

Document: EB 2016/LOT/G.8
Date: 27 October 2016
Distribution: Public
Original: English

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President's report on a proposed grant
under the global/regional grants window
to Oxfam Italia for the project
Engaging Diaspora Communities in Italy
in Collaborative Efforts to Support Rural
Development and Youth Employment in
Morocco and Senegal

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 19.

President's report on a proposed grant under the global/regional grants window to Oxfam Italia for the project Engaging Diaspora Communities in Italy in Collaborative Efforts to Support Rural Development and Youth Employment in Morocco and Senegal

I. Background and compliance with IFAD Policy for Grant Financing

1. The impact of remittances and diaspora investment on development in migrants' countries of origin is being increasingly recognized and prioritized at the global level. The Sustainable Development Goals refer to the fundamental contributions migrants make to inclusive growth and sustainable development. The Group of 20, in its September 2016 Summit communiqué, issued in Hangzhou, China, reiterated the need to reduce remittance costs, which it linked to the priority of enhancing financial inclusion, especially for rural young people. The Addis Ababa Action Agenda of the Third International Conference on Financing for Development recognizes the contribution of migrants through remittances as a key driver of inclusive growth and sustainable development in countries of origin, transit and destination.
2. According to the most recent data, there are more than 4.5 million migrants in Italy, 338,000 of whom regularly engaged in agriculture. They transfer more than US\$10 billion per year in remittances to their countries of origin. The largest communities of migrants are from the Near East, North Africa and Europe and the West and Central Africa regions. It is estimated that 40 per cent of total remittances go to rural areas, while 5 per cent are invested in agriculture-related activities. These figures highlight the crucial role that the diaspora and their families play in rural development and food security in their home countries.
3. This project seeks to leverage the commitment of the diaspora towards their communities of origin to mobilize their savings and knowledge for viable investments in rural youth development through agriculture. A comprehensive mapping and in-depth assessment of diaspora communities will be carried out during project design. A series of meetings involving youth representatives of the diaspora will be held to identify and agree on implementation modalities.
4. Youth unemployment represents a major challenge in Morocco and Senegal alike. In Senegal, the International Labour Organization estimates that young people aged 15-34 years account for 67 per cent total unemployment. Morocco has seen years of increasing youth unemployment; among the unemployed aged 15-24, 50.3 per cent live in rural areas. The significant pressure on the labour market is mainly the result of inadequate policy, the low skills of young people, poor access to finance and low rates of economic growth. There is a need to counter youth out-migration – domestically, from rural to urban areas, as well as internationally.

5. The proposed project is in line with the goal and objectives of the IFAD Policy for Grant Financing (2015).¹ In particular:
- (a) It has a global public good dimension, promoting the exchange of knowledge and sharing of benefits between countries and regions in a way that can be aggregated and assessed beyond a single country operation.
 - (b) It aims to generate knowledge, to be shared within IFAD and feed into country-programming activities, and policy engagement at the regional and global levels, the achievements of which will require adequate documentation and analysis.
 - (c) It responds to the priority area of rural youth and employment, with a focus on creating institutional/policy innovations that lead to sustainable livelihoods and decent work for rural young people.
 - (d) It contributes to advocacy and policy engagement as a national influencing tool.
 - (e) It complements existing IFAD loans and programmes in Senegal and Morocco. In particular: (i) in Morocco, the proposal is aligned with the main objectives of IFAD's Agricultural Value Chain Development Programme in the Mountain Zones of Taza Province and Agricultural Value Chain Development Project in the Mountain Zones of Al-Houz Province, to support local businesses through the diversification of economic activities and the establishment of sustainable investments to increase incomes among poor rural women, men and young people; (ii) in Senegal, the proposal is aligned with IFAD's Support to Agricultural Development and Rural Entrepreneurship Programme, in particular its objective of creating sustainable rural employment opportunities for women and young people. The project will seek to coordinate with these programmes/projects, thereby providing additional financial resources to local businesses and creating further employment opportunities for rural young people.
6. The recipient, Oxfam Italia (OIT), was selected through open competition.² OIT is a development, humanitarian and awareness-raising NGO with sound experience in managing field and advocacy programmes, having already implemented several IFAD grants with satisfactory results and good performance.

