
President's report

Proposed loan

Republic of Cameroon

**Youth Agropastoral Entrepreneurship Promotion
Programme - Phase II (AEP-Youth II)**

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 72.

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- I. Negotiated financing agreement (to be made available prior to the session)
- II. Logical framework
- III. Integrated programme risk matrix

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Map of the programme area



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 | 22-03-2024

Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Republic of Cameroon
Executing agency:	Ministry of Agriculture and Rural Development and Ministry of Livestock, Fisheries and Animal Industries
Total programme cost:	US\$132.6 million
Amount of IFAD loan:	US\$23.2 million
Terms of IFAD loan:	Blend
Cofinancier[s]:	Rural financial institutions
Amount of cofinancing:	US\$38.4 million
Terms of cofinancing:	Credit lines and related financial services
Contribution of borrower/recipient:	US\$16.8 million
Contribution of beneficiaries:	US\$10.5 million
Financing gap:	US\$43.5 million
Amount of IFAD climate finance:	US\$9,784,000 (US\$800,000 of which is a climate top-up)

I. Context

A. National context and rationale for IFAD involvement

National context

1. The Republic of Cameroon is a lower-middle-income country with a population of over 27.9 million (2022). Located along the Atlantic Ocean, it shares borders with the Central African Republic, Chad, Congo, Equatorial Guinea, Gabon and Nigeria. Two of its border regions with Nigeria (North-West and South-West) are anglophone, while the rest of the country is francophone. Cameroon is endowed with rich natural resources, including oil and gas, mineral ores, high-value timber species and agricultural products, such as coffee, cotton, cocoa, maize and cassava.
2. **Political context.** The first regional elections were held in December 2020. The ruling party, the Cameroon People's Democratic Movement, won 9 of the 10 regions. These elections mark the start of the decentralization process provided for in the Constitution of the Republic of Cameroon of 1996. The new regional councillors will work with the Ministry of Decentralization and Local Development to pave the way for the gradual transfer of power and necessary funds to the regions. Presidential elections are scheduled for October 2025.
3. Having enjoyed several decades of stability, in recent years Cameroon has been grappling with attacks by Boko Haram in the Far North Region and a secessionist insurgency in the anglophone regions. Since September 2017, this situation has displaced more than 1 million people internally. According to the July 2024 figures from the United Nations High Commissioner for Refugees (UNHCR), Cameroon is hosting over 472,000 refugees, primarily from the Central African Republic (73 per cent) and Nigeria (26 per cent).
4. **Social context.** Poverty reduction in Cameroon has stagnated over the past 20 years, with approximately 4 in 10 Cameroonians living below the national poverty line. The household survey data from 2021–2022 suggest that 23 per cent of the population lives below the extreme international poverty line, with only US\$2.15 per person per day, adjusted for purchasing power parity.
5. **Economic overview.** Cameroon's economic recovery slowed in 2023, with real GDP expanding by only 3.3 per cent, down from 3.6 per cent in 2022. This weaker growth performance was seen across the primary, secondary and tertiary sectors in a context of ongoing fiscal consolidation, higher domestic inflation and multiple sources of fragility, including internal conflicts.
6. The Youth Agropastoral Entrepreneurship Promotion Programme - Phase II (AEP-Youth II) is aligned with the country strategic opportunities programme (COSOP) 2019–2026, which remains relevant considering Cameroon's current development challenges. It reinforces the country programme's positioning in a national context marked by the emergence of new sectoral policies derived from the National Development Strategy 2020–2030, which considers Cameroonian youth one of the main assets capable of driving socioeconomic growth in the medium and long term.
7. The second phase of AEP-Youth is being implemented against the backdrop of positive growth projections for the country, indicating a gradual recovery in economic activity and improved macroeconomic resilience. This trend persists despite challenges stemming from the COVID-19 pandemic and ongoing global crises. GDP growth was expected to reach 4.1 per cent in 2024 and 4.4 per cent in 2025, supported by rising global commodity prices. However, the vulnerabilities in the Far North, North-West and South-West Regions, exacerbated by insecurity and socio-political turmoil, pose significant challenges. Furthermore, Cameroon faces critical environmental and climate vulnerabilities, making it one of the sub-Saharan African countries most vulnerable to the impacts of climate change.

8. This fragility exacerbates poverty and calls for the above-projected growth to be more inclusive to achieve the Sustainable Development Goals related to the eradication of poverty and hunger, particularly in rural areas with a youth employment rate of 43 per cent. Indeed, in 2022, around 4 out of 10 Cameroonians were poor (37.7 per cent), with a high incidence in rural areas, where 56.3 per cent of the population was living in poverty. An estimated 10.6 per cent of the population, or around 3 million people, is acutely food-insecure. Furthermore, the midterm report on the 2023 food crisis reveals that 22 and 10 per cent of the population, respectively, are in phase 2 and 3 of acute food insecurity. In terms of nutrition, Cameroon suffers from all forms of malnutrition, including: (i) chronic global malnutrition in children under 5 (28.9 per cent), with more cases in rural areas than urban areas; (ii) the prevalence of overweight in children under 5 (11.0 per cent); and (iii) the prevalence of anaemia in women of reproductive age (40.6 per cent).
9. Faced with these challenges, the Government, with the support of its partners, is investing heavily in the various national agricultural investment plans in all productive subsectors for food and nutrition security, and sustainable growth. AEP-Youth II will contribute to these efforts within the framework of the planned inclusive institutional frameworks: agricultural professionalization, private sector development, decentralization, various multi-stakeholder platforms, etc.
10. Replicating the entrepreneurial and socioeconomic inclusion approach for poor rural youth, AEP-Youth II will continue operationalizing the three strategic objectives of the COSOP 2019–2026, as well as those of IFAD’s Strategic Framework (2016–2025) currently being updated.
11. Thus, AEP-Youth not only fills a gap in terms of a project devoted exclusively to rural youth but serves as a benchmark investment.

Special aspects relating to IFAD’s corporate mainstreaming priorities

12. With a Gender Inequality Index of 0.566 and ranked 140th out of 162 countries in 2019, Cameroon has among the highest levels of inequality in the world, with limited opportunities for women’s economic empowerment.
13. Cameroon is marked by acute and chronic food and nutrition insecurity, particularly in areas subject to conflict and severe weather events. It is estimated that one in four households (approximately 22.9 per cent) is food-insecure, 2.4 per cent severely so.
14. Young people account for a high proportion of the poorest categories in rural Cameroon. Lack of economic opportunities for young people is a major driver of their recruitment by extremist groups in the country’s Far North Region.
15. Further, Cameroon’s small-scale agriculture sector experiences significant negative impacts as a result of climate change. Greater variability of precipitation and increased intensity of extreme weather events (e.g. drought or flood events) result in unpredictable growing conditions that can significantly impact yields and farm productivity.
16. In line with IFAD’s mainstreaming commitments, the programme has been validated as:
 - Including climate finance
 - Gender-transformative
 - Nutrition-sensitive
 - Youth-sensitive
 - Building adaptive capacity
17. **Climate finance.** To address the above challenges, AEP-Youth II includes approximately US\$9.78 million in climate finance. Climate adaptation activities

include developing climate-resilient infrastructure, capacity-building for financial institutions in climate risk screening, capacity-building for end-beneficiaries in the use of drought/flood-tolerant varieties, integrated crop and livestock systems, reduction in post-harvest losses and livelihood diversification.

18. **Women's empowerment.** The programme is strongly focused on furthering the economic empowerment of young girls/women, leadership training for young men and women to ensure their involvement in decision-making on governance and investment management, and the implementation of the Gender Action Learning System plus (GALS+) to achieve greater equity in workload management and the sharing of economic and social benefits.
19. **Nutrition-sensitive.** Interventions will focus on the production of nutrient-rich foods and the prevention of malnutrition, integrating these aspects into all components to improve the nutritional situation of beneficiary households.
20. **Youth-sensitive.** AEP-Youth II is solely targeting young people, among whom vulnerable groups will be given specific support.

