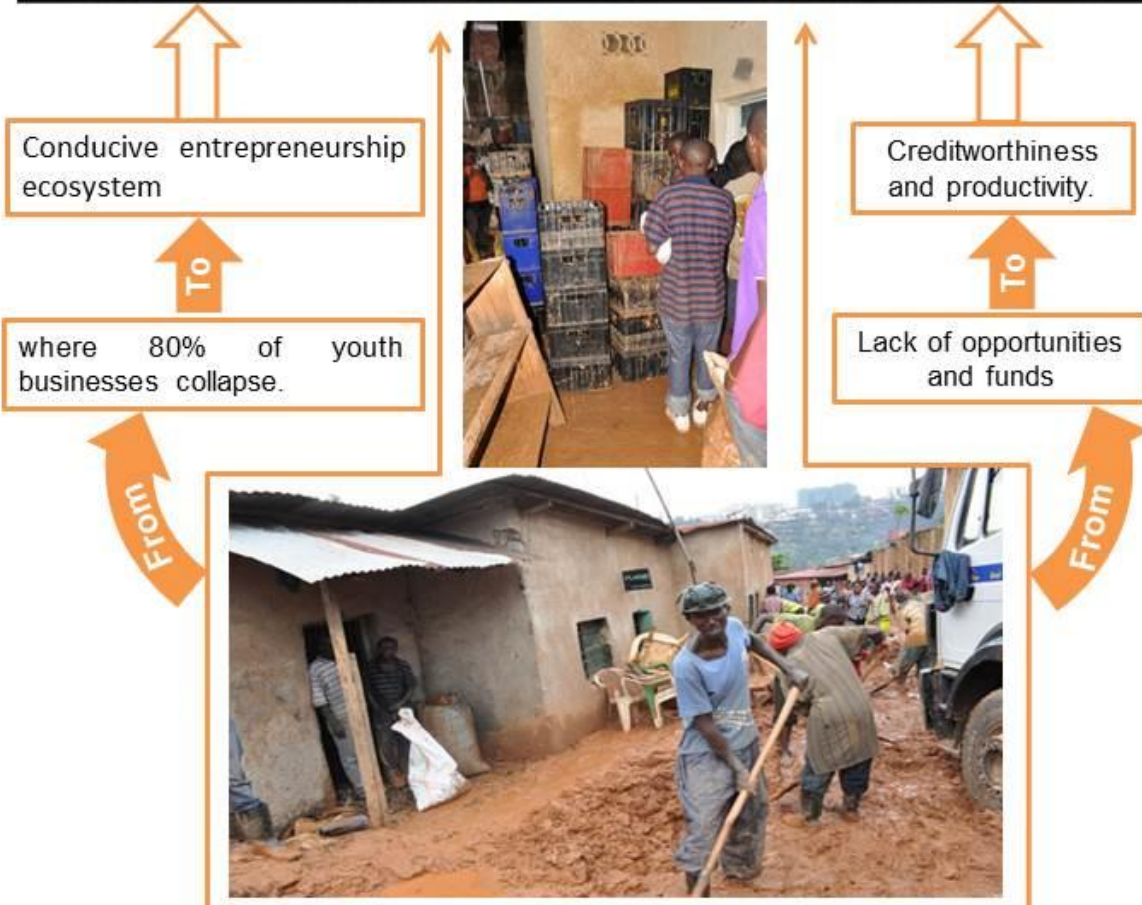


Project proposal:

Youth Hub for Business, Trade, and Innovation



Youth Business in the impoverished **Kimisagara** neighborhood of Kigali, Rwanda which experiences flooding

EXECUTIVE SUMMARY:

Vibrant, promising, educated, and able just begin to capture the spirit of youth in Rwanda, who are nonetheless at a dead-end. Despite the hardships these young hearts and minds have overcome, they end their studies without the opportunity to continue the growth they have started and effectively contribute to the development of their country. For every 3 young people holding the key to embark on their paths to a productive future, there are on average 2 others who are left behind with no work according to the AU Mission Report of 2012.

Numerous reports, researches, and statistics show that self-employment via entrepreneurship has become the common choice for unemployed youth (nearly 80% of unemployed youth wish to start small businesses). Yet, an entrepreneurship ecosystem conducive for youth to start, grow, and sustain their businesses is still lacking. This is confirmed by the fact that more than 75% of youth Businesses collapse in initial phase due to high price on renting business offices, lack of good markets, very limited access to advertisements, and limited access to business development services, etc.

The project "**Youth hub for business, trade and innovation**" will be a well-equipped and most affordable youth businesses commercial center, set in a strategic and right place in Kigali city that will be replicated in other cities of Rwanda, Easter Africa, and elsewhere in the world. It aims at eradicating a compilation of barriers confronting youth to create decent jobs through businesses.

One of our objectives among others is to reduce the current cost for renting commercial building by 60%, provide advertisement and marketing, and to loosen burdens facing youth so they can access financial services.

Within only two year, one Youth hub in Kigali will generate between **1,500** and **3,000** direct new and sustainable jobs for youth of all categories, and generate total revenues equal to \$ **3,390,000** with a percentage of profit to sales equals to **21%** that can be increased up to **35%** for the second year. Youth hub can generate between **15,000 and 30,000 new jobs** around the country in two years if it is replicated across 10 major cities in Rwanda.

The project is innovative and a unique solution as it simultaneously addresses a compilation of root causes of youth unemployment in realistic and pragmatic ways by uniting different vital services for growth of any business in one location, easily accessed by youth seeking to develop their business plans or already in business, yet, still struggling or in start-up phase.

