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President's Report on a Proposed Grant under
the Global/Regional Window to Afe Babalola
University, Ado-Ekiti for the Youth
Empowerment in Agribusiness and
Sustainable Agriculture Project

Note to Executive Board representatives

Focal points:

Technical questions:

Malu Ndavi
Lead Technical Specialist, RIA
Strategy and Knowledge Department
Tel.: +39 06 5459 2766
e-mail: m.ndavi@ifad.org

Dispatch of documentation:

Deidre McGrenra
Chief
Governing Bodies
Tel.: +39 06 5459 2374
e-mail: gb@ifad.org

For: Approval

Recommendation for approval

The Executive Board is invited to approve the recommendation for the proposed grant as contained in paragraph 11.

President's Report on a Proposed Grant under the Global/Regional Window to Afe Babalola University, Ado-Ekiti for the Youth Empowerment in Agribusiness and Sustainable Agriculture Project

I. Background and compliance with IFAD Policy on Grant Financing

1. Africa is experiencing rapid social and economic growth, with many economies growing by more than 6 per cent a year. While educational services have expanded, the link has been tenuous between the quality of education offered and the skills required for the employment opportunities that exist. As a result, a paradox exists in which a large number of graduates exist in the midst of unfilled vacancies and business opportunities. Afe Babalola University (ABUAD), together with ABUAD Farm and its partners – the International Institute of Tropical Agriculture (IITA) and Africa Rice Center – have piloted youth empowering programmes through on- and off-farm agribusiness in which participating youth called “agripreneurs” (agricultural entrepreneurs) form and register self-help groups. Pilot initiatives have been implemented under a number of projects focused on youth employment promoting youth participation in East and West Africa. Through this experience, IITA has developed a process that involves an examination and interview leading to identification of youth with potential to be contract farmers, to manage agribusinesses or to be trainers of trainees. AfricaRice also has experience in supporting the participation of youth in agriculture, in which the Center has contracted the groups as seed producers for biotic- and abiotic-tolerant rice varieties for sale to farmers. The youth have partnered with fertilizer distributors and the seed is distributed together with fertilizer. The project has been designed to formalize the training, in order for there to be formal certification of trainees. In addition, the project takes cognizance of the Rural Development Report released by IFAD in September 2016. It will contribute to:
 - (i) rural transformation, through increased agricultural productivity for marketable farm produce;
 - (ii) inclusive rural transformation, by supporting youth to exploit both on- and off-farm entrepreneurial opportunities; and
 - (iii) creation and improved access to services and infrastructure.
2. The proposed project is in line with the goal and objectives of the IFAD Policy on Grant Financing (2015).¹ Afe Babalola University was selected directly to lead project implementation, for the following reasons:
 - (i) ABUAD has a business and technical skills training programme for youth; this project will make use of collaboratively developed guidelines;
 - (ii) ABUAD has an ongoing collaboration agreement with AfricaRice and IITA to formalize youth training in agribusiness, so implementation will begin without delay. Indeed, this collaboration will ensure efficiency and effectiveness in project implementation; and

¹ EB 2015/114/R.2/Rev.1.

- (iii) AfricaRice and IITA have been piloting youth agribusiness and sustainable agriculture empowerment programmes over the past four years; this project seeks to build on the lessons and experiences learned.
3. The project contributes to promoting innovative, pro-poor policy approaches, with the potential to be scaled up for greater impact and to strengthen policy capacities. IFAD is expected to draw on the knowledge generation and dissemination process to inform future investments targeting youth for employment creation and active and profitable participation in agriculture. The project will:
- (i) train youth in agribusiness management skills;
 - (ii) identify key factors for influencing youth engagement in agriculture and the opportunities and constraints on young entrepreneurs in rural areas; and
 - (iii) adopt the strategies and policies that are best suited to fostering youth employment in agriculture.