Rationale for IFAD involvement

21. In the past five years, the World Bank has classified Cameroon as a nation facing fragility, exacerbated by social inequality and high unemployment rates, especially among women and youth.
22. Youth entrepreneurial capacity remains low, particularly in non-targeted rural areas. Limited financial products and inadequate infrastructure hamper market and value chain linkages and value addition. Young entrepreneurs still face barriers to regional and international trade. These areas still need adequate investment.
23. This programme therefore builds on the achievements and lessons learned from phase I and IFAD youth entrepreneurship projects to improve the intervention and its efficiency.

B. Lessons learned

24. Over the past eight years, IFAD and the Government of Cameroon have invested in youth entrepreneurship with AEP-Youth, which was successful, as attested by the programme completion report and the IFAD impact assessment. Among other things, AEP-Youth phase I strengthened the capacity of agropastoral entrepreneurs with tailored financial and non-financial services through incubation, post-incubation and linkages with rural financial institutions (RFIs). Key results achieved include the following: (i) 13,928 jobs created out of the 14,800 targeted; (ii) 4,500 young people trained in incubation structures; (iii) facilitation for financing and risk-sharing set-up with partnering RFIs; (iv) formal accreditation of 15 incubation centres; and (v) set-up of a network of young agropastoral entrepreneurs and promoters to engage in policy dialogue and other aggregate partnerships.

II. Programme description

A. Objectives, geographical area of intervention and target groups

25. AEP-Youth II will address the development challenges related to rural poverty among young people; food and nutrition insecurity; youth unemployment and weak capacity of small and medium-sized enterprises through greater access to entrepreneurship skills, finance, and financial services and markets.
26. AEP-Youth II will target the poorest regions of the country with higher proportions of young people and potential for their socioeconomic integration into agropastoral value chains. It will intensify impact in the Centre, Littoral, North-West and South regions covered by phase I, with phased extension to the Adamawa, East, Far North, West, North and South-West regions.

27. The programme will target a total of 100,000 direct beneficiaries (that is, underemployed or unemployed youth aged 18–35 from poor and vulnerable households). Depending on their level of vulnerability, the programme will target the same three categories of youth (C1, C2, C3) as in phase I.¹ The beneficiaries will include at least 40 per cent women, 50 per cent youth and 10 per cent minorities (Indigenous Peoples, persons with disabilities).

B. Components, outcomes, and activities

28. The programme will have the following components:
29. **Component 1: Development of the young agropastoral entrepreneurial environment.** This component aims to create and develop viable youth enterprises with appropriate and quality non-financial services offered by incubation structures and other service providers near production basins, while promoting a conducive policy environment for doing business.
30. **Component 2: Access to finance and financial services.** The aim is to continue, as in phase I, to facilitate access by rural entrepreneurs to quality and adapted finance and financial services.
31. **Component 3: Emergency response to fragile security situations and natural disasters.** This component is designed as an alternative response to events likely to affect the resilience of target groups in areas prone to conflict and severe weather events (effects of flooding, drought, etc.) that negatively impact the economic activities pursued by young people.
32. **Component 4: Coordination and programme management.** AEP-Youth's implementing agencies are the Ministry of Agriculture and Rural Development (MINADER) and the Ministry of Livestock, Fisheries and Animal Industries (MINEPIA). Daily management of activities will be ensured by a programme management unit (PMU) at the national level with regional representative offices as in phase I.

C. Theory of change

33. AEP-Youth II activities have been designed based on a theory of change detailed as follows: **if** (i) targeted young entrepreneurs have sustainable access to entrepreneurial training and capacity-building and access to differentiated credit facilities and financial services, and (ii) enabling policy, regulatory and institutional support is provided to crowd in private investment, **then** production and productivity, as well as youth income, will increase. In addition, **if** (i) business development services and market linkages among value chain actors are promoted, (ii) producers and entrepreneurs are empowered through aggregation (clusters/partnerships), and (iii) discriminatory social institutions, norms and practices are addressed to promote an equal voice and social inclusion, **then** targeted groups, especially young people and women, will increase profitability and create decent employment opportunities and jobs.
34. Once these interventions are properly implemented, household livelihoods are expected to improve and food insecurity, malnutrition and rural poverty will be sustainably reduced.

D. Alignment, ownership, and partnerships

35. AEP-Youth II is aligned with IFAD's Strategic Framework 2016–2025 and Cameroon's COSOP (2019–2026), whose overall goal is to sustainably increase the

¹ C1 represents vulnerable young people from family farms, with or without formal education, practising or not practising agropastoral activities but carrying a viable agropastoral economic initiative with very limited access to modern technologies, markets and financial services. Category C2 represents young people with or without agricultural technical qualifications who wish to set up their own agropastoral businesses. The C3 category comprises young entrepreneurs fully engaged in agropastoral activities and related trades, whose businesses have real growth potential but encounter technical or financial constraints that limit their development.

income, and food and nutrition security of the rural poor and create jobs, particularly for women and young people.

36. The programme is aligned with the National Development Strategy 2020–2030 and the Rural Sector Development Strategy/National Agricultural Investment Plan (2020–2030), the Integrated Agropastoral and Fisheries Import Substitution Plan (2024–2026), the Cameroon Compact for Food and Agriculture, the Kampala Declaration on Sustainable Food Systems (2024), pillars 1 and 4 of the United Nations Sustainable Development Cooperation Framework, and the United Nations Disability Inclusion Strategy, adopted in 2020 and ratified by the Republic of Cameroon in October 2023. It is also in line with Cameroon’s Nationally Determined Contribution, which commits the country to reducing its carbon footprint by 35 per cent by 2030, compared with 71 per cent today, and to increasing its resilience to climate change.

E. Costs, benefits and financing

37. The programme is cofinanced by (i) IFAD, in the amount of US\$23.284 million, representing 17.6 per cent of the total cost; (ii) the beneficiaries, in the amount of US\$10.5 million (7.9 per cent of the total cost); (iii) rural financial institutions, in the amount of US\$38.4 million (29 per cent of the total cost), including US\$36.6 million to cofinance the business plans of incubated youth and US\$1.8 million for financing and monitoring systems through the recruitment of specialized rural credit agents from 2027 onwards; and (iv) the Government of Cameroon, in the amount of US\$16.85 million (12.7 per cent of the total cost), consisting of US\$7 million in tax and duty exemptions and a US\$9.8 million cash contribution.
38. **Programme costs. The total cost of the programme over a period of eight years (2026–2033), including physical and financial contingencies, is US\$132.6 million**, with a financing gap of US\$43.5 million.
39. **Costs by component.** The breakdown of the total base costs (US\$132.6 million) is as follows: (i) development of the young agropastoral entrepreneurial environment: US\$32.9 million, or 24.8 per cent; (ii) access to finance and financial services: US\$78 million, or 58.8 per cent; (iii) emergency response to fragile security situations and natural disasters: US\$3 million, or 2.3 per cent; and (iv) coordination and programme management: US\$18.7 million, or 14.1 per cent.

Table 1

Programme costs by component and subcomponent and financier

(Thousands of United States dollars)

<i>Component/subcomponent</i>	<i>IFAD loan</i>		<i>Other cofinanciers (RFIs)</i>		<i>Beneficiaries</i>			<i>Borrower/recipient</i>			<i>Financing gap</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Cash</i>	<i>In-kind</i>	<i>%</i>	<i>Cash</i>	<i>In-kind</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Component 1: Development of the young agropastoral entrepreneurial environment														
1.1. Support for creating/developing agropastoral enterprises	2 264.5	24.7	-	-	-	-	-	113.9	-	1.2	6 793.4	74.1	9 171.8	6.9
1.2. Facilitation of access to climate-resilient agricultural infrastructure	5 498.2	33.9	-	-	-	-	-	7 366.4	-	45.5	3 334.6	20.6	16 199.3	12.2
1.3. Institutional capacity-building and policy dialogue	2 907.2	49.5	-	-	-	-	-	1 847.6	-	31.5	1 118.5	19.0	5 873.3	4.4
1.4. Social inclusion promotion, women's economic empowerment and environment protection	1 370.4	84.2	-	-	-	-	-	257.3	-	15.8	-	-	1 627.7	1.2
Component 2: Access to finance and financial services														
2.1. Support to finance enterprises	4 762.9	6.5	36 666.7	49.9	10 466.7	-	14.2	26.1	-	-	21 556.8	29.3	73 479.1	55.4
2.2. Professionalization of financial institution partners	2 398.9	52.6	1 817.4	39.9	-	-	-	341.5	-	7.5	-	-	4 557.8	3.4
Component 3: Emergency response to fragile security situations and natural disasters														
3.1. Provisions for response	-	-	-	-	-	-	-	-	-	-	3 040.0	100.0	3 040.0	2.3
Component 4: Coordination and programme management														
4.1. Coordination and management	3 371.5	27.8	-	-	-	-	-	5 925.8	-	48.8	2 845.1	23.4	12 142.4	9.2
4.2. Monitoring and evaluation, knowledge management and communication	710.3	10.9	-	-	-	-	-	973.1	-	14.9	4 857.3	74.3	6 540.7	4.9
Total	23 284.0	17.6	38 484.0	29.0	10 466.7	-	7.9	16 851.7	-	12.7	43 545.7	32.8	132 632.2	100