Members of the Youth Hub will be able to run their businesses in the shared space for two years and then leave space for newcomers. Simultaneously, they will be accessing courses in entrepreneurship (courses covering topics on setting up of business, cost management, accounting, marketing, writing up business proposals, etc.), entrepreneurial mentorship, financial services tailored to youth, etc and shared office equipment, that is; access to high-performance common workspace: in which youth are able to use computers, scanners, telephones, fax machine, design hardware and software for the purpose of promoting their own businesses; and meeting room: where youth would be able to use tools such as projector, interactive board in order to reach out to clients and partners to discuss business plans, and marketing. The Youth Hubs will play a crucial role as the nexus among entrepreneurs as they plan for, start, and scale up their businesses.

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I. CONCEPT OF THE PROJECT: PROJECT OVERVIEW

I.1. Problem Statement:

While youth unemployment has become the most pressing issue of the contemporary world, self-employment is growing as a viable career path that is available to the majority of youth. Yet, an entrepreneurship ecosystem conducive for youth to start, grow, and sustain their businesses is still lacking.

In fact, renting commercial space is a very important step for both start-ups and maturing businesses. Finding the right place, at the right location and at the right price is crucial and yet the most challenging procedure. Moreover, more than 75% youth businesses in the initial phase collapse due to: high price on renting business offices, lack of good markets, very limited access to advertisements, and limited access to business development services. For instance, in Kigali, tiny homes are turning into small commercial premises because of exorbitant rental fees, according to a survey carried out by the newspaper Izuba Rirashe. However, these houses are located in slums or areas where there is less traffic of customers and critical hygiene conditions.

Many young people are obliged to carry out their business in these inhospitable conditions, which in turn leads to the collapse of the majority of youth businesses in the city.

I.2. Vision and Mission Statement:

Our mission is to foster competitive open markets for goods and commodities produced by young people so that youth are able to become key prominent players in the global economy.

Our vision is simple, yet, very important: catalyzing the birth of new youth businesses and backing up those startups to scale up, mature, and reach sustainability. We intend to provide (unemployed or underemployed) youth with a supportive environment, services, and network that any business needs to survive, by alleviating both non-financial and financial barriers confronting youth.

I.3. Objectives:

- ❖ To reduce the current cost for renting commercial building by 60%, provide advertisement and marketing, and to loosen burdens facing youth so they can access financial services,
- ❖ To catalyze the birth of between 500 and 1000 matured and sustainable new youth businesses every two years for each Youth Hub
- ❖ To foster the creation of between 150-3000 jobs for each Youth Hub every two years,

- ❖ To build a generation of young professional entrepreneurs capable of competing in national, regional, and international markets once outside the Youth Hub,
- ❖ To transform youth, particularly those who are unemployed and disadvantaged, into more creditworthy entrepreneurs and direct them to youth-friendly financial products,
- ❖ To instill amongst youth the spirit of innovation in order to promote youth contribution to alleviate the most pressing issues of the contemporary world.

I.4. Location, Facilities, and Size of the Youth Hub

The Youth Hub for Business, Trade and Innovation will be a well-equipped and most affordable flagship youth business center, set in a strategic location in the city of Kigali, where there is enough traffic of customers for any kind of business. This will help the selected youth to conduct their businesses in the Youth Hub and have many potential customers.

The proposed Youth Hub project unites different vital services for the growth of any business in one location; easily accessed by youth seeking to develop their business plans or already in business, yet still struggling or in start-up phase. The Youth Hubs will play a crucial role as the nexus among entrepreneurs as they plan for, start, and scale up their businesses.

It is housed in a commercial building of two or three floors, depending on the size of lot that is going to be donated by the Kigali City Council:

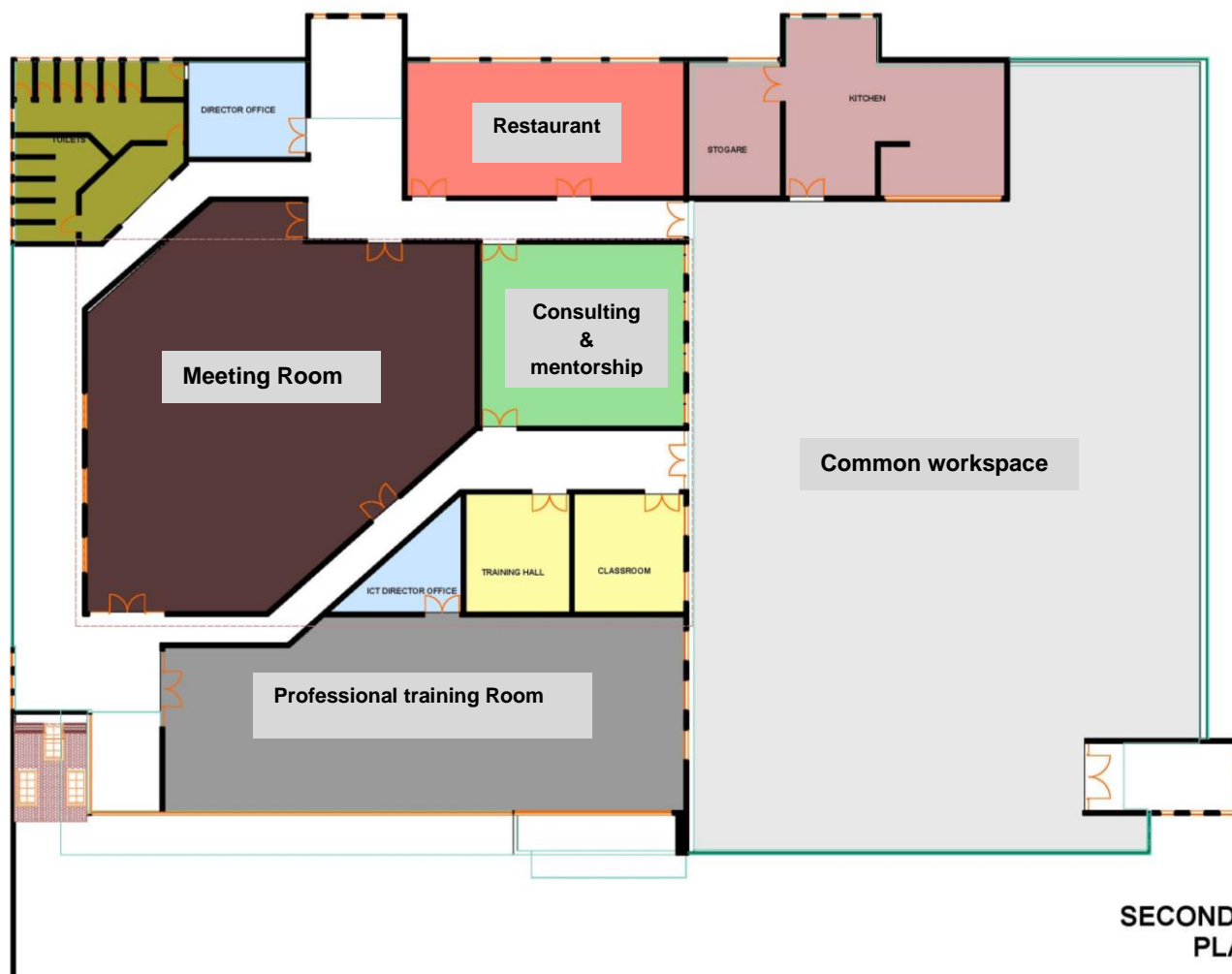
The ground and first floor will together accommodate 1000 youth businesses. That is, each floor will accommodate 500 youth businesses.



The second floor will be made up of:

- ❖ **Common workspace:** A space where youth will be able to use computers, scanners, telephones, fax machines, as well as design hardware and software for the purpose of promoting their own businesses.
- ❖ **Meeting room:** A space where youth will be able to use tools such as a projector, interactive board in order to reach out to clients and partners to discuss business plans, marketing, etc;
- ❖ **Professional consulting and mentorship room:** A space in which youth will be able to benefit from advice related to legal, accounting, and sustainability of their businesses while inside the Youth Hub and once outside.
- ❖ **Professional training room:** Within this space, youth will be able to benefit from courses covering topics such as setting up their business, legal liabilities, business registration, cost management, accounting, taxation, marketing, drafting business proposals, etc.

Each and every youth within the Youth Hub will be able to partake fully and equally in both shared commercial premises and all services offered within the Business Development department as described above. They will have this access for a period of two years in order to leave the space for newcomers.



I.5. Ownership

The Youth Hub for Business, Trade, and Innovation is a sole proprietorship, owned by the World Alliance against Youth Unemployment "WAYU". As the social business expands, strategic alliances may be formed with other companies.

I.6. Project linkage with the country context:

In 2000, all member states of the United Nations unanimously ratified the Millennium Development Goals (MDGs), a blueprint that set eight development goals for all member states to reach by 2015. Therefore, in response to these international agreed-upon development goals, the government of Rwanda elaborated Vision 2020 as a long-term vision, and the Economic Development and Poverty Reduction Strategy (EDPRS) as a medium-term strategy to achieve Vision 2020 and the MDGs.

On 8th May 2013, the Cabinet approved the second Economic Development and Poverty Reduction Strategy (EDPRS2). The elaboration process was launched in February 2012 by His Excellency President Paul Kagame. The EDPRS2 was developed through a participatory approach that included wide consultations with the public and various stakeholders.

The EDPRS 2 period is the time when Rwanda's private sector is expected to become a driver of economic growth and poverty reduction. Through this EDPRS2, the government will develop the appropriate skills and competencies to allow the people of Rwanda, particularly the youth, to become more productive and competitive to support the country's ambitions.

The EDPRS2 will focus on economic transformation sectors, SMEs and entrepreneurship, as well as the development and usage of ICT. Furthermore, the Poverty Reduction Strategic Paper (PRSP) recommended increasing economic growth by investing in infrastructure; promoting skills development and the service sector; mainstreaming the private sector. Therefore, the Youth Hub for Business, Trade, and Innovation, besides being a highly needed and recommended infrastructure for a country such as Rwanda also supports Rwanda's current strategies, programs, and vision.

The Youth Hub for Business, Trade and Innovation will contribute tremendously to reaching the goal of EDPRS, that is, allowing the people of Rwanda, particularly youth, to become more productive and competitive by focusing on economic transformation, SMEs development and entrepreneurship, and the development of ICT. Within the Youth Hub, youth will be able to become more productive and in return contribute to development of the country. This is especially the case for disadvantaged and unemployed youth, who are considered to be a segment of population that is less productive.