II. The proposed project

4. The overall goal is to improve the livelihoods of poor unemployed rural youth through agriculture and agriculture-based enterprises. The objective is to train youth for enhanced pro-poor technical, business, entrepreneurial, financial and life skills, for increased incomes and the creation of employment opportunities. The direct target group will be composed of 1,000 unskilled and unemployed or under-employed rural youth with at least secondary education, in the Republic of Benin (350) and the Federal Republic of Nigeria (650). The indirect target group will be made up of rural and urban agribusiness enterprises employing over 500 trained youths, and over 500 newly established rural agribusiness enterprises employing one to two additional youths. Thus the indirect youth targeted totals about 1,000 in rural areas in Benin and Nigeria.
5. The project's main innovation is the theory of change for youth trainees, who follow a transitioning path from being unemployed to managing their own businesses or being employed in the food industry, by means of the acquisition of practical pro-poor technical skills. The project will be implemented over three years and will have the following outputs:
- (i) development of managerial and business skills among youth;
 - (ii) development of agribusiness training modules;
 - (iii) infrastructure development for youth training;
 - (iv) performance monitoring of training progress and of agribusiness, using innovative performance monitoring methodologies; and
 - (v) financing the agribusinesses of the trained youth through grants.

III. Expected outcomes/outputs

6. The project is expected to have the following outputs, with activities listed under each output:
- (a) Development of managerial and business skills, including:
 - (i) transferable skills; business and entrepreneurship skills, financial literacy and capability;
 - (ii) employability and "soft" skills; job search and networking, teamwork, communication, customer relations and leadership;
 - (iii) "life" skills for analysis and use of information, personal skills for managing oneself and interpersonal skills for communicating; and

- (iv) complementary skills: information and communications technology skills and vocational training, to match the skills and business interests of trained youth to the needs of the labour market.
- (b) Development of agribusiness plans for 10 selected commodities: leafy vegetables: soybeans/cowpeas; maize; plantain; mango; cassava; rice; moringa; fish; and fabrication of agricultural machinery. The specific activities are:
 - (i) in-depth market intelligence gathering on both production and adding of value for the selected 10 commodities; and
 - (ii) development of agribusiness plans valued at US\$500 to US\$2,500.
- (c) Infrastructure development for an efficient learning environment. Key activities will include:
 - (i) taking stock of the infrastructure inventory in ABUAD, IITA and AfricaRice;
 - (ii) assessing the capacity of the institutions for the proposed training; and
 - (iii) assessing their suitability for youth training.
- (d) Performance monitoring of training progress and agribusiness, using emerging and innovative performance monitoring methodologies to track delivery and documenting the achievement of results. The innovative performance monitoring methodologies will include:
 - (i) Crowdsourcing;
 - (ii) Participatory statistics;
 - (iii) Micro-narratives;
 - (iv) Data visualization;
 - (v) Multi-level mixed evaluation method; and
 - (vi) Outcome harvesting.
- (e) Financing the agribusinesses of the youth trained, through grants. Two types of joint business ventures are foreseen: (i) farm implement/equipment fabrication; and (ii) agro-industry value addition.

IV. Implementation arrangements

7. ABUAD is the grant recipient and will lead project implementation, being responsible to IFAD on both financial and technical project matters. IITA and the Africa Rice Center will be sub-grant recipients, reporting to ABUAD on both financial and technical project matters. In Benin the project will benefit from inputs from the Songhai Centre.
8. There are no deviations from the standard procedures for financial reporting and audits. ABUAD will be ultimately responsible for the consolidation of financial reports and for the submission of these reports to IFAD; it will ensure that:
 - (i) its institutional accounts are audited yearly in accordance with internationally recognized accounting standards and IFAD's financial guidelines, and a copy of its audited financial statements is submitted to IFAD within six months following each fiscal year-end;
 - (ii) An audit opinion letter on the Statement of Expenditures submitted to IFAD is duly completed by its independent auditors, disclosing the amount of funds from various sources that are received and spent under this operation; and

- (iii) The annual audit report submitted to IFAD includes IFAD funds and any cofinancing funds, and consolidates expenditures incurred by sub-grantees, which will be accountable for the use of sub-grant funds and be subject to normal audit oversight.

V. Indicative project costs and financing

9. Total project costs are US\$3.7 million, of which the IFAD contribution is US\$2 million; cofinancing breaks down as follows:
- (a) ABUAD cofinancing: US\$500,000 (all of which in kind);
 - (b) IITA cofinancing: US\$650,000 (US\$162,500 in cash and US\$487,500 in kind); and
 - (c) AfricaRice cofinancing: US\$550,000 (US\$137,500 in kind and US\$412,500 in kind).
10. The grant will be allocated as follows: approximately 35 per cent for project activities in Benin and 65 per cent for project activities in Nigeria. In addition to the cofinancing provided by ABUAD, IITA and AfricaRice, the recipient will explore other sources of cofinancing, with the guidance of the Songhai Centre, based on the Centre's network of collaborating microfinancing institutions for joint ventures.