Table 2

Programme costs by expenditure category and financier

(Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD loan</i>		<i>Other cofinanciers (RFIs)</i>		<i>Beneficiaries</i>			<i>Borrower/recipient</i>			<i>Financing gap</i>		<i>Total</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Cash</i>	<i>In-kind</i>	<i>%</i>	<i>Cash</i>	<i>In-kind</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Investment costs														
A. Work	5 339.3	33.3	-	-	-	-	-	7 364.3	-	46.0	3 310.0	20.7	16 013.7	12.1
B. Goods	3 030.0	62.4	-	-	-	-	-	1 805.4	-	37.2	18.1	0.4	4 853.5	3.7
C. Consultancy/technical assistance	2 753.2	31.6	-	-	-	-	-	1 683.5	-	19.3	4 273.0	49.1	8 709.6	6.6
D. Training and workshops	3 684.5	30.7	1 817.4	15.1	-	-	-	8.5	-	0.1	6 509.8	54.2	12 020.2	9.1
E. Donations and grants	5 009.6	6.7	36 666.7	49.3	10 466.7	-	14.1	-	-	-	22 186.2	29.8	74 329.2	56.0
F. Emergencies	-	-	-	-	-	-	-	-	-	-	3 040.0	100.0	3 040.0	2.3
Total investment costs	19 816.6	16.7	38 484.0	32.3	10 466.7	-	8.8	10 861.7	-	9.1	39 337.1	33.1	118 966.1	89.7
Recurrent costs														
A. Salaries and allowances	3 119.4	35.5	-	-	-	-	-	2 862.1	-	32.6	2 795.9	31.9	8 777.3	6.6
B. Maintenance and operation	348.0	7.1	-	-	-	-	-	3 128.0	-	64.0	1 412.7	28.9	4 888.8	3.7
Total recurrent costs	3 467.4	25.4	-	-	-	-	-	5 990.1	-	43.8	4 208.6	30.8	13 666.0	10.3
Total	23 284.0	17.6	38 484.0	29.0	10 466.7	-	7.9	16 851.7	-	12.7	43 545.7	32.8	132 632.2	100.0

Table 3

Programme costs by component and subcomponent and programme year

(Thousands of United States dollars)

<i>Component</i>	<i>2026</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>2030</i>	<i>2031</i>	<i>2032</i>	<i>2033</i>	<i>Total</i>
1. Development of the young agropastoral entrepreneurial environment	3 559.9	3 479.9	6 488.4	4 160.4	8 189.4	2 931.6	3 672.8	389.6	32 872.1
2. Access to finance and financial services	192.6	8 708.3	13 535.2	15 070.4	15 760.7	15 538.2	8 615.8	615.7	78 036.9
3. Emergency response to fragile security situations and natural disasters	380.0	380.0	380.0	380.0	380.0	380.0	380.0	380.0	3 040.0
4. Coordination and programme management	2 142.1	2 125.7	2 190.5	2 336.0	2 335.8	2 430.6	2 478.4	2 644.1	18 683.2
Total programme costs	6 274.6	14 693.9	22 594.1	21 946.8	26 665.9	21 280.4	15 147.0	4 029.4	132 632.2

Financing and cofinancing strategy and plan

40. The financing plan is as follows: (i) IFAD, US\$23.284 million (17.6 per cent); (ii) Government, US\$16.85 million (12.7 per cent); (iii) rural financial institutions, US\$38.4 million (29 per cent), (iv) beneficiaries, US\$10.5 million (7.9 per cent); and (v) financing gap, US\$43.5 million (32.8 per cent).
41. The financing gap of US\$43.5 million may be sourced through subsequent performance-based allocation system cycles and/or the Borrowed Resource Access Mechanism (under financing terms to be determined and subject to internal procedures and subsequent Executive Board approval) or through cofinancing identified during implementation.

Disbursement

42. A designated account in the name of the programme will be created in CFA francs at a commercial bank approved by IFAD and will operate on the principle of joint signature. The disbursement of IFAD funds will flow through a designated account and be processed against duly certified withdrawal applications pursuant to updated IFAD disbursement procedures. Further details concerning disbursement methods, including report-based disbursement modalities, will be provided in the project financial management and financial control arrangements letter (FMFCL) and the financing agreement. The proposed thresholds for direct payments will be outlined in the FMFCL.
43. The amount authorized is sufficient to cover the first six months of eligible expenditure included in the first annual workplan and budget (AWPB). Further advances will be made based on the AWPB or estimated expenditures, provided that at least 75 per cent of the immediately preceding advance and 100 per cent of all prior advances have been fully accounted for.

Summary of benefits and economic analysis

44. **Financial analysis.** The results and key financial indicators show that the various business models prepared are profitable, with additional net margins, attractive returns on investment, a positive net present value and a benefit-cost ratio greater than 1.
45. **Economic analysis, including environmental benefits.** Overall, the results of the economic analysis show that AEP-Youth II is cost-effective, with a base economic internal rate of return of 19.9 per cent and a net present value of US\$126 million, or CFA 82 billion.

Exit strategy and sustainability

46. Institutional sustainability of the AEP-Youth II scaling-up phase is introduced at the very beginning of the design stage and will mature during the implementation phase. It is based on the pillars detailed and summarized as follows: (i) set-up of a permanent system for promoting and coordinating youth entrepreneurship in the agropastoral sector by strengthening the capacities of the Network of Youth

Agropastoral Entrepreneurs and Promoters (REPA-Jeunes), reforming the funding mechanism managed by Société Générale Cameroun to provide financial services to young entrepreneurs and accrediting public and private incubation centres; and (ii) promotion and development of supply chains led by cluster partnerships, which will continue to attract new youth over the years, even after the end of the programme.

47. The exit strategy will consist of ensuring that the two sustainable mechanisms put in place work together, deliver the expected results and achieve financial autonomy between the fifth and sixth years of the programme. These two mechanisms concern: (i) the reform of the financing mechanism for young entrepreneurs established in phase I, with the ambition of transforming into a private management trust fund, equipped with a governance system that meets international standards; and (ii) the REPA-Jeunes set-up in phase I, which must be strengthened to gain financial and management autonomy and ensure a real representation in policy dialogue, leadership, arbitration and marketing function for its members beyond the life of the programme.

III. Risk management

A. Risks and mitigation measures

48. The majority of identified risks are categorized as substantial or moderate. High inherent risks are linked to the country context, while substantial risks are related to sector strategies, environmental and climate factors, financial management and procurement. Risks associated with project scope, institutional capacity, environmental and social impact and stakeholders are moderate and expected to be low after mitigation, except for financial management and procurement, which remain substantial.