In addition, promotion of skills development set as a priority in the EDPRS will be met by using services offered within the Youth Hub for Business, Trade, and Innovation. Moreover, one of the goal of EDPRS2 is the creation of 200,000 new jobs. If the model of the Youth Hub is implemented in 10 main cities of Rwanda, 30,000 direct jobs can be created through this model. This pilot project in Kigali is the first step towards realizing this goal.

II. INNOVATION JUSTIFICATION:

II.1. Why the Project is such an Innovative Solution

The project is innovative and a unique solution to unemployment among youth as it simultaneously addresses a compilation of root causes (highlighted below) of youth unemployment in realistic and pragmatic ways:

1. High rent for commercial buildings: Only established firms can have comfortable commercial space for business in metropolitan areas like Kigali. Through this project, youth with strategic ideas but lacking financial assets, will finally be capable of accessing viable commercial space.

2. Lack of good markets: Youth-run businesses are in a difficult if not impossible position for growth, as they are mostly found in slums or in the outskirts of cities. Here, they have little to no access to competitive markets. However, the Youth Hub will provide entrepreneurs not only a more strategic physical space to run their businesses, but also introduce them to a network of business professionals, who can help to grow their businesses.

3. Unaffordable advertisement: Advertisement on TV or national radio, etc. is extremely expensive and many youth either cannot afford it or are unaware of best practices in marketing their products. This project is a solution because the Youth Hub can facilitate the negotiation of more affordable advertisement and advise youth on new marketing techniques. In addition, advertising one Youth Hub accommodating between 500 and 1000 youth businesses means advertising hundreds of youth businesses with just a single advertisement.

4. Lack of entrepreneurial skills and lack of other related business development services: The Youth Hub will expose its clients to strategies that lead to business growth. This educational component is fundamental to the mission of the Youth Hub and directly related to the sustainability of the businesses that originate from its clients. In addition, the Youth Hub will equip businesses with the technology and training that are necessary for business success in the 21st century.

5. Lack of youth friendly financial services and capital: Research has shown that having a good commercial space set in a strategic location encourages loan officers to give more consideration to potential borrowers. In addition, research also indicated that a key factor hindering women and children from taking out loans is informal businesses run in slums, or tiny houses with no fixed address. Therefore, the Youth Hub will positively influence a number of banks to consider youth and young women selected to run their businesses in the Youth Hub to be more creditworthy than never before.

III. COMMERCIAL JUSTIFICATION

III.1. Products and Services

III.1.1. Description of Products and Services

The type of products that we envisage is unique, as it will reduce the cost of renting commercial offices, marketing expenses, and business promotional material expenses. Our service facilitates access to financial services as well as boosting access to professional training and networking start-ups with well-established firms. Each type of product to be delivered is described here below:

❖ ***Product type 1: Subsidized commercial space for youth-run businesses:***

WAYU intends to provide youth with a well-equipped and affordable shared commercial space set in a strategic location in the city of Kigali. This shared commercial space will be located in areas which are more exposed to consumers than spaces youth would be able to afford on their own. The agreement between youth-run businesses and WAYU will allow businesses to operate for 2 years within the space at a much lower rate than if they were to rent the space on their own. At 2 years, youth-run businesses will be established enough and will have benefitted from the business development services to achieve independence.

❖ ***Product type 2: Providing business development services:***

Accessing better commercial space at a lower rate is not enough to support youth businesses. Many businesses run by youth lack the staff and complete skill set to grow a business in the long term. Youth may not be aware of the common practice of outsourcing to specialists in domains such as accounting or legal concerns. The Youth Hub will facilitate the connection between these specialists and entrepreneurs. In addition, the Youth Hub provides an ideal forum for training entrepreneurs and connecting them with established businesses.

❖ ***Product type 3: Providing youth with other related facilities:***

WAYU will provide youth access to computers, scanners, telephones, fax machines, design hardware and software for the purpose of promoting their own businesses, a projector, and an interactive board in order to reach out to clients and partners.

❖ ***Product type 4: Marketing:***

The Youth Hub will facilitate the negotiation of more affordable advertisement exclusively for youth-run businesses and advise youth on new marketing techniques. In addition, advertising one Youth Hub accommodating nearly 1000 youth businesses means advertising 1000 youth businesses accommodated in the center just with a single advertisement.

❖ ***Product type 5: Directing youth towards financial products which are best suited to their situation:***

Currently in Rwanda, as is the case in many developing countries, it is very difficult to access loans, as collateral requirements or interest rates are out of reach of potential borrowers. This is especially the case for youth, who have not had the time to accumulate assets. The Youth Hub

plans to negotiate with financial institutions to offer loans and other financial products which are affordable to young entrepreneurs.

III.1.2. Future Products and Services

We will continually expand our products based on changing trends in youth demands. The organization also aims to obtain feedback from youth entrepreneurs and their customers to tailor new products and service to their needs. Moreover, we plan to replicate this business model in medium and small towns across Rwanda. Within three years we plan to replicate the initiative in member states of the East African Community.

III.1.3. Comparative Advantages in Production

The first objective of the project is to reduce by 60% the cost of renting a commercial building, lower the cost for advertisement and marketing, and lighten burdens facing youth seeking to access financial services. This is a unique approach that will boost the growth of youth businesses more quickly than ever before. This will be possible due to our approach of uniting these vital services in one accessible place for youth.

Additionally, having a well-equipped commercial office, set in right place matters so much for any kind of business. Our strategy is to set Youth Hubs in the most strategic places is an added advantage that is ideal for any youth willing to start up and scale up any kind of business or revive a struggling business.

