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Investing in rural people

President's report on a proposed grant under the regional grants window to the Global Youth Innovation Network (GYIN) for scaling-up rural youth access to inclusive financial services for entrepreneurship and employment

Note to Executive Board representatives

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For: Approval

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant as contained in paragraph 13.

President's report on a proposed grant under the regional grant window to the Global Youth Innovation Network (GYIN) for scaling-up rural youth access to inclusive financial services for entrepreneurship and employment

I. Background and compliance with IFAD Policy for Grant Financing

1. The agricultural sector plays a major role in contributing to developing countries' annual GDP. In East Africa, the agricultural sector represents 30 per cent of total GDP according to data from the Feed the Future initiative, and employs 60 per cent of East Africa's population. However, the agricultural sector is not seen as one of modernization and large-scale dividends. As a result of local and national fragmentation, the market is too small to be efficient or attract investment. In countries such as Kenya and Uganda, agriculture is also challenged by low productivity, which results from a lack of access to markets, credit and technology.
2. In order to be sustainable, the agricultural sector needs to find a way to attract investment, capital and youth. However, because agriculture is not perceived to represent wealth or high dividends, youth have ventured into livelihood activities related to technology and entrepreneurship. There is a clear need to link agriculture with modernization, and to attract youth from developing countries to agricultural entrepreneurship.
3. The proposed project is in line with the goal and objectives of IFAD's 2015 Policy for Grant Financing.¹ It is also aligned with IFAD's objectives of empowering poor and rural youth, and promoting successful, innovative approaches and technologies that support agricultural and rural development. Finally, the project is in line with IFAD's objective of increasing access to financial services and markets for the poor.

II. The proposed project

4. The overall goal of this project is to enhance the process of raising capital for poor rural youth enterprises (including start-ups, existing businesses and scale-ups) by mitigating financial risks, increasing interactions with industry experts, acquiring new knowledge and sharing success stories. The objectives are to: (i) build the capacity of poor rural youth organizations to design and deliver entrepreneurship training, mentorship, business development services and partnership services to support youth entrepreneurs in rural East Africa; (ii) build the capacity of local financial institutions to provide alternative start-up and scale-up capital through risk assessment and mitigation, and to develop and deliver pro-poor, youth-inclusive financial tools in Burundi, Kenya, Rwanda and Uganda; and (iii) consolidate and share lessons learned from the project through practical knowledge products, communities of practice and events that support the scaling up and replication of successful pro-poor, youth-led ventures in rural East Africa.
5. The project primarily targets poor young men and women farmers, entrepreneurs, unemployed and under-employed youth between the ages of 21 and 35 in rural

¹ See EB 2015/114/R.2/Rev.1.

areas of Burundi, Kenya, Rwanda and Uganda. This project also targets stakeholders in the agricultural entrepreneur ecosystem such as farmer associations, private companies, governments, financial institutions, education and training institutions, and nonprofit organizations with a proven track record of serving as financial or technical service providers for rural people.

6. The project will be implemented over three years and will have the following components:
- Component 1: Knowledge management and research/survey of business development services in the region to determine service gaps and knowledge products that support scaling up and replication of successful rural youth businesses;
 - Component 2: Provision of rural entrepreneurial training, mentorship and business development and partnership services to close service gaps and equip rural youth with the skills, knowledge, and capacity to start and grow self-sufficient agricultural and agriculture-related enterprises; and
 - Component 3: Provision of start-up or scale-up loans with assessment of repayment risks and mitigation strategies to give rural youth the capital to develop and market their products and services.