II. The proposed project

7. The overall goal of the project is to boost job creation and income generation for rural young people in Morocco and Senegal by leveraging the long-term investment from their diasporas in Italy. The objectives are: (i) to provide networking skills and technical support to the diasporas in Italy to identify and invest in profitable and remunerated rural on- and off-farm initiatives in and Morocco and Senegal; and (ii) to provide financial and non-financial support to rural investments leveraging youth entrepreneurship and employment opportunities; and iii) to promote innovation and knowledge-building within diaspora organizations in Italy, among local and national policy-makers in Morocco and Senegal and among relevant international stakeholders to continue supporting the role of diaspora for rural youth development.
8. The target group will be comprise rural young people aged 15-35 years who will benefit from diaspora investments in Morocco and Senegal.
9. The project will be implemented over four years and comprise the following components:

¹ See EB 2015/114/R.2/Rev.1.

² The request for proposals was issued on 4 May 2016 on the IFAD website in English and French with a deadline for submissions of 19 June 2016, providing six weeks for invitees to develop proposals: www.ifad.org/en/what/operating_model/bid/tags/21293921.

- (i) Capacity-building and identification of matching opportunities for diaspora investments in rural enterprises;
 - (ii) Approval and implementation of on- and off-farm rural diaspora investments promoting youth employment/entrepreneurship; and
 - (iii) Knowledge- and evidence-based learning.
10. The project will create a stable investment mechanism for migrants' investments in rural economic opportunities, providing incentives for diaspora communities to act collectively and lead to productive rural investments in their countries of origin.
 11. At the end of year one (initial stage) and during year two (expansion stage), the project will issue a competitive call for submission of business proposals aimed at supporting rural development activities in Morocco and Senegal, targeted to the generation of local youth employment. It is hoped that the proposals, submitted by local entrepreneurs and backstopped by diaspora members, will cover a broad range of rural livelihood options, including on- and off-farm activities.
 12. The proposals will be presented as business plans including: (i) proposed objectives; (ii) timeframe; (iii) project costs; (iv) financing plan, specifying the amount of the investment; and (v) technical and financial gaps. Their technical feasibility and financial viability will be assessed, giving priority to projects generating youth employment, with strong, tailored capacity-building components promoting skills transfers.
 13. As the project is fully aligned with the national migration and rural development policy plans and strategies of Morocco and Senegal, and thanks to the support of the respective governments, greater sustainability may also be ensured in future through the potential institutionalization of the investment mechanism.³

III. Expected outcomes/outputs

14. The project is expected to have the following outcomes/outputs: (i) increased levels of diaspora investment in agriculture; (ii) increased number of young people employed in rural areas; and (iii) increased number of successful business models.

IV. Implementation arrangements

15. The project will be implemented by OIT, in partnership with Slow Food, Microfinanza and four Moroccan and Senegalese diaspora organizations. All organizations involved will promote coordination and networking with local, regional and national entities in Italy, Morocco and Senegal alike as community and stakeholder mobilization will be crucial to supporting the project strategy and future sustainability beyond the end of the project. In particular, they will reach out to existing partners based in Morocco and Senegal to ensure adequate local ownership and capacity to work on the ground. Partners include Remess, a network of networks focused on social economy; Attadamoune, a local microfinance institution in Morocco; FONGS, a network; NGO La Lumière in Senegal; Presidia and a network of 10,000 Slow Food gardens spanning the two countries. Due attention will be paid to coordination with key institutions in each country to ensure the necessary institutional buy-in and respect for national laws and regulations.
16. OIT as grant recipient will be responsible for the overall coordination of the project and its financial and technical implementation, including the coordination of the monitoring, evaluation and accountability activities. It will ensure that tasks implemented by different partners are well coordinated and in line with the approved work plan and budget. Specific partnership agreements will be signed

³ In a workshop organized by IFAD in April 2016, representatives of the Governments of Morocco and Senegal, along with diaspora organizations from the two countries, recognized the strong relevance of the proposal and declared their full support to the initiative. Background material for the workshop can be found at: www.ifad.org/topic/event/tags/remittances/senegal/y2016/17497922.

between OIT and the partners. Each organization will be responsible to the grant recipient for the proper financial accounting of the expenditures associated with activities, while OIT will be ultimately responsible and accountable to IFAD for ensuring that grant resources are used in accordance with the provisions of the financing agreement and fully accounted for.