III.2. Market Analysis

III.2.1. Market Research

To fully understand and get insight into the importance of the project, we interviewed targeted beneficiaries, particularly

- youth running businesses in slums and tiny houses
- unemployed youth willing to start businesses
- Those who have already developed their business plans but are still struggling to find possible means to translate their plans into a real business in the real world.

We also reviewed research, reports and statistics prepared by national, regional, and international organizations working on youth issues. For instance, in an article published on the World Bank blog, the findings showed that loan officers observe the premises of the business before taking any decision to offer a loan. Therefore, this shows clearly that if our youth are able to run their business in a well-known and equipped premises, more the loan officers will be able to consider our youth creditworthy than when their businesses were run in tiny and remote houses.

We confirmed these findings with agencies in charge of youth in Rwanda such as the National Youth Council, Ministry of Youth and ICT, as well as independent consultants.

III.2.2. Defining needs:

In Kigali, tiny homes are turning into small commercial premises because of exorbitant rental fees. These houses are located in slums or areas where there is less traffic of customers and critical hygiene conditions where profitability and growth takes second place to daily struggles with survival.

Many youth are unaware of how they might use their existing skills and acquire new skills necessary for running a business. Entrepreneurial education programming in Rwanda is not yet widespread and is still focused within formal education where there is little time for practice or consultation with experts.

Youth with small businesses develop business promotional documents. However, due to high price of printing and design these materials, as well as professional software and hardware, they just put it aside. Advertisement is completely unaffordable for them, due to the very high price of publicity.

III.2.2. Size of the market and estimated size of customers:

Kigali, the most populous city in Rwanda, accommodates nearly 765,325 people (according to provisional results of the general census by institute of national statistics, 2012) of which more than 65% are youth, with the unemployment rate at 12%. These measures indicate that 60,000 youth in Kigali are looking for jobs and among these we find more than 85% are willing to create their own. The reality is that having a small business has become a common choice for unemployed youth throughout the country, particularly in urban areas, primarily Kigali. Many young people become interested in creating their own decent jobs instead of waiting for the government or other companies to give them jobs. We can assume that more than 51,000 youth require the kind of services that will be centered in the Youth Hub for growing their businesses or starting up. Therefore, this Youth Hub will be a catalyst for the growth and sustainability of youth small businesses.

The anticipated demands will soon exceed the supply, which is why there will be a competition for businesses that will be housed in the Youth Hub and benefit from its services. We expect to receive more than five thousand applications in the beginning stages.

III.2.3. Description of Key Competitors:

This initiative is new and very unique in Rwanda as well as in the whole region, and probably globally, so the competition is minimal. However, we count owners of the premises in Kigali to be potential competitors for the Youth Hub. Furthermore, we expect that there is a probability that some private companies and corporations may try to imitate our initiative.

III.2.4. SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> - Location of the Youth Hub: Location is a primary determinant of business success. Therefore, the strategic location of Youth Hub where there is a higher volume of customers, makes this space the most ideal working place for all unemployed youth willing to start-up businesses. - Friendly rental fees: Businesses seek to locate where rent is low to lower their fixed cost, lowering the cost passed on to the customers. The Youth Hub businesses have the ability to charge customers the lowest possible price by paying lower rent at the outset. This makes the Youth Hub more unique relative to existing business offices. - Superior Technology: Superior technology in advertising youth business, training them, and facilitating online sales allows the Youth Hub to better meet the needs of its customers in ways that competitors cannot imitate. - Innovative culture of Youth Hub clients: An innovative culture of youth who will run the project helps Youth Hub for Business and Trade to produce unique products and services that meet their customers' needs. - Economy of Scale: In addition, economies of scale lower the Youth Hub's risks. The larger Youth Hub can make use of collective bargaining and unified agreements to lower costs and defend against rivals. For example, advertising only one commercial building means advertising all businesses accommodated in the Youth Hub. 	<ul style="list-style-type: none"> - Defense of intellectual Property: A lack of expected proprietary technology and patents can hurt the Youth Hub's ability to compete against rivals and youth with necessary services. - High Staff Turnover: High staff turnover can hurt Youth Hub for Business and Trade's ability to compete, as recruiting and training in new staff is expensive. - Importance of Online Markets: The online market is essential for displaying information and selling products. A weak online presence can result in lost opportunities for the Youth Hub. - Management Challenges Working with newcomers to business has the potential for weak management, poor customer care, etc. A tarnished reputation caused by any one client can hurt the Youth Hub's brand in the eyes of customers, donors, and all other stakeholders. - New Brand The novelty (therefore relative weakness) of the brand means the Youth Hub cannot charge the same prices for goods and services as their competitors, because consumers do not yet value the brand.
Opportunities	Threats
<ul style="list-style-type: none"> - High Volume of potential Customers: Nearly 60,000 youth in Kigali are looking for jobs and among these more than 85% are willing to create their 	<ul style="list-style-type: none"> - Change in the Kigali City Master Plan: Any change in the plan can affect business

own businesses. They are actively looking for the typical services provided by the Youth Hub.

- **Political support :**

The Youth Hub project has been supported and valued by a number of ministries in Rwanda, primarily the Ministry of Youth and ICT, the Ministry of Trade and Industry, the Ministry of Gender and Family Promotion, and others continuing to come on board.

- **Few Business Regulations in Rwanda :**

The ease of doing business index (1=most business-friendly regulations) in Rwanda was last reported at 45 in 2011, according to a World Bank report published in 2012. Additionally, there are looser regulations for startup SMEs in Rwanda. These looser regulations allow the Youth Hub to perform in a way that is most advantageous for youth starting businesses.