III. Expected outcomes

7. The project is expected to have the following outcomes:
- (a) Component 1:
- (i) National and regional workshops and other events held to share knowledge and learning;
 - (ii) Report on rural youth knowledge gaps published and widely disseminated; and
 - (iii) Papers on rural youth employment and entrepreneurship training published and disseminated.
- (b) Component 2:
- (i) Rural youth trained in entrepreneurship, sustainable practices and business development services in each of the four target countries;
 - (ii) Rural youth involved in the Global Youth Business Incubator (GYBI) platform develop full business plans and are ready to receive start-up or scale-up capital;
 - (iii) Mentoring relationships created for rural youth entrepreneurs;
 - (iv) Partnerships between rural youth organizations and service providers created; and
 - (v) A set of guidelines developed to incorporate environmental sustainability into rural youth business models.
- (c) Component 3:
- (i) Rural youth-adapted financial products developed;
 - (ii) Guidelines established to embed environmental sustainability into youth entrepreneurship in order to generate additional revenues and access additional capital for start-up and scale-up;
 - (iii) Partnerships created between local financial institutions and the Consortium for Entrepreneurship and Employment for Youth Access to Financial Services (CEEYAFS), to create youth-friendly financial products through the GYBI platform;

- (iv) Rural youth receive at least US\$2,500 in start-up or scale-up capital; and
- (v) Micro-credit loans totalling US\$1.2 million (US\$300,000 per country) accessed by numerous young rural women and men.

IV. Implementation arrangements

8. GYIN was chosen as the grant recipient through a closed competitive process. The process involved a concept note, which was approved by IFAD's Operational Strategy and Policy Guidance Committee in March 2016. An invitation to bid was then sent to seven institutions, four of which had previously responded to a call for interest to design a concept note for this grant proposal, and an additional three organizations, which were selected by IFAD's East and Southern Africa Division. The proposal received from GYIN was clearly superior and was scored higher than all others by five of the seven evaluators.
9. GYIN, a public charity registered in the United States of America and based in Washington, D.C., has legal capacity to be the grant recipient. GYIN, a member of CEEYAFS, will enter into an agreement with the Latin American Youth Center) – another member of CEEYAFS – which has capacity to serve as the financial administrator of the project; this agreement will be approved by IFAD before any disbursement is made. GYIN will provide technical assistance for the overall coordination of this project in collaboration with the other members of CEEYAFS. Columbia Business School (CBS) and Susterra – both members of CEEYAFS – will be the primary sub-recipients receiving no more than US\$80,000 each. Other members of CEEYAFS such as Ashoka, Arizona State University (ASU), the International Labour Organization (ILO), Jain Irrigation and Enactus will provide mentoring, coaching, facilitation and technical backstopping to strengthen the relationships among implementing partners and national partner organizations, local service providers and beneficiaries. Most CEEYAFS implementing partners have offices or projects in the target countries.
10. Each of the three project components will be led by a member of CEEYAFS, with overall coordination provided by the project management team. Component 1 will be led by staff from ASU, Ashoka and Susterra, with support from one French-speaking and one English-speaking research assistant, and four in-country data analysts. Component 2 will be led by staff from CBS, with support from Believe Green sustainability mentors, national implementing partners and Ashoka. Component 3 will be led by staff from GYIN in collaboration with the Latin American Youth Center and national implementing partners, with support from GYBI consultants.
11. There will be no deviations from the standard procedures for financial reporting and audits.

V. Indicative project costs and financing

12. The cost estimate for the project totals US\$2,879,280, of which IFAD will fund activities through the proposed grant of US\$1 million. CEEYAFS and implementing partners will contribute US\$1,879,280 both in cash and in-kind.

Table 1
Costs by component and financier
 (Thousands of United States dollars)

<i>Components</i>	<i>IFAD</i>	<i>Cofinancing</i>	<i>Total</i>
1. Knowledge management and research/survey of business development services	205	535	740
2. Provision of rural entrepreneurial training, mentorship, business development and partnership services	380	1 045	1 425
3. Provision of start-up or scale-up funds with assessment of loan repayment and risk mitigation	341	160	501
4. Management fees/overhead	74	139	213
Total	1 000	1 879	2 879

Table 2
Costs by expenditure category and financier
 (Thousands of United States dollars)