17. There are no deviations from the standard procedures for financial reporting and audit.

V. Indicative project costs and financing

18. Total project costs of US\$1.95 million will be funded through an IFAD grant of US\$1.5 million and US\$450,000 in cofinancing provided by the grant recipient. Project costs by component and activities are presented in the following tables.

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

| <i>Components</i> | <i>IFAD</i> | <i>Oxfam Italia</i> | <i>Total</i> |
|--|--------------|---------------------|--------------|
| 1. Component 1: Matching opportunities for diaspora investment in rural business | 332 | 90 | 422 |
| 2. Component 2: On- and off-farm rural investment to generate youth employment | 900 | 250 | 1150 |
| 3. Component 3: Knowledge- and evidence-based learning | 170 | 110 | 280 |
| 4. Project management and overheads | 98 | - | 98 |
| Total | 1 500 | 450 | 1 950 |

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

| <i>Expenditure category</i> | <i>IFAD</i> | <i>Oxfam Italia</i> | <i>Total</i> |
|-------------------------------|--------------|---------------------|--------------|
| 1. Salaries and allowances | 391 | 115 | 506 |
| 2. Operating costs | 41 | 57 | 98 |
| 3. Consultancies | 94 | 18 | 112 |
| 4. Travel and allowances | 171 | 69 | 240 |
| 5. Subgrant | 510 | 100 | 610 |
| 6. Goods, services and inputs | 43 | 45 | 88 |
| 7. Workshops | 60 | 33 | 93 |
| 8. Training | 92 | 13 | 105 |
| 9. Overhead | 98 | - | 98 |
| Total | 1 500 | 450 | 1 950 |

VI. Recommendation

19. 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, the project Engaging Diaspora Communities in Italy in Collaborative Efforts to Support Rural Development and Youth Employment in Morocco and Senegal, shall provide a grant of one million five hundred thousand United States dollars (US\$1,500,000) to Oxfam Italia for a four-year period 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 | To spur job creation and income generation targeting youth in rural communities in Senegal and Morocco by maximizing the long-term investment of the diaspora in Italy | <ul style="list-style-type: none"> Between 5% and 10% increase of jobs related to in and off-farm sectors in the targeted areas % reduction of rural youth unemployment in the targeted areas | <ul style="list-style-type: none"> National statistics available for Morocco and Senegal disaggregated per region and age Project reports and surveys | |
| Objectives | <p>1. To channel networking skills and technical support to diaspora in Italy towards identification and investments in innovative, profitable and remunerated rural on- and off-farm initiatives in Senegal and Morocco</p> <p>2. To provide financial and non-financial support to rural investments leveraging youth entrepreneurship and employment opportunities</p> <p>3. To promote innovation and knowledge building within diaspora organizations in Italy, local policy makers in Morocco and Senegal and relevant international stakeholders to continue supporting the role of diaspora for rural youth development</p> | <ul style="list-style-type: none"> Between 5% and 10% increase of savings of the assessed diaspora invested in the selected business projects Between 200 and 400 new jobs created for youth in rural areas in Senegal and Morocco Recommendations and lessons learned from the project are shared within international fora and inspire IFAD national programs | <ul style="list-style-type: none"> Businesses registrations Business strategic plans of supported initiatives including support from diaspora Accounting books of the supported businesses and payroll for employees Public policy announcements and/or documents of local, national or regional institutions | <ul style="list-style-type: none"> No major economic shocks occur Political relationships between Italy and Morocco/ Senegal allow for economic cooperation Collaboration of the diaspora organizations and acceptance by in-country communities |
| Outputs | <p><u>Matching opportunities for diaspora's investment in rural business in their countries of origin are set-up</u></p> <p>Output 1.1: A survey report with investment behaviours and preferences of Moroccan and Senegalese diaspora members; (ii) mapping of economic actors in Morocco and Senegal. Output 1.2: 80 to 120 business project ideas. Output 1.3: Financial education and business management training delivered to diaspora members and business promoters.</p> | <ul style="list-style-type: none"> At least 50 diaspora members as potential investors and 50 business promoters are identified Up to 120 business project ideas are identified: 20-30 during the pilot phase and the rest in the second phase | <ul style="list-style-type: none"> Projects progress reports and documents MEAL reports of the project Project databases Focus groups, interviews and surveys | <ul style="list-style-type: none"> Diaspora is willing to financially invest in the countries of origin Local communities in SEN and MRC engage in business initiatives External funding opportunities integrate IFAD's contribution Minimum obstacles for business creation and support |
| | <p><u>On and off-farm sustainable rural investments</u></p> <p>Output 2.1: 50—100 investment initiatives financed and supported with technical assistance and mentoring support services. Output 2.3: Youth skills training offered to employable youth. Output 2.4: Information system for diaspora investors. Output 2.5: Market opportunities and B2B initiatives identified locally and for Moroccan and Senegalese products in the Italian market</p> | <ul style="list-style-type: none"> 50-100 new or existing businesses supported in Morocco and Senegal financed by diaspora members in Italy At least 60% of the new jobs are for youth as collateral of the increased rural investments generated by the sustained business initiatives | <ul style="list-style-type: none"> Project progress reports and documents MEAL reports of the project and databases Focus groups, interviews and surveys Business plans | <ul style="list-style-type: none"> Low -Informality Access to market, locally and abroad, is ensured (for business projects foreseeing commercialization of products) Investments on marketing, packaging |

