing institutions that enjoy support from Gol, have a mandate in line with project objectives and that will survive the project;
- take advantage of the experience developed so far, which MoA agrees it does not have, and of an array of existing and potential partnerships with financial and non-financial service providers as well as with the business community, including large numbers of micro-entrepreneurs that can play the role of mentors;
- allow the development of sustainable linkages with TEVT institutions partnering with YESS with a view to provide students with durable opportunities to gain hands-on experience in the farming and agribusiness sector;
- promote an innovative partnership between MoA and MoCSMEs that would bring together the competences and strengths of either institution to the benefit of young people in the farming and agribusiness sector;
- support project implementation readiness and faster delivery, and minimise costs to the project, as opposed to a project-based structure
- facilitate replication and scaling up of successful approaches and instruments through the national PLUT network.

9. Dinas Agriculture are not regarded as a viable alternative to PLUTs, primarily because their mandate does not cover agribusiness nor the wider range of activities that will be supported by YESS. However, Dinas Agriculture are expected to be important partners through the Outreach and Mobilisation Networks that YESS will promote at district level, to ensure that poor young farmers have access to the support services they need to improve their activity and their livelihoods.

### **Capacity building**

10. The project will support the building of capacities of PLUT staff to better accommodate the needs of young agricultural entrepreneurs and to mainstream youth in PLUTs activities. A local consulting firm will carry out an assessment of existing PLUTs in the project area, building on the methodology developed by KOMPAK<sup>134</sup>. This assessment will focus on activities and services

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<sup>134</sup> KOMPAK is an Australia-Indonesia Government partnership working to reduce poverty in Indonesia by supporting the Government of Indonesia (Gol) to improve basic services and economic opportunities for the poor and vulnerable, which includes supporting PLUT staff in enhancing their capacities as business development consultants. It has developed a PLUT



proposed by PLUTs to young entrepreneurs, as well as on linkages established by PLUTs with other organizations (BDS providers, farmers' training centres, migrants' organizations, and extensionists' network). Based on the findings of the assessment and building on mapping studies (Component 4) and the business models, the same local consulting firm will assist each PLUT to develop a Youth in Agriculture 3-year Action Plan, which will develop a strategy for promoting youth engagement in the agriculture-based sector, tapping on local potential and addressing the needs and aspirations of diverse socio-economic profiles. The plan will define customized objectives and target numbers to be achieved over the plan duration with regard to the creation/expansion of farms or other agri-based enterprises owned by young people. It will propose a mix of objectives and activities that will be suited to match the potential and needs of different categories of young people (women and men, with higher education or none, land owners and landless, migrants' households and returnees) and will include measures enabling the participation of poorer youth. It will later be included in the overall PLUT Business Development Plan. The provincial GESI specialist will support the capacity building through integrating GESI objectives, distilling the lessons from mapping studies and their practical implications and supporting networking towards GESI objectives.

11. The Youth in Agriculture Action Plan will also include a capacity building development plan for PLUT consultants. Annual performance of each PLUT will be evaluated by a local consulting firm against the targets set in the 3-year Action Plan and corrective measures will be brought to each PLUT (such as additional training and capacity building for PLUT consultants, review of network linkages and of PLUT implementation strategy).

12. To further strengthen PLUT capacities as well as to cope with the incremental workload resulting from the implementation of YESS activities, the project will finance additional staff. In every district, a Youth Entrepreneurship Specialist, an M&E/KM Officer and a Financial Manager will provide assistance in implementing YESS activities.

13. In addition, to facilitate PLUT activities throughout the district, the project will finance for each PLUT one vehicle (7 to 9-seater minibus) and its operation and maintenance costs, as well as equipment such as tablets, computers, docking station, camera, GPS, projector, photocopier and printer.

14. Finally, a national consultant will be recruited by the NPMU to upgrade PLUTs Management Information System, to reflect new activities and targeting, and to support M&E and KM. The revised MIS will support the monthly production of dashboards measuring performance on a number of indicators common to all of the 15 PLUTs, building on the system developed by IFAD-financed Coastal Community Development Project (CCDP). The dashboard will have two main objectives: (i) identifying weaknesses and facilitate the implementation of corrective measures, including guidance from PPIU/NPMU; and (ii) support the performance-based allocation of resources to PLUTs (see Implementation arrangements below).

