

Document: EB 2014/111/R.20
Agenda: 12(c)
Date: 20 March 2014
Distribution: Public
Original: English

E



Investing in rural people

Proposal for a supplementary funds agreement with The MasterCard Foundation

Note to Executive Board representatives

Focal points:

Technical questions:

Mohamed Beavogui
Director
Partnership and Resource Mobilization Office
and Senior Adviser to the President
Tel.: +39 06 5459 2240
e-mail: m.beavogui@ifad.org

Moses Abukari
Country Programme Manager
Youth Focal Point, West and Central Africa Division
Tel.: +39 06 5459 2526
e-mail: m.abukari@ifad.org

Nicole Carta
Private-Sector Partnership Officer
Tel.: +39 06 5459 2816
e-mail: n.cart@ifad.org

Dispatch of documentation:

Deirdre McGrenra
Head, Governing Bodies Office
Tel.: +39 06 5459 2374
e-mail: gb_office@ifad.org

Executive Board – 111th Session
Rome, 8-9 April 2014

For: Approval

Recommendation for approval

The Executive Board is invited to authorize the President to negotiate and finalize with The MasterCard Foundation a supplementary funds agreement in the event that IFAD is selected as a grant recipient under a competitive process currently issued by the Foundation. The supplementary funds would be used to support the Rural Young Mothers Business Opportunities (RYMBO) Consortium, summarized in the annex to this document.

Proposal for a supplementary funds agreement with The MasterCard Foundation

1. In line with IFAD's efforts to explore additional supplementary funding from new sources, IFAD has submitted a funding proposal in response to a public request for proposals process issued by The MasterCard Foundation. The Foundation is seeking innovative, collaborative and scalable project approaches for creating economic opportunities for young people by providing skills training and access to financial services. The initiative will grant US\$50 million over five years to two or three organizations in total.
2. The Foundation is seeking lead organizations to bring together a consortium of groups to present collaborative models that will enable disadvantaged youth to build successful livelihoods. The initial focus will be on the agriculture and agribusiness sectors in Ghana and Uganda.
3. IFAD has submitted a project concept that aligns with the Foundation's strategic objectives for this proposal call. The project would involve the creation of the Rural Young Mothers Business Opportunities (RYMBO) Consortium, to be led by IFAD with support from the Global Youth Innovation Network and several other partners. Its goal would be to provide increased economic opportunities for rural young mothers and youth in the North Region of Uganda and in the three northern regions of Ghana. The project would use a proven three-step social entrepreneurship model that would provide a holistic solution to the challenges that young women and men face by (i) determining gaps in rural business development services, (ii) providing entrepreneurial training and mentorship to close these gaps, and (iii) providing microfinancing to sustain business development. The project would build on the youth and smallholder engagement priorities defined in the Ghana and Uganda country strategic opportunities programmes. It would also support IFAD's Strategic Framework (2011-2015) and its rural youth operations, particularly by reducing the working poverty (un- and underemployment) of a large number of young rural women and men through the identification, documentation and sharing of youth-led, -owned and -driven innovative approaches in agricultural entrepreneurship. A draft project summary is included as the annex to this document.
4. The Executive Board is the competent organ to decide upon the acceptance to administer supplementary funds and the conditions/restrictions attached thereto. The Executive Board resolved to delegate a part of that authority to the President, specifically to receive and administer grants from any source on the condition that they be for financing of ongoing IFAD-funded projects, and grants from Member States on the condition that they be for financing of studies and short-term technical assistance activities related to IFAD-funded operations on similar conditions as specified in documents EB 86/28/R.47 and EB 87/30/R.28 respectively. As a consequence, if IFAD were to be awarded a supplementary funds grant from The MasterCard Foundation, the Executive Board would be the

competent body to approve the corresponding supplementary funds and authorize the President to finalize an agreement.

5. **The MasterCard Foundation.** The Foundation is an independent philanthropic organization based in Toronto, Canada, with approximately US\$9 billion in financial assets. The Foundation was established in 2006 by MasterCard Worldwide when the company became public. From inception, the company intended the Foundation to be an independent entity, with no company executives serving on the Foundation's board of directors. All decisions are determined by the Foundation's independent board of directors and its president and chief executive officer. The programmes financed by the Foundation are serving about 5.6 million people and focused mainly in 26 countries in Africa. It has, to date, committed US\$117 million to 18 projects that support the transition of disadvantaged young people into employment or sustainable enterprises through education, job and enterprise training programmes, and financial inclusion. Among its grantees are the United Nations Capital Development Fund, Plan International, Save the Children and the International Finance Corporation.
6. Grant awards will be announced in July 2014 and, should IFAD be among recipients, the signed supplementary funds agreement would be submitted to the Board for information at a subsequent session.