Table 4

Overall risk summary

<i>Risk areas</i>	<i>Inherent risk rating</i>	<i>Residual risk rating</i>
Country context	High	Moderate
Sector strategies and policies	Substantial	Moderate
Environment and climate context	Substantial	Moderate
Project scope	Moderate	Low
Institutional capacity for implementation and sustainability	Moderate	Low
Financial management	Substantial	Substantial
Project procurement	Substantial	Substantial
Environment, social and climate impact	Substantial	Moderate
Stakeholders	Moderate	Low
Overall	Substantial	Moderate

B. Environment and social category

49. AEP-Youth II is classified as having moderate environmental and social risks. This classification indicates that localized negative impacts on the environment that are manageable and mostly reversible are anticipated.
50. Environmental risks are driven by several factors, including deforestation and encroachment on forested areas, increased incidence of poor waste management, vegetation removal, and land-use changes during infrastructure development, with potential for pollution and erosion resulting from mismanagement.
51. Social risks include an increased risk of child labour in agriculture, as well as the exacerbation of inequalities in access to land and land tenure security, particularly among youth and women. The risks associated with the absence of an environmental and social management system for financial intermediaries cannot be ruled out. To ensure proper identification and mitigation of any potential

negative impacts, an Environmental, Social and Climate Management Plan was developed during the programme's design phase.

C. Climate risk classification

52. The programme identifies climate risks as substantial, acknowledging that the beneficiaries and their economic activities are susceptible to various weather events that impact agriculture in Cameroon, such as droughts, floods and water shortages. These risks could adversely affect yields, livelihoods and overall income. Increased pest invasions and disease due to rising temperatures, along with risks from infrastructure location and production methods, have also been noted. To address these risks, the programme proposes adaptation strategies, including climate-resilient infrastructure and climate-smart agricultural practices tailored to production basin needs, following a targeted assessment conducted during its design phase.

D. Debt sustainability

53. Cameroon remains exposed to a high risk of debt distress, meaning that the country is highly likely to encounter difficulties repaying obligations. The 2023 Debt Sustainability Analysis (DSA) revealed that indicators have deteriorated since the previous 2022 DSA, mainly due to external shocks – in this case, a weaker exchange rate – and lower growth projections. Two of the four indicators exceeded the thresholds in the baseline scenario.
54. The public debt service-revenue ratio is expected to decline, given the higher revenue forecast over the 2022–2028 period.
55. Cameroon's gross public financing needs over the period 2022–2024 are estimated at least 17.6 per cent of GDP 2022 (CFA franc 4,800 billion), with the International Monetary Fund as one of the main lenders.

IV. Implementation

A. Organizational framework

Programme management and coordination

56. The programme will be placed under the co-supervision of MINADER and MINEPIA, with an inclusive programme steering committee that will approve the AWPBs and monitor execution and implementation of the recommendations issued by the joint IFAD-MINADER-MINEPIA missions.
57. A PMU will be established in Yaoundé to perform technical, administrative and fiduciary planning and execution functions. Four interregional branches will be set up to cover: (i) Adamawa and East; (ii) North and Far North; (iii) Littoral and South-West; and (iv) West and North-West.

Financial management, procurement and governance

58. **Financial management.** Administrative and financial management procedures will be detailed in the letter to the borrower/recipient and the programme procedures manual. The management system will be based on an administrative and financial manual.
59. At the design stage, the financial management risk is deemed "substantial" due to the limitations of internal controls, and mitigation measures will be put in place to reduce the risk to a moderate level. Internal control procedures will be detailed in the administrative, accounting and financial management procedural manual. The programme coordinator will be responsible for creating an adequate internal control environment. The manual will also indicate the roles of the actors, implementation tools and timelines.
60. **Procurement.** Procurement will follow IFAD guidelines and the public procurement code of the Republic of Cameroon insofar as the provisions of the code are

compatible with IFAD guidelines. The letter of commitment on procurement will be sent to the Government at the start of the programme. Wherever possible, contracts will be grouped in such a way as to attract bidders, promote competition and obtain better offers.

Target group engagement and feedback and grievance redress

61. The inclusive approach of AEP-Youth II is conducive to the participation of all stakeholders in the activities of the various components. The first level of beneficiary engagement is defined by the targeting strategy, based on a three-dimensional approach: (i) geographical targeting of production basins and socioeconomic targeting; (ii) direct targeting; and (iii) self-targeting, all backed by facilitation and empowerment measures to promote rural entrepreneurship and increase the possibility of including vulnerable groups in economic activities likely to contribute to increasing their well-being. The second level of engagement is linked to the governance bodies in which the actors will be represented as full stakeholders. The third level is the creation of regional platforms and the participation of all stakeholders in activities for the review of policies and strategies for the subsector.
62. **Grievance redress.** For each intervention region, the programme will provide an informal and formal mechanism for handling beneficiary complaints and claims that will systematize them and make their management more transparent and efficient. This mechanism will be accessible to all beneficiaries and will allow for the filing of complaints and follow-up by the governing bodies of each community or cooperative, monitored by the PMU.

B. Planning, monitoring and evaluation, learning, knowledge management and communications

63. **Workplan and budgeting.** Programme implementation will be based on AWPBs segmented into quarterly tranches to facilitate implementation and monitoring.
64. **Monitoring and evaluation (M&E), knowledge management and communication.** The M&E system will be linked to the national mechanism for monitoring and evaluating development results. The M&E system will be backed by a manual and operationalized through a multifunctional web application with a database configured according to programme needs. The programme will develop a knowledge management and communication plan.

Innovation and scaling up

65. As an integral part of the concept for the second phase of the programme, scaling-up aligns with the political will and commitment of the Government of Cameroon to extend the initiative across all 10 regions of the country. This commitment provides the opportunity to ensure broader ownership and scale the achievements beyond the targeted production basins of AEP-Youth II, involving local authorities, professional organizations, the private sector and others.
66. Building on the successes of the initial phase, the scaling-up stage aims to boost intervention effectiveness by applying valuable lessons learned. This second phase will refine the incubation strategy, diversifying opportunities for youth through structured frameworks and improved identification processes, while fostering more competitive enterprises. AEP-Youth II will emphasize commercial partnerships, strengthening the connections between businesses and markets and fostering partnerships with private and financial entities.

C. Implementation plans

Implementation readiness and start-up plans

67. As soon as the Executive Board approves the programme, a start-up advance of around US\$1.5 million (through the Faster Implementation of Project Start-up

[FIPS] instrument) will be made available to cover expenses related to preparatory activities for start-up.

Supervision, midterm review and completion plans

68. Supervision and monitoring missions will be jointly conducted throughout the year by IFAD, implementing partners and the Government, including a midterm review in the fourth year.

V. Legal instruments and authority

69. A financing agreement between the Republic of Cameroon and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement will be made available prior to the session.
70. The Republic of Cameroon is empowered under its laws to receive financing from IFAD.
71. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

72. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on blend terms to the Republic of Cameroon in an amount of twenty-three million two hundred and eighty-four thousand United States dollars (US\$23,284,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario
President

Negotiated financing agreement

(To be made available prior to the session)

Logical framework

Hierarchie des résultats	Indicateurs clés de vérification				Moyens de vérification			Hypothèses
	Nom¹	Référence	Mi-parcours	Fin	Source	Fréquence	Responsabilité	
Portée	1. # de jeunes recevant des services promus ou soutenus par PEA-Jeunes II	0	52 000	130 000	SSE PEA-JEUNES II	Trimestrielle	Unité de coordination (UNAC)	Conditions favorables à la mise en œuvre du programme
	Dont hommes (55%)	0	30 000	71 500				
	Dont femmes (45%)	0	23 000	58 500				
	Dont PSH-PDI-CA ²	0	5 000	13 000				
	1a. # de ménages correspondant	0	40 000	100 000				
	1b. # de personnes au sein des ménages	0	220 000	550 000				
Objectif global : Contribuer à la réduction du chômage des jeunes ruraux et de la pauvreté rurale	2. % d'emploi créés en milieu rural (OG-14-7)	43%	44%	45%	Enquête de référence, d'évaluation des effets, d'impact	Année 1, mi-parcours et fin	Gouvernement et FIDA	
	3. Evolution incidence de la pauvreté dans les régions d'intervention	0	-4%	-10%				
Objectif de développement : Améliorer les conditions de vie des jeunes actifs dans les filières agropastorales par la création d'emplois décents	4. % de jeunes déclarant une augmentation de revenus d'au moins 30%	0	25%	60%	Enquêtes d'évaluation des effets	Annuelle à partir de l'année 3	Gouvernement et FIDA	Dispositifs et capacités d'exécution établis et performants face aux contextes de crise dans les régions du Sud-Ouest, Nord-Ouest et Extrême-Nord
	5. % de ménages se déclarant satisfaits des services du PEA-Jeunes II (SF 2.1)	0	45%	75%		Début – Mi-parcours et achèvement	UNAC	
	5.1 % de ménages déclarant avoir de l'influence dans la prise de décision (SF 2.2)	0	20%	50%		Début – Mi-parcours et achèvement	UNAC	