<i>Expenditure category</i>	<i>IFAD</i>	<i>Cofinancing</i>	<i>Total</i>
1. Salaries and Allowances	300	535	835
2. Operating costs	75	50	125
3. Consultancies	90	25	115
4. Travel and allowances	60	30	90
5. Equipment and materials	30	100	130
6. Goods, services and inputs	31	64	95
7. Workshops	40	445	485
8. Training	300	600	900
9. Management fees and overheads	74	30	104
Total	1 000	1 879	2 879

VI. Recommendation

13. I recommend that the Executive Board approve the proposed grant in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, scaling-up rural youth access to inclusive financial services for entrepreneurship and employment, shall provide a grant of one million United States dollars (US\$1,000,000) to the Global Youth Innovation Network for a period of three years upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Kanayo F. Nwanze
 President

Results-based logical framework

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	The overall goal of this project is to enhance the current process of raising capital for poor rural youth enterprises (start-up/existing/scale-ups) by mitigating financial institutions risks, increasing interactions with industry experts, acquiring new knowledge and sharing success stories.	Number of poor young rural women and men with improved skills and knowledge in agricultural entrepreneurship and non-farm entrepreneurial activity. (disaggregated by country, gender and age)	<ul style="list-style-type: none"> • Completion/impact and evaluation reports • M&E system • IFAD grant portfolio database/GSR 	
Objectives	<p>Objective 1: To build the capacity of poor rural youth organizations to design and deliver entrepreneurship training, mentorship, business development services, and partnership services to support youth entrepreneurs in rural areas of East Africa.</p> <p>Objective 2: To build the capacity of local financial institutions to provide alternative start up and scale up capitals through risk assessment and mitigation, and to develop and deliver pro-poor youth-inclusive financial tools to rural youths in Burundi, Kenya, Rwanda and Uganda.</p> <p>Objective 3: To consolidate and share learning from the project through practical knowledge products, communities of practice, and events that will support the scaling up and replication of successful pro-poor youth-led venture creation and business development for rural youth in East Africa.</p>	<p>Poor rural youth trained in entrepreneurship and business development services in each of the 4 target countries</p> <p>Number of pro-poor rural youth adapted financial products developed</p> <p>Poor rural youth received start up or scale up existing capital of minimum \$2,500 each.</p> <p>Total micro-credit loans accessed by numerous poor young rural women and men</p> <p>Number of National and regional workshops/events organized for learning and sharing on issues of poor rural youth.</p>	<ul style="list-style-type: none"> • Baseline Data Collection / Follow-up Surveys • M&E system • Progress reports • Supervision reports/aide memoires • Completion and impact report • IFAD grant portfolio database 	<ul style="list-style-type: none"> • Background of poor rural youth entrepreneurship accurately portrayed • Marketing resources available • Communities accessible • Local and international financial institutions available to support poor rural youth • Participants successes are showcased and they have access to communication technologies and are receptive to new information as well as the GYBI Platform
Outcomes	<p>Outcome 1: CBS and ASU and researches service gaps for poor rural youth entrepreneurs' country with 25 respondents)</p> <p>Outcome 2: CBS, Jain Irrigation provide farm and non-farm entrepreneurship training in the four target countries</p> <p>Outcome 3: GYIN, Enactus and ILO provides agri-business entrepreneurship training to poor rural youth</p> <p>Outcome 4: GYIN creates mentoring pairs for rural poor youth</p> <p>Outcome 5: GYIN provides assistance with loan application process to poor rural youth</p> <p>Outcome 6: Local financial institutions provide poor rural youth-friendly loans</p> <p>Outcome 7: Local institutions and poor rural youth organizations build relationships</p> <p>Outcome 8: CBS and GYIN provides post-venture creation guidance and support</p>	<p>OC1: Surveys of poor rural youth conducted in target countries</p> <p>OC1: Interviews/focus groups of poor rural youth business service providers in target countries</p> <p>OC2: Number of courses offered by CBS over the three-year period to poor rural youth</p> <p>OC2: Number of poor rural youth trained on farm and non-farm entrepreneurship through the rural business schools</p> <p>OC3: Number of courses offered by GYIN/Enactus/ILO over the three-year period</p> <p>OC3: Number of poor rural youth trained on agri-business entrepreneurship</p> <p>OC4: Number of mentors selected by GYIN from the graduates on the GYBI platform</p> <p>OC4: Number of poor rural youth mentored by identified mentors</p> <p>OC5: Percent of poor rural youth working to access financial and non-financial entrepreneurship tools and products</p> <p>OC6: Number of loans disbursed to poor rural youth</p>	<ul style="list-style-type: none"> • Baseline Data Collection / Follow-up Surveys • M&E system • Progress reports Supervision reports/aide memoires • Completion and impact report • Poor Rural Youth forum/workshop reports • IFAD grant portfolio database 	<ul style="list-style-type: none"> • Access to free and fair market. • Implementers have knowledge of market landscape • Willing youth population • Political and cultural environment conducive to youth pursuing new livelihoods