- **Rapid Urban Development:**

In Rwanda, there is significant and remarkable urban development including the construction of infrastructure such as electricity, fiber optic cables, and road networks. Therefore, this will enable the Youth Hub to allow perform better in serving unemployed youth in this commercial center.

- **Regional Market:**

The high demand of unemployed youth across the East African Community to have services similar to those centered in the Youth Hub enables quick expansion not only in small cities across Rwanda but also in the region.

- **International Market :**

There are many places across all continents where the Youth Hub model is applicable; primarily in Africa, Asia, and South America. Therefore, international markets offer the Youth Hub new opportunities to expand business and increase sales.

activities distribution and infrastructure therefore altering the traffic of customers.

- **Inflation:**

Volatile currencies make Youth Hub investments difficult, because costs and revenues change so rapidly.

- **Changing Economic Situation**

A severe economic downturn can hurt the Youth Hub's business by decreasing the customer base and investment.

- **Lack of Confidence in Youth as Business Owners:**

Currently, many financial institutions are wary to invest in youth as they are not considered reliable in repaying debt. The Youth Hub would have to confront this attitude among service providers whose services the young entrepreneurs will require.

- **Competition in Certain Markets**

Mature markets are competitive. In order for the Youth Hub to grow in a mature market, it has to increase market share or find more funds, which is difficult and expensive.

- **Changes in Government Regulation**

Politics can increase Youth Hub for Business and Trade's risk factors, because governments can quickly change business rules in ways that harm the Youth Hub's activities.

- **Volatile Costs**

Volatile costs means the Youth Hub must plan for scenarios where cost skyrocket. Cautious planning leads to development delays that can negatively affect Youth Hub for Business and Trade.

Volatile revenue makes planning difficult, which could delay key investments in the Youth Hub's Business

III.3. Financial Analysis

A. Financial summary:

A.1. Summary of Total Project Cost:

No	Description	Value (\$)
1.	Fixed Capital	9,837,218
2.	Working Capital For 12 Months	682,800
Grand Total		10,066,418

A.2. Summary of Fixed total cost (expenses):

No	Description of items	No of Units	Cost Per Unit (\$)	Total (\$)
1	Total cost of construction	1	9743618	9,743,618
2	Total Cost of equipment and appliances	1	63600	63,600
3	Total cost of one four wheel vehicle	1	30000	30,000
Grand Sub-Total₁				\$ 9,837,218

A.3. Summary of Working Capital: Variable expenses:

No	Description	Monthly (\$)	Yearly (\$)
1	Total -Taxes	15000	180,000
3	Total - Salary/Wages	11100	133,200
4	Total - Misc. Expenses	1200	14,400
5	Total - Utilities	29,600	355,200
Grand Sub-Total₂		56,900	682,800

B. Financial Details:

B.1. Product and Service Sales: Revenues:

No	Details of Product Service	Per Month Units	Value Per Unit	Sales Per Month (\$)	Sales Per Year (\$)
1	Revenue from subsidized commercial space	500	60	30000	360,000
2	Revenue from providing business development services	350	8	2800	33,600
3	Revenue from providing youth with other related facilities:	350	8	2800	33,600
4	Revenue from marketing Youth businesses	500	8	4000	48,000
5	Revenue from directing youth towards financial products which are best suited to their situation	250	6	1500	18,000
6	Revenue from hiring conference to the public	4	800	3200	38,400
7	Revenue from entertainment activities organised by the Hub	4	800	3200	38,400
8	Revenue from other services offered to youth in hub and to public such as food and beverage	5000	8	40000	480,000
9	Revenue from other services offered to youth in hub and to public such as food and beverage	5000	8	40000	480,000
10	Selling marketing for the public	100	100	10000	120,000
11	Selling other related facilities to public, scanner, printers, etc	750	5	3750	45,000
Total revenue from all services				141,250	1,695,000

B.2. Taxes

Property Tax cost \$ 15,000 per month.

Property Tax cost \$ 180,000 per year.

B.3. EXPENSES

B.3.1. Cost for Building: \$ 9,608,018

Item	Floor	Description	Qty	Unit	Rate in USD	Amount in USD (\$)
1	Ground floor	A floor to accommodate 300-500 businesses	3420	S.M	850	2,907,000
2	First floor	A floor to accommodate 300-500 businesses	2453	S.M	850	2,085,050
3	Second floor	A floor to accommodate BDS, Conference room, and so forth as described in proposal.	2385	S.M	850	2,027,250
	Sub-total 1					7,019,300
		Design cost				701,930
		Contingency				421,158
	Sub-total 2					8,142,388
		VAT 18%				1,465,630
SUB- GRAND TOTAL in USD						\$ 9,608,018

B.3.2. Cost of equipment and appliances:

Specialized Rooms	Description of Equipment	PRICE	QUANTITY	TOTAL
High performance workspace	computers	700	10	7000
	fax machine	100	3	300
	laser multi-function printers	700	3	2100
	software	500	no specific	500
	Subtotal:			9900
Modernized meeting room	LDC Projector	700	1	700
	Screen	700	1	700
	interactive board	3000	1	3000
	A laptop with Windows OS	500	1	500
	Digital audio recorder	200	2	400
	Wi-Fi internet installation	100	3	300
	Amplifier	500	3	1500
	Gooseneck microphone	600	20	12000
	Tri-standard 1/2" VHS video cassette player compatible for both PAL and NTSC systems	100	2	200
	CD and DVD players	300	2	600
	whiteboards	200	1	200
	wireless microphone system	1700	1	1700
	Furnitures	800	1 set	800
	Subtotal:			22600
Competitive Business promotion and Marketing services	digital camera	800	3	2400
	Digital recorder	800	3	2400
	software	800	3	2400
	Subtotal:			7200
Professional consulting and mentorship room	Furnitures	800	2	
	Subtotal:			800
Professional training room	LDC Projector	700	1	700
	A CD/DVD/VCR player	400	2	800
	wireless speakers	300	3	900
	wireless microphone system	1700	1	1700
	Gooseneck	600	30	18000
	Amplifier	500	1	500
	flip charts and accessories	100	5	500
	Subtotal:			23100
Total Equipment expenditure				\$ 63,600

B.3.3. Working Capital: Variable Expenses:

i) Salary / Wages

No	Designation of the Person	Number of Persons	Cost Per Month (\$)	Cost Monthly (\$)	Cost Yearly (\$)
1	Coordinator and the Program manager	1	1500	1500	18000
2	Communication officer and marketing	1	1200	1200	14400
3	Women and young girls empowerment officer	1	1200	1200	14400
4	Human resources and finance officer	1	1200	1200	14400
5	IT officer	1	1200	1200	14400
6	Training officer	1	1200	1200	14400
7	Accountant	1	1200	1200	14400
8	Professional fundraiser and event manager	1	1200	1200	14400
9	Assistant to Coordinator and Program manager	1	1200	1200	14400
Grand Sub-Total				\$ 11,100	133,200

ii) Miscellaneous Expenses

No	Description of Expense	Monthly Cost (\$)	Yearly Cost (\$)
1	Communication	150	1800
2	Fuel for vehicles	250	3000
3	Hiring living house for personnel	800	9600
Grand Sub-Total		1,200	14,400

iii) Utilities

No	Description of Utility	Monthly Cost (\$)	Yearly Cost (\$)
1	electricity	2000	24000
2	Water	500	6000
3	Gabadge pick up	3500	42000
4	Sewer	800	9600
5	Insurance	8000	96000
Grand sub-Total		29,600	355,200

B.4. Source of Finance for Business

No	Description	Value (\$)
1.	Bank Contribution	1000000
2.	Own Contribution	9066418
Total		10,066,418

IV. SOCIAL JUSTIFICATION

IV.1. Social Impact:

The Youth Hub will offer new opportunities for youth and will have a large impact on social economic development of Rwanda:

IV.1.1. Job Creation:

Every two years, the Youth Hub will generate in the city of Kigali alone 3000 direct jobs for unemployed youth who will be selected to conduct their businesses inside the Youth Hub. More indirect jobs will be created to support the initial businesses within the Youth Hub. If the number of young entrepreneurs per business exceeds the expected count of 3 per business, more than 3000 jobs may be created. Therefore, within 10 years more than 30,000 direct permanent and growing jobs would be generated through this initiative.

IV.1.2. Development of Nascent Industries and New Sustainable Businesses:

Within the Youth Hub, green innovation will be the cornerstone of all activities. Therefore, this innovation will bring new industries to Rwanda in various sectors: energy, ICT, food processing, arts, and many others. Furthermore, many new sustainable businesses run by this fresh-minded and energetic segment of population will be born, scaled up and sustained. This has a large impact on fighting the underutilization of youth. Moreover, the birth of new businesses and the development of nascent industries will increase national revenues, and consequently will have large impact of social-economic development of Rwanda.

IV.1.3. Impact – Scalability:

The Youth Hub for Business, Trade, and Innovation will begin in Kigali, a small but quickly growing metropolis in East Africa, which is currently the focus of an ambitious urban development plan. After the Youth Hubs gets their start in Kigali, WAYU plans to expand them to other urban areas in Rwanda and East Africa. Eventually, they will extend to rural areas via a model called Industrial Youth Hubs for Rural Development. Since the services required for business development in rural areas differ from those of urban areas, it would take time to develop that capacity. Regardless of their location, the Youth Hubs cater to some of the most vulnerable members of the population, men and women ages 15-35, whose livelihoods and even lives are precarious due to high unemployment rates. The solution delivered through the Youth Hub harnesses resources that are already available in the private sector, with awareness and support raised through the public and non-profit sectors.

V. APPRAISAL

V.1. Commercial Profitability

V.1.1 Annual Profitability Analysis:

No	Description	Monthly (\$)	Annual (\$)
1	Sales	141250	1,695,000
2	Expenses	56,900	682,800
3	Bank Interest	15000	180000
4	Depreciation 5% on Fixed Assets	40988	491,860
5	Net Profit Before Tax (1 - sum(2 + 3 + 4))	28,362	\$340,344

V.1.2. Financial Ratios:

❖ Debt - to - Equity Ratio:

Our financial Strategy is expressed by our debt - to - equity Ratio

$$\text{Debt - to - equity} = \frac{1,000,000}{9,066,418} = 0.11$$

❖ Percentage of profit to sales:

$$\text{Percentage of profit to sales} = \frac{340,344}{1,695,000} \times 100 = 21\%$$

❖ Percentage of profit to Fixed Assets :

$$\text{Percentage of profit to Fixed Assets} = \frac{340,344}{9837218} \times 100 = 3.4598\%$$