Hierarchie des résultats	Indicateurs clés de vérification				Moyens de vérification			Hypothèses
	Nom¹	Référence	Mi-parcours	Fin	Source	Fréquence	Responsabilité	
	6. % de personnes présentant une amélioration de l'autonomisation (IB IE - 2.1)	0%	25%	70%	1) Rapport d'enquête de base, 2) Moyen terme, 3) Fin de parcours/étude d'impact		Gouvernement et FIDA	
	<i>Total</i>	<i>0</i>	<i>4 000</i>	<i>10 000³</i>				
	<i>Hommes (55%)</i>	<i>0</i>	<i>3 025</i>	<i>5 500</i>				
	<i>Femmes (45%)</i>	<i>0</i>	<i>1 800</i>	<i>4 500</i>				
	7. % de jeunes femmes consomment au moins 5 groupes d'aliments par jour sur la dizaine admise ⁴ (CI.1.2.8. MDD-W)	0	20%	40%				
Effet 1 : Les jeunes entrepreneurs agropastoraux ont développé les capacités nécessaires à la gestion durable de leurs activités économiques	8. #d'entreprises agropastorales promues		4 000	10 000	Situation de référence Rapport mi-parcours Etudes d'effets et d'impacts	Début - Mi-parcours et achèvement	Gouvernement et FIDA	Offres de services en incubation et développement d'entreprises disponibles et accessibles en particulier dans les régions d'extension
	% d'entreprises soutenues viables après 3 ans		20%	40%				
	#correspondant d'entreprises		2 000	4 000				
	9. #d'emplois créés		20 000	50 000				
	10. % de jeunes établis déclarant l'adoption 10es outils et bonnes pratiques managériales		30%	70%				
	# correspondant d'entreprises		3 000	7 000				
	11. # de jeunes appuyées déclarant l'adoption de technologies et de pratiques écologiquement viables et résilientes face au climat (CI 3.2.2)	0%	3 200	8 000				

Hiérarchie des résultats	Indicateurs clés de vérification				Moyens de vérification			Hypothèses
	Nom¹	Référence	Mi-parcours	Fin	Source	Fréquence	Responsabilité	
	<i>Nombre de ménages correspondant</i>	<i>0</i>	<i>2 460</i>	<i>6 153</i>	Calcul à base du logiciel ExAct Etude COI FIDA			
	<i>% de ménages correspondant</i>	<i>0%</i>	<i>32%</i>	<i>80%</i>				
	<i>21. # de tonnes d'émissions de gaz à effet de serre (CO2) évitées ou de carbone fixé (CI 3.2.1)</i>	<i>0</i>	<i>400 000</i>	<i>1 000 000</i>		Début - Mi-parcours et achèvement	UNAC FIDA	
	<i>13. Augmentation de la production</i>							
	<i>Maïs (kg)</i>		<i>8 500</i>	<i>10 200</i>				
	<i>Manioc (kg)</i>		<i>21 600</i>	<i>30 000</i>	SSE PEA-JEUNES	Campagne	UNAC	
	<i>Maraîchage (kg)</i>		<i>31,5</i>	<i>46</i>				
Produit 1.1 : Les jeunes ont acquis les capacités et les connaissances pour créer ou développer leurs entreprises et améliorer leurs pratiques nutritionnelles	<i>14. # de structures d'incubation renforcées</i>	<i>15</i>	<i>24</i>	<i>27</i>	SSE PEA-JEUNES	Semestrielle	UNAC	Plateaux techniques adaptés
	<i>15. # de nouveaux jeunes issus des structures d'incubation avec plans d'affaires</i>	<i>-</i>	<i>8 000</i>	<i>20 000</i>	SSE PEA-JEUNES	Semestrielle	UNAC	
	<i>16. # de jeunes recevant une éducation nutritionnelle</i>		<i>8 000</i>	<i>20 000</i>	SSE PEA-JEUNES	Semestrielle	UNAC	
	<i>17. # d'entreprises sensibles à la nutrition</i>		<i>10%</i>	<i>30%</i>	SSE PEA-JEUNES	Semestrielle		
	<i>18. # d'entreprises agropastorales ayant accès à des services de développement des entreprises (CI 2.1.1)</i>		<i>4 000</i>	<i>10 000</i>	SSE PEA-JEUNES		UNAC	

Hiérarchie des résultats	Indicateurs clés de vérification				Moyens de vérification			Hypothèses
	Nom¹	Référence	Mi-parcours	Fin	Source	Fréquence	Responsabilité	
Produit 1.2 : Des infrastructures résilientes sont développées en appui à l'entrepreneuriat agropastoral des jeunes	19. <u>IB.3.1.4 #d'ha de terres soumises à une gestion résiliente au climat (OS2 - E22-24) (CI 3.1.4)</u>	<u>0</u>	<u>850</u>	<u>2 200</u>	SSE PEA- JEUNES	Semestrielle	UNAC	Expertise de qualité disponible pour construction d'infrastructures résilientes
	20. <u>IB.2.1.6 # d'installations de commercialisation, transformation et stockage construites ou remises en état (CI 2.1.6) (OS2-E23-26)</u>	<u>0</u>	<u>50</u>	<u>110</u>	SSE PEA- JEUNES	Semestrielle		
Produit 1.3 : Les capacités institutionnelles et du cadre politique pour l'entrepreneuriat des jeunes sont renforcées	21. <u># de participation de REPA-Jeunes aux activités de dialogue politique</u>	<u>0</u>	<u>20%</u>	<u>60%</u>	SSE PEA- JEUNES	Semestrielle	UNAC	Partenariats stratégiques fonctionnels avec les entités et ministères concernés
	22. <u>#de Plateforme de services créée et gérée par REPA</u>	<u>0</u>	<u>1</u>	<u>1</u>				
	23. <u># de politiques et stratégies jeunes soutenues dans la mise en œuvre</u>	<u>0</u>	<u>2</u>	<u>5</u>				
Effet 2 : L'accès des jeunes entrepreneurs agropastoraux au financement et aux services financiers ruraux est amélioré	24. <u>IB.1.2.5 % ménages appuyés déclarant utiliser les services financiers ruraux</u>	<u>0%</u>	<u>40%</u>	<u>100%</u>	Enquêtes d'évaluation des effets	Annuelle à partir de l'année 3	UNAC et partenaires IFR	Appétit des institutions financières favorable pour un déploiement dans les régions de l'intérieur
	<u># correspondant de jeunes entrepreneurs</u>		<u>4 000</u>	<u>10 000</u>				
	25. <u>Taux de pénétration de finance inclusive</u>	<u>54%</u>	<u>56%</u>	<u>60%</u>	Enquêtes d'évaluation des effets	Annuelle à partir de l'année 3		
Produit 2.1 : Les entreprises agropastorales des jeunes sont financées	26. <u># d'entreprises agropastorales financées</u>	<u>0</u>	<u>4 000</u>	<u>10 000</u>	SSE PEA- JEUNES	Semestrielle	UNAC et partenaires IFR	
	<u>Dont entreprises en création/primo-entrepreneurs</u>		<u>3 200</u>	<u>8 000</u>	IFR partenaires			