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
	<p>Outcome 9: Regional/National partners create incubator/accelerator services for poor rural youth</p> <p>Outcome 10: Regional/National partners serve on technical advisory committees</p>	<p>OC6: Amount of loans disbursed to poor rural youth</p> <p>OC7: Percent of poor rural youth knowledgeable about access to financial and non-financial entrepreneurship tools and products</p> <p>OC8: Number of poor rural youth with access to guidance and mentoring post-venture creation</p> <p>OC9: Number of poor rural youth using incubator/accelerator services through the GYBI platform</p> <p>OC10: Number of poor rural youth accessing technical help</p>		
Key activities by component	<p>Component 1</p> <ul style="list-style-type: none"> Literature survey Data collection from poor rural youth entrepreneurs and service providers Dissemination of results <p>Component 2</p> <ul style="list-style-type: none"> Entrepreneurship Mentoring Programs Entrepreneurship Training Programs Partnership Developments <p>Component 3</p> <ul style="list-style-type: none"> Develop poor rural youth-friendly financial products Identify youth entrepreneurs for access to credit Guidance and Mentorship through loan Application Process Provide ongoing business start-up and improvement assistance 	<p>4 x National and regional events to share knowledge and learning on poor rural youth</p> <p>1 x Publication of results in academic journal, magazine</p> <p>1 x Presentation of results in international conference</p> <p>Creation /Enhancement of 16 business development services in the region</p> <p>Rural poor youth entrepreneurs (farm and non-farm) complete entrepreneurship training. 500 rural poor youth entrepreneurs per country</p> <p>Sustainable business opportunities and awareness training. 10000 poor rural youth entrepreneurs (All GYBI members will be granted access to environmental friendly training)</p> <p>Mentor pairs created -750 mentor pairs per country</p> <p>Poor rural youth enterprises ready to launch 2000 rural youth enterprises. *50% female-owned</p> <p>Partnership Development between rural youth organizations and services providers. 3 per country</p> <p>Assess and document 4 financial risk mitigation approaches for poor rural youth</p> <p>Start up and scale up capital of \$2,500 minimum for each of 480 poor rural youth entrepreneurs * 50% female</p> <p>Identify poor rural young men and women agripreneurs and rural entrepreneurs to access loans (US\$1.2 Million Dollars)</p> <p>Resources available to provide support to poor rural youth entrepreneurs. 80 mentors, 16 CBS MBA students, 2 staff of in-country partner organizations</p> <p>500 poor rural youth (per country) with access to TA</p>	<ul style="list-style-type: none"> Baseline Data Collection / Follow-up Surveys M&E system Progress reports Supervision reports/aide memoires Completion and impact report Poor Rural Youth forum/workshop reports IFAD grant portfolio database/GSR GYBI platform evaluation of selected business plans 	<ul style="list-style-type: none"> Availability of business owners per need of entrepreneur Access to updated information on businesses; resources necessary to host competitions Funds available; active communication amongst different participants involved Logistical capability of participants; free and fair markets Resources available for events; participants attentive to information available; participants well-versed