### **PLUTs role in YESS implementation**

15. PLUTs will play a pivotal role in the implementation of Sub-component 2.2 - Services to young farmers, entrepreneurs and SMEs. Together with a network of BDSPs, they will assist young farmers and entrepreneurs to transform their ideas into a viable and bankable business through the provision of pre-financing and post-financing training and capacity building. PLUTs will provide multi-dimensional training and assistance to young farmers and entrepreneurs enabling them to elaborate a business plan to be submitted to financial institutions for financing and to implement and manage their business. Youth Facilitators and Mobilizers contracted by the project at PLUT level will ensure increased geographical and human outreach. PLUTs will also promote sustainable linkages between young farmers and entrepreneurs and other value chain stakeholders to access a range of diversified

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capacity assessment and 8 training modules, which were implemented in five pilot PLUTs, of which one, Banjarbaru, is in a YESS target district <http://kompak.or.id/en>.

markets and services. Finally, PLUTs will also connect young people with existing SMEs having unmet job opportunities (from PY3).

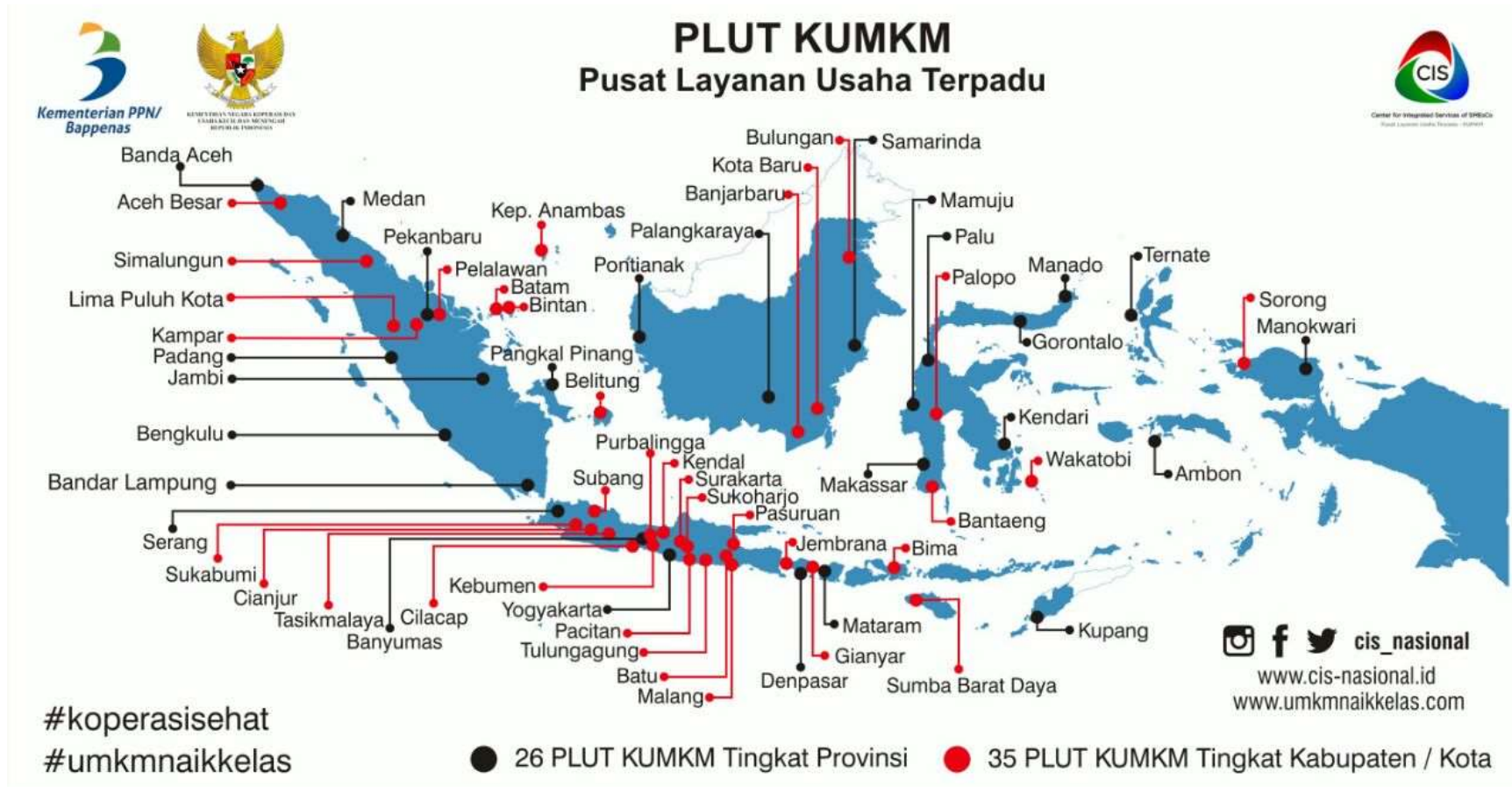
16. More specifically, PLUTs will:

- Deliver Business Motivation workshops for young people identified by Youth Facilitators, Mobilizers and the network of BDSPs and willing to develop a farming or enterprise activity, individually or collectively, existing or new. PPIU and PLUTs will organize these workshops in each district at least once every quarter during the first two years of YESS implementation, and periodicity will be adapted based on actual demand emanating from young people in a given district until the end of the project;
- Carry out a rapid assessment on entrepreneurs (individual or group) to identify young entrepreneurs' training needs After the Business Motivation workshop;
- Deliver start-up training packages to young farmers and entrepreneurs so they can develop, implement and manage their business and elaborate a bankable business plan, which could then be submitted to one of the financial institutions partnering with YESS (see Component 3);
- Identify mentors within the Outreach and Mobilisation Network, train them and ensure quality control;
- In partnership with BDSPs, assist young farmers and lead farmers, AgriTech and FinTech entities to broker sustainable arrangements;
- In partnership with BDSPs, promote new financial products implemented by financial institutions (such as the warehouse receipt financing or receivables financing) in close collaboration with financial institutions (see Component 3).

### **Sustainability**

17. As indicated, building on existing institutions that enjoy support from Gol, have a mandate in line with project objectives and that will survive the project will ensure sustainable service delivery to youth beyond project completion. Furthermore, rather than setting up a specific youth desk within participating PLUTs, YESS-supported activities will be mainstreamed into PLUT consultants' regular activities. This will enable them to continue delivering services to youth once the project is over.

18. PLUT financial sustainability is ensured by the system promoted by MoCSME. The ministry covers the costs of PLUT creation and first four years of operation, after which the local government is expected to take over. YESS will support financial sustainability by developing linkages between PLUTs and the business community, which will be called to contribute to PLUT activities through CSR or other ways, as is already the case in some of the target PLUTs.





## Appendix 14: Alignment with IFAD11 Commitments and SDGs

IFAD 11 commitment	YESS alignment
Mainstream the key cross-cutting themes of nutrition, gender, youth and climate	YESS is focussed on youth empowerment. The other mainstreaming themes will be addressed through project activities (such as support to green businesses, diversification of income sources and introduction of risk mitigation) and targeting strategy.
Increase focus on the poorest and most vulnerable people within each country	YESS' main target will be poor youth, ie young people living below the National Poverty Line, and vulnerable youth, ie young people that remain vulnerable to poverty and are living on less than USD3.1 a day.
Strengthen synergies between lending and non-lending engagement	The grant integration into the investment programme will focus on enhancing IFAD's overall strategy towards inclusive policies and capacity frameworks.
Make strategic partnerships for financing, knowledge, advocacy and global influence a cornerstone of IFAD operations	The programme will provide a platform bringing together different partners from government, development sector, private sector and civil society. It will leverage these initiatives to maximise reach and impact.
Pilot diversified products tailored to different country circumstances	YESS takes Indonesia's development status into account and responds to the Government's request of developing innovations for replication and national scaling up.
Strengthen capacity and systems to manage for results	YESS will (i) build on and integrate on national initiatives, such as the PLUT and the agricultural vocational system, and strengthen these towards a pro-poor, pro-youth service delivery; and (ii) rest on a solid M&E and KM system that will allow to generate results for management, policy dialogue and scaling up.
SDG	YESS Contribution
1 – No Poverty	YESS will work towards strengthening the economic empowerment of young people.
2 – Zero Hunger	YESS will contribute to a modernization of the agriculture sector, enhancing production and distribution of food.
4 – Quality Education	YESS will support a matching of vocational education with the needs on the job side.
5 – Gender Equality	YESS will particularly strengthen young women and support their empowerment.
8 – Decent Work and Economic Growth	The programme will support the decent work agenda. By strengthening the youth-run SME sector it is also expected to contribute to economic growth in rural areas.
10 – Reduced Inequalities	The programme aims at reducing the gap between rural and urban youth and help particularly poor, disadvantaged youth to build their livelihoods.
17 – Partnerships for the Goals	YESS will bring together a range of partners, drawing on everyone's respective strength in order to achieve the programmes' objectives.



## **Appendix 15: Contents of the Project Life File**

- Aide Memoires of concept mission and detailed design mission
- Concept Note
- Detailed Design Report
- CPMT minutes
- QE documents
- QA documents