Hierarchie des résultats	Indicateurs clés de vérification				Moyens de vérification			Hypothèses
	Nom¹	Référence	Mi-parcours	Fin	Source	Fréquence	Responsabilité	
	<i>Dont entreprises en développement</i>		<u>800</u>	<u>2 000</u>	SSE PEA- JEUNES			
	27. # d'instruments de facilitation financière		<u>2</u>	<u>2</u>				
	28. # Volume de crédit accordé aux entreprises agropastorales des jeunes	<u>0</u>	<u>XAF 6 milliards</u>	<u>XAF 22 milliards</u>				
Produit 2.2: Les relations d'affaires entre les institutions financières et les promoteurs sont améliorées	29. Taux de portefeuille à risque (PAR)	<u>0</u>	<u>>10%</u>	<u>>5%</u>				
	30. # de jeunes entrepreneurs agropastoraux ayant reçu une éducation financière		<u>4 000</u>	<u>20 000</u>	SSE PEA- JEUNES			
	31. # de produits financiers spécifiques aux entreprises agropastorales	<u>0</u>	<u>2</u>	<u>5</u>	IFR partenaires	Semestrielle	UNAC et partenaires IFR	
	32. # d'institutions financières partenaires pourvues d'un Système de gestion de la performance sociale, environnementale et climatique (SGES)	<u>0</u>	<u>5</u>	<u>10</u>	SSE PEA- JEUNES			

Integrated programme risk matrix

Risk categories and subcategories	Inherent	Residual
Country context	High	Moderate
Political commitment	Moderate	Low
<p>Risk(s):</p> <p>Dispersal of partner interventions and inadequate communication between the relevant sectoral ministries and the Technical and Financial Partners (TFP)</p>	Moderate	Low
<p>Mitigations:</p> <p>Support MINADER/MINEPIA in strengthening coordination in the rural sector, consultation, and dialogue to revitalize existing frameworks and committees (AgSWG, stakeholder platforms, etc.).</p> <p>Responsibilities: PMU/IFAD</p>		
<p>Risk(s):</p> <p>Lethargic decision-making during the revision of the regulatory framework for agriculture and livestock.</p> <p>Weak leadership in the process of updating the strategy and action plan for the agro-pastoral sub-sector.</p>	Moderate	Low
<p>Mitigations:</p> <p>Influence MINADER/MINEPIA and other relevant ministries to define an agenda and provide substantial resources for sectoral reviews and planned initiatives to contextualize the regulatory framework and update the strategic orientations of the agro-pastoral sector.</p> <p>Facilitate the mobilization of development partners in the sectoral review groups under the leadership of MINADER/MINEPIA.</p> <p>Facilitate appropriate civic participation through the involvement of OPs (producer organizations) and the private sector in defining and implementing sectoral policies and programs.</p> <p>Responsibilities: PMU/IFAD.</p>		
Governance	High	Moderate
<p>Risk(s):</p> <p>Poor prioritization of the poorest in social targeting and the capture of project support by elites, as well as interference from political segments and land tenure risks</p>	High	Moderate
<p>Mitigations:</p> <p>Develop and operationalize an inclusive targeting strategy for the poor that avoids the capture of elites and the low prioritization of the poorest.</p> <p>Ensure that the service providers responsible for targeting under AEP-Youth II are aware of the results of the completion report of Phase 1 of AEP-Youth on targeting before starting the targeting activities and</p>		

Risk categories and subcategories	Inherent	Residual
<p>promote a harmonized methodological approach by these providers in all production basins of Phase 2.</p> <p>Strengthen the sense of unity and the defence of collective interests and encourage the involvement of the youth network (REPA-Jeunes) established by AEP-Youth 1 in the targeting and selection of youth micro-projects in Phase 2.</p> <p>Develop the operational targeting plan with all stakeholders, supporting the implementation of social targeting.</p> <p>Responsibilities: PMU/IFAD/MINADER/MINEPIA</p>		
<p>Risk(s):</p> <p>Poor governance of project resources, leading to fraud and corruption in violation of the government's and IFAD's zero-tolerance policy.</p> <p>Non-compliance with resource administration procedures and a tendency towards fungible use of resources, with a risk of ineligibility</p>	High	Moderate
<p>Mitigations:</p> <p>Conduct refresher training on procedures at the strategic steering level and the Implementation Unit (UEP) of AEP-Youth II.</p> <p>Ensure constant adherence to administrative and financial procedures and the relevance of requests for no-objection with the possibility of objection from IFAD.</p> <p>Implement mechanisms for managing feedback and complaints and facilitate the operationalization of inclusive local committees and selection processes based on the criteria of the complaints management mechanism.</p> <p>Conduct a quarterly internal audit by an internal auditor recruited with a direct reporting line to the Ministers of Economy and Agriculture and the Country Director of IFAD, to strengthen fiduciary management and project governance.</p> <p>Monitor the functionality of the program's country audit committee and the implementation of its recommendations by the UEP.</p> <p>Train and ensure the project staff's ownership of IFAD's anti-corruption policy and procedures.</p> <p>Responsibilities: PMU/IFAD/MINADER/MINEPIA</p>		
Macroeconomic	High	Moderate
<p>Risk(s):</p> <p>Increased dependency on food imports due to the non-operationalization of the import substitution strategy system, resulting from a lack of support for local producers and operators.</p>	High	Moderate
<p>Mitigations:</p> <p>Effective implementation of the AEP-Youth II project with rigorous monitoring to make a substantial contribution to reducing imports of agro-pastoral products through the creation and development of 10,000 youth-led enterprises in the promoted animal and plant sectors, with an impact on the growth of the sub-sector.</p>		

Risk categories and subcategories	Inherent	Residual
Responsibilities: MINADER/MINEPIA/PMU		
Risk(s): Agriculture and livestock make a structurally modest contribution to the gross domestic product	High	Moderate
Mitigations: Hold sectoral meetings with operators in the agro-pastoral sector to assess the implementation of the government's import substitution policy. Responsibilities: MINADER/MINEPIA		
Fragility and security	High	Moderate
Risk(s): Unfavorable security conditions for the implementation of AEP-Youth II in the Extreme North Region due to the prevalence of incursions and attacks by extremist groups. Collateral effects of insecurity caused by the secessionist rebellion in the North-West and South-West regions	High	Moderate
Mitigations: Conduct critical and periodic evaluations to guide field activities. Provide regular briefings to the teams and staff of IFAD projects to avoid high-risk areas. Follow the security clearance procedures issued by UNDSS for supervision and monitoring missions, jointly initiated by IFAD and MINADER/MINEPIA. In coordination with the AEP-Youth II teams and local administration, conduct periodic assessments of the security situation and fragility in high-risk areas, and develop risk management and response plans tailored to the situation. Mobilize local operators with a comparative advantage for operations in alert zones throughout the implementation process.		
Sector strategies and policies	Substantial	Moderate
Policy alignment	Moderate	Low
Risk(s): Implementation of AEP-Youth II in a context marked by a lack of strategy guidelines and an updated action plan. New challenges and issues for the agro-pastoral sector in future directions	Moderate	Low
Mitigations: Launch inclusive sub-sectoral reviews and facilitate the process of defining strategies and the agro-pastoral action plan.		

Risk categories and subcategories	Inherent	Residual
Conduct mid-term reviews to make the necessary adjustments to the operational approach of AEP-Youth. Responsibilities: PMU/ IFAD /MINADER/MINEPIA		
Policy development & implementation	High	Moderate
Risk(s): Weak connection with related sub-sectors: water, environment, climate, land	High	Moderate
Mitigations: Define a comprehensive strategy based on the complementarity of environmental issues and water management measures. Promote by MINADER/MINEPIA (in collaboration with other key ministries) environmentally and climate-sensitive agro-pastoral practices, respecting norms on land use, pesticides, water, and sanitation. Contribute to monitoring ongoing reforms of land-use planning. Responsibilities: PMU/ IFAD /MINADER/MINEPIA		
Environment and climate context	Substantial	Moderate
Project vulnerability to environmental conditions	Moderate	Low
Risk(s): High sensitivity to environmental conditions in the Far North, North, South-West, Littoral, and West regions and low availability of surface water. Pollution and degradation of soils and biodiversity caused by enterprises supported in the agro-pastoral sectors selected by AEP-Youth II. Limited national expertise in environmental, social, and climate risk management.	Moderate	Low
Mitigations: Strengthen the educational framework of incubation structures to offer training to young beneficiaries in sustainable agricultural management, agroecology, and pesticide use. Conduct environmental and social impact assessments for production and processing units, if necessary. Ensure that partnership agreements are formalized between incubation structures and host structures for mentors, taking into account environmental and social responsibilities in addition to technical responsibilities. Support technical services in developing business plans for agro-pastoral entrepreneurs in compliance with environmental standards and climate change adaptation measures. Conduct appropriate studies to identify environmentally and socially appropriate measures for agro-pastoral infrastructure development sites		