Rural Young Mothers Business Opportunities (RYMBO) Consortium Project Summary

The Rural Young-Mothers Business Opportunities (RYMBO) Consortium, will be led by IFAD, and supported by the technical capacities of the Global Youth Innovation Network (GYIN), African Women Development Fund (AWDF), and Maendeleo Foundation as sub-recipients. Other partner members of the RYMBO Consortium include Columbia Business School (CBS), Arizona State University (ASU), Centre for Entrepreneurship Education and Development (CEED), International Youth Foundation, World Food Prize, FINCA Uganda, Ecobank Ghana, Makerere University, and University of Ghana. The RYMBO Consortium is established to improve the capacity of young mothers to access jobs, grow business, and access financial services and expand opportunities available to them and their children.

IFAD, given its relevant and unique mandate, is a key partner to lead this initiative and to scale up the eventual outcomes and impacts from this project.

The Consortium's proposed overall goal is to enable rural young mothers (15 to 25 years of age) from north of Uganda and Ghana to create sustainable farm and non-farm businesses by building their entrepreneurial capacities for enhanced peer learning and their access to complementary business development services through a three step approach: (1) Survey of business development services to determine service gaps; (2) Provision of entrepreneurial training and mentorship to close service gaps; and (3) Micro-credit lending services to sustain rural business development services. This three-step approach aims to provide a holistic solution to the challenges young mothers face in the Northern Regions of Ghana and Uganda. This five-year (2014-2019) project targets young mothers in 20 districts in north of Ghana and in 30 districts in north of Uganda.

In component 1 of this proposed project, the Consortium will continuously research, document, and disseminate the array of business development services and knowledge products available to rural young mothers. The goal is to determine where the service gaps exist from the entrepreneur's perspective and from the provider's perspective and to create guidelines for funding and service-providing agencies on how to better target their efforts to support enterprise development in the rural areas.

In component 2, appropriate training and mentorship programs for rural young mothers will be designed to fill the gaps identified in Component 1, in addition to agricultural and entrepreneurship development services. Rural young mothers, local youth and women organizations, regional and national implementing partners will take the lead in identifying priorities, given their first-hand experience of the realities on the ground.

In component 3, the risks in financing rural youth-owned enterprises and their readiness to repay loans with adequate risk mitigation will be assessed, and based on assessment and market study; micro-credit will be extended to start new and innovative agriculture-based and non-farm-based businesses. During the grant period, the proposed project plans to provide credit to 2000 rural young mother-owned businesses.

The specific objectives envisaged are:

- Objective 1: To research, document and share learning from the project through practical knowledge products, and events that will support the scaling up and replication of successful rural young mother-led venture creation and business development in these two countries.
- Objective 2: To build the capacity of rural youth organizations to develop and deliver entrepreneurial innovation- based experimental training, mentorship, and partnership services to support rural young mothers' agribusiness ventures, and enterprises.

- Objective 3: To build the capacity of local financial institutions to provide micro-credit through risk assessment and mitigation, and to develop and deliver youth-inclusive financial instruments to rural young mothers.

In total, the RYMBO Consortium expects to achieve following outcomes: (i) to train 48,000 young mothers in enterprise development and venture creation, among which 3,200 agri-entrepreneurs, and (ii) provide direct employment to 2,000 young mothers with training, mentoring, business development tools, market and employment-related information, financial services and jobs. An additional hallmark of the project is its commitment to and emphasis learning and knowledge sharing on successful rural young mother-led farm and non-farm enterprises. IFAD with its RYMBO Consortium partners will leverage its network, resources, and expertise in this area to document and disseminate lessons learned, to enable replication of proven practices among the rural youth and agricultural practitioner communities.

This proposal will support governments and development partners in Ghana and Uganda to address the increasing challenges of rural young mothers so that they can access sustainable socio-economic opportunities in the rural areas. This proposal will also support the transition of young mothers into employment or sustainable enterprises by engaging partners in education, job, and enterprise training, and financial inclusion efforts. Both Uganda and Ghana have growing economies and are producing the demand for qualified workforce – creating a substantial opportunities for youth. However, young mothers are not benefiting from these substantial opportunities given their disadvantage situation having to take care of their children first. These two countries' governments are prioritizing the youth employment challenge and are developing policies and programs to address their needs but still have a lot to do in giving rural young mothers the same chance as rural young fathers. In this context, we see opportunities to demonstrate scalable approaches to tackle persistent employment, entrepreneurship, and productivity challenges rural young mothers face on a day-to-day basis. This proposal will provide rural young with access to market-relevant skills training and financial services. We believe that vulnerable rural young mothers in Uganda and Ghana can improve their livelihoods, manage risk, and plan for the future if given the adequate and consistent support needed. This project approach will reflect the two countries national priorities around young mothers' employment and development. We will also engage the private and financial sector so that young mothers can access to jobs, the financial services and products they need to build their business, strengthen their resilience and invest in their future and those of their children.