| | Objectives-hierarchy | Objectively verifiable indicators | Means of verification | Assumptions |
|----------------|---|---|--|---|
| | <p><u>Knowledge and evidence-based learning</u></p> <p>Output 3.1: Communication materials Output 3.2: Scalable and replicable lessons learnt and methodologies Output 3.3: Lessons learnt are disseminated among policy makers at local, national and international level Output 3.4: MEAL (Monitoring, Evaluation, Accountability and Learning) system and operating procedures with critical indicators for this type of initiative.</p> | <ul style="list-style-type: none"> • An online repository of relevant documents developed during project implementation • Outreach to at least 100 policy-makers at local, national, international level • Number of access to webpages and followers on Facebook and Twitter | <ul style="list-style-type: none"> • Projects progress reports and documents • MEAL reports of the project • Web access to project documents and online pages | <p>and labeling are duly considered in building and identifying the business projects to be supported.</p> |
| Key Activities | <p>Component 1,</p> <p>1.1 Profiling of diaspora's interest towards investments in sustainable rural businesses</p> <p>1.2 Identification of stakeholders active in rural development in SEN&MRC</p> <p>1.3 Training and coaching to diaspora communities members and Senegalese and Moroccan stakeholders</p> <p>1.4 Creation of a rural business opportunities portfolio</p> <p>Component 2,</p> <p>2.1 Selection and funding of 50-100 rural business investment projects</p> <p>2.2 Set-up a technical assistance provision and monitoring system</p> <p>2.3 Organization of networking opportunities</p> <p>Component 3,</p> <p>3.1 Documentation and communication material</p> <p>3.2 Capitalization and systematization actions</p> <p>Knowledge dissemination</p> | <p>Component 1: 1 summary report with diaspora interests, in-country potentialities, financial market opportunities; portfolio of up to 40 investment projects; Stage 1 report indicating lessons by month 17.</p> <p>Component 2: At least 50 sub-grant contracts are signed; meetings/webinars organized involving supported business promoters and diaspora investors</p> <p>Component 3: A systematization document including 4 case studies; international events attended by at least 15 project beneficiaries presenting their experience in Morocco or Senegal</p> | <ul style="list-style-type: none"> • Project documents and progress reports • Baseline survey • Final monitoring and evaluation results • Minutes of meetings • Attendance lists • Completion report | <ul style="list-style-type: none"> • Active involvement of national and local institutions in the project activities • Active participation of the project beneficiaries to the project activities • Resources and funds are made timely available to grant recipient and its partners |