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

<i>Components</i>	<i>IFAD</i>	<i>ABUAD, IITA and AfricaRice</i>	<i>Total</i>
Managerial and business skills training	289	450	739
Training in agricultural production operations	240	-	240
Training in value addition	190	450	640
Development of 10 agribusiness plans	189	-	189
Capacity strengthening for learning environment for youth	179	400	579
Innovative project performance monitoring	188	350	538
Youth grants	724	50	774
Total	2 000	1 700	3 700

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

<i>Components</i>	<i>IFAD</i>	<i>ABUAD, IITA and AfricaRice</i>	<i>Total</i>
1. Salaries and allowances	480	250	730
2. Grants and subsidies	390	-	390
3. Consultancies	80	265	345
4. Equipment and materials	147	260	407
5. Operating costs	150	390	540
6. Goods, services and inputs	40	245	285
7. Travel and allowances	48	-	48
8. Training	517	290	807
Subtotal, direct costs	1 852	1 700	3 552
9. Overhead/management fee	148	-	148
Total	2 000	1 700	3 700

VI. Recommendation

11. 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 Youth Empowerment in Agribusiness and Sustainable Agriculture Project, shall provide a grant of two million United States dollars (US\$2,000,000) to the Afe Babalola University, Ado-Ekiti upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Gilbert F. Hougbo
President

Results-based logical framework

Annex 1: Results-based logical

	Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	The overall goal is to improve the livelihoods of poor unemployed rural youth through agriculture and agriculture-based enterprises.	<ul style="list-style-type: none"> • 100% participating youth with improved income • 100% increase in rural youth with employment in agri-business • At least 8 commodities grown on commercial basis by trained youth • 05% of trained youth become contract farmers 	<ul style="list-style-type: none"> • Rural youth income and expenditure survey • Baselines report • End-term project evaluation reports 	
Objectives	The objective is to train youth for enhanced technical, business, entrepreneurial, financial and life skills for increased incomes allowing them to escape from under-employment and creation of employment opportunities.	<ul style="list-style-type: none"> • 1000 trainees trained in agribusiness management and operations, disaggregated by gender • 1000 trainees certified as competent in management of agribusiness, disaggregated by gender • 500 grants awarded to certified trainees to start businesses, disaggregated by gender • At least 45 per cent of the trainees are women 	<ul style="list-style-type: none"> • Baselines report • Outcome monitoring reports • End-term project evaluation reports 	Low level of acceptance among the population that perceives the training as inferior type of professional education.
Outcomes/ Outputs	Development of technical, managerial, business, entrepreneurial, financial and life skills for the selected youths	<ul style="list-style-type: none"> • 4 training modules in agribusiness developed for selected youths • At least 10 training manuals developed for training youth in agribusiness • 1 000 youths trained in managerial and agribusiness skills, disaggregated by gender • 1000 youths trained in agricultural Technical skills, disaggregated by gender • 1000 youths trained in entrepreneurial skills, disaggregated by gender • 1000 youths trained in life skills, disaggregated by gender • 200 youths trained in value addition, disaggregated by gender 	<ul style="list-style-type: none"> • Trainings curriculums • List of training participants • Project monitoring reports • Country visits and interviews with project manager, coordinators and other stakeholders 	Lack of legal and policy framework to entrench the training for the long-term

Objectives-hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Development of agribusiness enterprises based on 10 selected commodities	<ul style="list-style-type: none"> • 3 technical training programs manual on production developed • 4 training modules on value addition developed • 8 modules on agribusiness modules developed 		National Bureau of standards interference with the value addition products
Infrastructural development to ensure an efficient learning environment	<ul style="list-style-type: none"> • Upgrading fruit concentrate processing plant in ABUAD • At least 1 agribusiness infrastructure developed/commodity • 1 machine fabricated for production • 1 machine fabricated for value addition 		Exploitation of trainees on attachment in the agro-industry which discourages them to seek employment in future
Innovative performance monitoring of training progress	<ul style="list-style-type: none"> • At least 3 innovative performance monitoring methodologies to assess business performance • At least 10 training courses dedicated to the monitoring of the performance of the new established agri-enterprises should be provided to the participants 		Interference with the project with administrators and politicians pushing for underserving cases
Financing agribusiness of trained youth	<ul style="list-style-type: none"> • 500 youths receive grants to start own businesses, disaggregated by gender • 20 joint agribusinesses financed from grants 		Lack of access to financial services to expand jointly managed business