Risk categories and subcategories	Inherent	Residual
<p>in each target department, in accordance with national environmental regulations and IFAD's PESEC.</p> <p>Provide environmental incentives for upgrading developing enterprises and/or host structures for mentors.</p> <p>Manage agro-pastoral pollution and waste through appropriate procedures and ensure proper implementation of the AEP-Youth II Environmental and Social Management Plan (PGES) during execution.</p> <p>Responsibilities: PMU</p>		
Project vulnerability to severe weather events	Substantial	Moderate
<p>Risk(s):</p> <p>Extreme events (droughts, floods) that may affect production capacity and, consequently, productivity and competitiveness.</p> <p>Risk of flooding due to climate change</p>	Substantial	moderate
<p>Mitigations:</p> <p>Work with the National Observatory on Climate Change (ONACC) to make climate and weather information services accessible to farmers and livestock breeders supported by the AEP-Youth II.</p> <p>Adopt adaptation measures, including the promotion and use of agro-pastoral practices that will enhance the resilience of young agro-pastoral entrepreneurs to extreme weather events (climate insurance on loans, drip irrigation for off-season crops, etc.).</p> <p>Monitor the implementation of the adaptation measures proposed in the ESMCF.</p> <p>Responsibilities: PMU/MINADER/MINEPIA</p>		
Project scope	Moderate	Moderate
Project relevance	Moderate	Low
<p>Risk(s):</p> <p>Risk that the project's objectives and interventions may not be well aligned with the country's development priorities or those of IFAD or may not be sufficiently relevant or adapted to the needs and priorities of the target group throughout the project's lifespan.</p>	Low	Low
<p>Mitigations:</p> <p>Inclusive project formulation and monitoring with the government, ensuring alignment with the government's sectoral strategies and the country's current COSOP situation.</p> <p>Responsibilities: PMU/IFAD/MINADER/MINEPIA</p>		
<p>Risk(s):</p> <p>Low competitiveness of the agro-pastoral sector compared to imported agricultural and animal products.</p>	Moderate	Low

Risk categories and subcategories	Inherent	Residual
<p>Mitigations:</p> <p>Implement a strategy for the gradual control of production costs.</p> <p>Promote local/transborder arrangements for the conservation and supply of plant and animal products at affordable prices.</p> <p>Responsibilities: PMU/MINADER/MINEPIA</p>		
Technical soundness		
<p>Risk(s):</p> <p>Segmentation of the supply and demand of agro-pastoral products.</p>	Moderate	Low
<p>Mitigations:</p> <p>Production planning based on market demand.</p> <p>Responsibilities: PMU/MINADER/MINEPIA</p>		
Institutional capacity for implementation and sustainability	Moderate	Low
Implementation arrangements	Moderate	Low
<p>Risk(s):</p> <p>A lack of technical and operational capacities at the national level, contributing to the dispersion of partner activities.</p>	Moderate	Low
<p>Mitigations:</p> <p>Set up an implementation unit focusing on technical functions and engineering and engineering functions adapted to AEP-Youth II interventions.</p> <p>Mobilize specialized international technical assistance if necessary.</p> <p>Define the capacity building strategy at all levels of implementation.</p> <p>Ensure synergy and complementarity with other players in the sector through joint reviews of investments and associated action plans.</p> <p>Responsibilities: PMU/ IFAD /MINADER/MINEPIA</p>		
<p>Risk(s):</p> <p>Delay in the start of projects affecting the effectiveness of AEP-Youth II.</p>	Substantial	Moderate
<p>Mitigations:</p> <p>Early implementation of the FIPS (IFAD financing advance instrument)</p> <p>Responsibilities: PMU/FIDA/MINADER/MINEPIA</p>		
<p>Risk(s):</p> <p>Low capacity to implement projects</p>	Moderate	Low
<p>Mitigations:</p>		

Risk categories and subcategories	Inherent	Residual
<p>Support and involvement of IFAD in the recruitment process for project staff, which must be transparent, fair, and based on competence.</p> <p>Introduce annual performance contracts for staff and implementation partners, to be renewed subject to satisfactory evaluation.</p> <p>Responsibilities: PMU/ IFAD /MINADER/MINEPIA</p>		
M&E arrangements		
<p>Risk(s): The monitoring and evaluation system is weak in terms of data collection, analysis, documentation, and dissemination of results to assess the project's actual contribution to the key development goals.</p>	Moderate	Low
<p>Mitigations:</p> <p>Establish a computerized monitoring and evaluation system with a regularly updated database.</p> <p>Strengthen institutional capacity for performance monitoring, coordination, supervision, and results management, leveraging IFAD initiatives (Delivery Unit, AVANTI, PRIME, Citizen Engagement).</p> <p>Responsibilities: PMU</p>		
Procurement	Substantial	Substantial
Legal and regulatory framework	Substantial	Substantial
<p>Risk(s):</p> <p>The legal framework for procurement is generally in line with agreed principles and complies with existing obligations. However, certain aspects of the regulations and the implementation tools supporting the legal framework are incomplete in relation to IFAD's requirements, particularly concerning PESEC standards, the IFAD self-certification form, IFAD 's sectoral policies on fraud and corruption, sexual harassment, and money laundering.</p>	Substantial	Substantial
<p>Mitigations:</p> <p>Complete the existing regulatory framework to meet the requirements for IFAD projects, or</p> <p>Use IFAD legislative and regulatory framework for procurement</p>		
Accountability and transparency		
<p>Risk(s):</p> <p>Significant efforts have been made in implementing ethical measures and anti-corruption initiatives, as well as in establishing procurement appeal mechanisms. However, the effectiveness of control mechanisms and anti-corruption efforts is not optimal, as evidenced by the country's corruption perception index. The active participation of civil society in monitoring public procurement remains limited and does not contribute sufficiently to strengthening the transparency and integrity required for an effective and efficient public procurement system.</p>	Substantial	Substantial
<p>Mitigations:</p>		

Risk categories and subcategories	Inherent	Residual
Optimize the fight against corruption in the public procurement sector in daily practice.		
Capability in public procurement	Substantial	Substantial
<p>Risk(s):</p> <p>The legal framework for procurement is generally in line with agreed principles and complies with existing obligations. However, certain aspects of the regulations and the implementation tools supporting the legal framework are incomplete in relation to FIDA's requirements, particularly concerning PESEC standards, the FIDA self-certification form, FIDA's sectoral policies on fraud and corruption, sexual harassment, and money laundering.</p>	Substantial	Substantial
<p>Mitigations:</p> <p>Complete the existing regulatory framework to meet the requirements for IFAD projects, or</p> <p>Use IFAD 's legislative and regulatory framework for procurement.</p>		
Public procurement processes	Moderate	Moderate
<p>Risk(s):</p> <p>The public procurement market is fully functional, but contract management would benefit from being strengthened by the establishment, for each awarded contract, of a Contract Management Plan with achievement/acceptance milestones and a detailed schedule of implementation steps.</p>	Moderate	Moderate
<p>Mitigations:</p> <p>Ensure the implementation and enforcement of the provisions of the Contract Management Plans.</p>		
Financial management	Substantial	Substantial
Organization and staffing		
<p>Risk(s):</p> <p>The lack of qualified and experienced personnel in financial management, particularly regarding the financial management of donor-funded projects and IFAD procedures.</p>	Substantial	Substantial
<p>Mitigations:</p> <p>The recruitment process must be effectively initiated early to ensure that a full financial team is engaged for the project.</p> <p>Training for the financial team on financial management aspects and IFAD requirements.</p> <p>Mandatory training at the project start for UNAC staff and ANIR staff, along with capacity building for the team, should be implemented during the implementation period.</p>		