❖ Debt to Fixed Assets Ratio :

$$\text{Debt to Fixed Assets} = \frac{1,000,000}{9837218} = 0.1$$

❖ Expenses to Sales Ratio:

$$\text{Expenses to Sales} = \frac{682,800}{1695000} = 0.403$$

❖ Breakeven Analysis:

$$\text{BEA} = \frac{9,837,218}{1695000 - 682,800} = 9.72$$

V.2. Social Profitability

As stipulated in a publication of the UN Commission on Social Development, growing and persistent youth unemployment has a negative impact on social development. Youth unemployment, in particular long-term youth unemployment, can generate frustration and low self-esteem, and can lead to increased vulnerability among some young people, making them susceptible to drug abuse, disease and crime. Youth unemployment can also lead to the marginalization and exclusion of young people. There is evidence that unemployment can expose youth to greater risks of lower future wages, repeated periods of unemployment, longer unemployment spells as adults, and income poverty.

Therefore, the social profitability of this project stems from its high potential to reduce youth unemployment, in other words, reducing the rate of crime, drug abuse, hopelessness amongst youth, and more.

VI. IMPLEMENTATION AND EVALUATION:

VI.1. Manpower Recruitment and Training

In the beginning stages, recruitment of external personnel will not be necessary because the World Alliance against Youth Unemployment already has 10 staff members working on a voluntary basis. Therefore, the focus will be to train and empower these existing human resources. This will help cut working capital cost. However, consultants may be required for specific issues.

VI.2. Organizing Funds according to the Business Plan

- ❖ 1st Part of Funding: money collected during the Global campaign against Youth Unemployment, scheduled in **November, 2013**. The required funds to be collected during the campaign of 2013 are **10%** of the total cost of the project.
- ❖ The second part of the funding will depend on donors, the required funds from donors is **80%** of the total cost of the project. This amount would be available not later than **January 15th, 2014**.
- ❖ The third fund would be a loan not exceeding **10%** of the total cost of the project that should be available not later than **January 15th, 2014**.

VI.3. Procurement of Land, Building and Renovation

There is negotiation ongoing with the government of Rwanda through the Ministry of Youth and ICT, to acquire a plot of land for this project. This plot would be available by **mid-December, 2013**.

Construction activities will be done by an authentic construction company that will be hired through normal tender procedure in Rwanda. The renovation will follow the same procedure. The procedure would be done by **mid-January, 2014**.

VI.4. Contracting for Equipment purchase and installation

The procedure of tender will be applied according to laws and regulations of Rwanda regarding tender.

VI.5. Launch of Production/Service Operations:

VI.5.1. Selection of Youth Businesses to be hosted in Youth Hub:

Launch of production will commence with the selection of youth who will be allowed to run businesses in the Youth Hub. The selection will precede the official opening of the Youth Hub, and it will be implemented in the following ways:

The Youth Hub is an equal opportunity resource for all young people. However, gender balance and serving those most in need will be a key for recruitment. Therefore, the Youth Hub will do all possible so that at least 40% of all youth businesses hosted in the Youth Hub will be owned by young business women. In order to ensure that those mostly in need are served, three levels of priorities have been set:

❖ Priority 1:

Youth in the Priority 1 category are those who:

- Have feasible and scalable business ideas,
- Are unemployed,
- Have started small business but are still struggling and located in area where there is not enough traffic of customers,
- Are from poor families according to the classification of the Ministry of Local Government (MINALOC) such that their families are unable to help them obtain the initial capital to rent commercial space and pay other fixed start-up costs,

❖ Priority 2:

Youth in the Priority 2 category are those who :

- Have feasible and scalable business ideas,
- Are underemployed, that is their annual wages vary between 0-200,000 RWF
- Have started small business but are still struggling and located in an area where there is not enough traffic of customers,
- Are from poor families according to the classification of the Ministry of Local Government (MINALOC) such that their families are unable to help them obtain the initial capital to rent commercial space and pay other fixed start-up costs,

❖ **Priority 3:**

Youth in the Priority 3 category are those who:

- Have a feasible and scalable business idea
- Do not fall in the first two priorities,

N.B: Business ideas capable of generating jobs for many youth requesting access to the Youth Hub will be given a Priority 1 regardless of the business owner's status. However, the business owner must be a youth (age 15-35), and committed to work with the Youth Hub during the recruitment after its maturation.

Youth from vocational training centers are highly encouraged to apply for doing businesses in the Youth Hub so that they can find the best market of their products.

VI.5.2. Announcing the selection of youth businesses:

The call for applications will be advertised on radio and television in Rwanda at least two weeks before the deadline. It will also appear in print and online newsletters.

The announcement will be channeled via the social media platforms of WAYU and those who will want to share it.

An additional online presence will be a banner on the official website of the Global Campaign against Youth Unemployment: www.unemployedyouthvoice.org and other partners like the website of National Youth Council, Ministry of Youth and ICT, Private Sector Federation, Rwanda Government Board, and all stakeholders that will be willing to post the announcement.

There will be an online system for submitting applications and a physical address where hard copies of the application can be deposited.

There will be a free hotline service where young people who may have a viable business idea but are computer illiterate can call for assistance with the submission of applications.

The Youth Hub places the highest priority on ideas. This will prevent discrimination based on the business owners' level of education, computer literacy, etc. Services to increase their knowledge level while doing businesses are available in Youth Hub. However, the Youth Hub highly recommends education first motto.

VI.8. Evaluation

Both monitoring and evaluation will be based on quantitative and qualitative methods, for instance measuring quantity of new youth businesses created, and quality of services offered to these youth.