Risk categories and subcategories	Inherent	Residual
Budgeting	Substantial	Substantial
<p>Risk(s):</p> <p>Risk of budgeting in the absence of formal/concrete expression of interest from the government to finance IFRs.</p> <p>Risk of non-materialization of expected contributions from beneficiaries.</p> <p>Risk of budget overruns: Operating costs are already budgeted at their maximum of 15% of the program cost allocation. With the 8-year implementation period, several factors (inflation, external shocks, new reforms, etc.) could cause a rise in costs.</p> <p>The ability of UNAC to prepare and submit a work plan and budget of acceptable quality within deadlines.</p> <p>An unrealistic annual work plan leading to poor execution.</p> <p>Slow detection of budget overruns.</p>		
<p>Mitigations:</p> <p>Strengthening the capacities of stakeholders involved in the preparation of the annual work plan.</p> <p>Organize a working session during the startup workshop based on FIDA's guidelines for the annual work plan.</p> <p>Codify the annual work plan to specify, for each activity, the sources of funding and the components.</p> <p>Develop an adequate budget monitoring system/accounting software to generate reports on budget variances.</p> <p>Use a participatory approach in budgeting to achieve a realistic budget.</p>		
Funds flow/disbursement arrangements	High	High
<p>Risk(s):</p> <p>Monitoring of funds in high-risk areas (North, Northeast).</p> <p>Weak capacity of implementing partners to justify the use of funds.</p> <p>Difficulty in tracking the full flow of funds to final beneficiaries.</p> <p>Delays in disbursements due to:</p> <p>Bottlenecks caused by centralized payments at UNAC,</p> <p>Lack of realistic cash flow projections,</p> <p>Poor quality of disbursement requests leading to rejections,</p> <p>Risk of fund misappropriation.</p>	High	High
<p>Mitigations:</p> <p>Opening an operational account with a reputable bank that has a branch in the regions where the program is based; Opening an account for each ANIR, with an approval threshold for disbursements.</p> <p>Preparing cash flow forecasts for two quarters.</p> <p>Training the SAF on disbursement requests (Withdrawal Application) within IFAD.</p>		

Risk categories and subcategories	Inherent	Residual
Internal controls	High	High
<p>Risk(s):</p> <p>Inadequate internal control system and approval structure.</p> <p>Unclear rules and procedures affecting operational efficiency.</p> <p>Insufficient documentation of expenses.</p> <p>Unreimbursed advances exceeding the due date and insufficient justification for advances.</p> <p>Inappropriate contractual clauses with technical partners.</p>	High	High
<p>Mitigations:</p> <p>The program implementation manual will include sections dedicated to the selection of beneficiaries for matching grants.</p> <p>Consideration of IFAD's requirements to establish eligibility of expenses.</p> <p>Utilization of the internal audit committee of the Ministry (MINEPAT).</p> <p>Invitation of internal auditors to the kick-off workshop to clarify roles and responsibilities.</p> <p>Inclusion of IFAD fiduciary clauses in all contracts with partners.</p>		
Accounting and financial reporting	Substantial	Substantial
<p>Risk(s):</p> <p>SAF staff's capacity to apply international accounting standards.</p> <p>Delay in implementing the accounting system and lack of staff skills to use it.</p> <p>Poor quality of the IFR and delayed submission.</p> <p>Delay in recording expenses in the accounting system.</p>	Substantial	Substantial
<p>Mitigations:</p> <p>Accounting procedures will be detailed in the financial management manual.</p> <p>Startup budget expenses will include the acquisition of a web-based accounting software.</p> <p>The terms of reference for software acquisition will include initial training for financial management staff on software use, along with remote support during the first year.</p> <p>A training on IFAD financial management procedures will be provided during the startup phase.</p> <p>v) Facilitating exchanges with financial management staff from other projects to support the team in preparing a high-quality automated annual financial report.</p>		
External audit	Substantial	Substantial
Risk(s):	Substantial	Substantial

Risk categories and subcategories	Inherent	Residual
Late submission of the first and subsequent audit reports, Non-compliance with IFAD's terms of reference, Insufficient audit coverage to include expenses incurred by implementing entities.		
Mitigations: The first period to be audited will be clarified at the start-up workshop, The external audit assignment will be contracted at the latest at the beginning of the fiscal year. Complete terms of reference including field visits (minimum 2 days per district) and a specific report on the results of the physical goods, services and works to be approved by IFAD.		
Environment, social and climate impact	Moderate	Low
Biodiversity conservation	Moderate	Low
Risk(s): Anthropic pressures on protected areas and biodiversity.	Moderate	Low
Mitigations: No activities in protected areas and a multidimensional feasibility study before setting up activities and equipment. Use of designated and suitable sites. Compliance with standards. Responsibility: PMU		
Resource efficiency and pollution prevention		
Risk(s): The risk that the project significantly increases the exposure or vulnerability of livelihoods, ecosystems, economic assets, or infrastructure of the target population to climate variability and hazards.	Moderate	Moderate
Mitigations: Raise awareness among farmers through training. Regular monitoring of production techniques and prevention of all forms of contamination. Environmental and social impact assessments for commercial farms and processing units. Coordination with MINEPDED and MINEE to ensure continuous monitoring of agroecological practices in agro-pastoral farms supported by the project. Implementation of health risk management measures outlined in the ESMF (Environmental and Social Management Framework). Responsibility: PMU		

Risk categories and subcategories	Inherent	Residual
Cultural heritage	Low	Low
Risk(s): Potential conflicts on designated sites housing cultural heritage installations.	Low	Low
Mitigations: Inclusive and participatory targeting approach. Non-exploitation of protected sites. No operations on cultural heritage sites. Responsibility: PMU		
Indigenous peoples	Moderate	Low
Risk(s): Risk of marginalization of indigenous peoples, people living with disabilities, and other minorities.	Moderate	Low
Mitigations: The targeting strategy will identify them, and the monitoring and evaluation system will ensure that information on the services provided by the project is understood. Training modules within training structures must be adapted if necessary. Responsibility: PMU		
Community health and safety	Moderate	Low
Risk(s): Non-compliance with hygiene and sanitation measures at production sites training and reception facilities.	Moderate	Low
Mitigations: Training and awareness-raising; Institutional partnership with MINEE and MINEPDED to monitor compliance with standards. Upgrading of training and reception facilities within the framework of the partnership and agreements to be formalized. Implementation of the project health plan as described in the CGES. Responsibilities: PMU/ IFAD /MINADER/MINEPIA		
Labour and working conditions	Moderate	Low
Risk(s):	Moderate	Low

Risk categories and subcategories	Inherent	Residual
Non-compliance with labor legislation Precariousness and underemployment.		
Mitigations: Promote profitable and viable economic models for young agro-pastoral entrepreneurs; Promote decent employment opportunities. Application of decent work rules. Responsibility: PMU		
Physical and economic resettlement	Low	Low
Risk(s): The risk that the project may have a significant negative physical, social, cultural or economic impact physical, social, cultural or economic impact, particularly on marginalised marginalized groups, due to land acquisition and involuntary land loss, assets, access to assets, sources of income or means of subsistence	Low	Low
Mitigations: Implementation of CGES recommendations. Responsibility: PMU		
Stakeholders	Moderate	Moderate
Stakeholder engagement/coordination	Moderate	Moderate
Risk(s): Low participation of small-scale farmers and stockbreeders, women and young people in planning and decision-making bodies.		
Mitigations: Set up inclusive committees to select youth micro-projects' projects. Partnership with agro-pastoral umbrella organizations and REPA-Jeunes, federating value chain families. Setting up and supporting multi-player platforms. Support for inclusive political dialogue. Responsibility: PMU		
Stakeholder grievances	Low	Low
Risk(s): Lack of legal recourse for young agro-pastoral entrepreneurs.	Low	Low
Mitigations:		

Risk categories and subcategories	Inherent	Residual
Productive partnerships supported by contracts including reparation clauses Support for citizen watch and engagement initiatives. Active involvement of agro-pastoral promoters in policy dialogue activities with the support of REPA-Jeunes. Set up a system for expressing and managing complaints. Responsibility: PMU		