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Investing in rural people

President's report

Proposed global/regional grant

International Institute of Tropical Agriculture

A CGIAR institution

Creating Employment Opportunities for Rural  
Youth in Africa: Support to Integrated  
Agribusiness Hubs in Nigeria

Note to Executive Board representatives

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For: Approval

## Recommendation for approval

The Executive Board is invited to approve the recommendation contained in paragraph 18.

### I. Background and compliance with IFAD Policy for Grant Financing

1. The rate of global unemployment among youth (aged 15–24) stands at a staggering 71 million (13.1 per cent)<sup>1</sup> and is even higher among young women. The youth employment issue in Africa is further accentuated by the fact that it is the youngest and fastest-growing continent in the world. The International Monetary Fund estimates that by 2035 there will be more young people entering Africa's workforce each year than in the rest of the world combined.<sup>2</sup> A 2017 International Labour Organization report<sup>3</sup> points out that given "the limited capacity of other sectors to absorb the growing labour force, agriculture will remain important for employment and livelihoods in the near future" for young people in both farming and related activities.
2. However, while agriculture offers an opportunity to absorb this expanding young labour force, the root causes of youth unemployment remain due to: (i) lack of access to productive assets and natural resources, goods and services; (ii) lack of knowledge and technical and business skills; (iii) negative perception of agriculture among youth; and (iv) a non-conducive environment for youth employment, particularly one that promotes agribusiness development.<sup>4</sup> These constraints hamper rural youth's ability to be gainfully employed and/or develop successful businesses. Moreover, conventional business development services are often fragmented and focus on select and/or singular niche agribusiness opportunities, with limited scope for young people to make choices. Such services fall short in addressing issues related to the demand side (marketable skills and capacity); the supply side (labour markets); innovative technology generation and transfer; and energy needs that have the potential to catalyse job creation through agribusinesses along agricultural commodity value chains.<sup>5</sup>
3. In recognition of the above, IFAD has developed a large programme to be cofinanced by the Federal Ministry for Economic Cooperation and Development (BMZ) of Germany (US\$11 million) and the Visa Foundation (US\$3.5 million). The programme's theory of change is based on the premise that such challenges can be addressed through the development of integrated and holistic agribusiness hubs that can offer an array of opportunities for youth in wage employment and self-employment.<sup>6</sup> The five-year programme will be implemented in a phased manner. The IFAD grant contribution will be used in the first phase to finance the implementation of two hubs in Nigeria and Rwanda. These two countries were selected in collaboration with the regional divisions involved (the East and Southern Africa Division and the West and Central Africa Division) based on their identification as "early mover" countries<sup>7</sup> and a number of other criteria, including (i) potential pipeline projects for the Agribusiness Capital Fund; and (ii) the existence of enabling policies for the creation of agribusinesses. The hubs will serve

<sup>1</sup> [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_615594.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_615594.pdf)

<sup>2</sup> <https://mastercardfdn.org/strategy/#slide1>

<sup>3</sup> [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms\\_598669.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_598669.pdf)

<sup>4</sup> Synthesized from the following major reports: Rural Development Report: Creating Opportunities for Rural Youth (IFAD, 2019); Rural Youth Employment (World Bank and IFAD, 2017); and The Rise of Agricultural Growth Poles in Africa. Investment in Agriculture Policy Brief No. 6. (International Institute for Sustainable Development, 2017).

<sup>5</sup> Rural Youth Employment (World Bank and IFAD, 2017).

<sup>6</sup> See design document, p. 6, fig. 1., "Theory of change".

<sup>7</sup> A definition of "early mover" countries can be found in the IFAD Rural Youth Action Plan 2019–2021, section V, para. 12.

as an innovative mechanism to foster youth employment by applying combinations of innovative technologies, developing talent, building know-how, facilitating access to capital and enhancing business skills and access to finance and services.

4. The proposed programme is in line with the goal and objectives of the IFAD Policy for Grant Financing (2015).<sup>8</sup> Mainstreaming youth is a key priority of the Eleventh Replenishment of IFAD's Resources and is reflected in IFAD's Strategic Framework 2016–2025. This proposal is aligned with the IFAD Rural Youth Action Plan 2019–2021 and with three objectives of the IFAD Policy for Grant Financing, namely to: (i) promote innovative, pro-poor approaches and technologies with the potential to be scaled up for greater impact; (ii) strengthen partners' institutional and policy capacities; and (iii) generate and share knowledge for development impact. It is also aligned with the strategic guidance note for IFAD grants 2019–2021, in particular priority area 4 focusing on opportunities for youth.
5. Under this large cofinanced programme, the sponsoring division opened a competitive selection process for bidders in two identified countries, Rwanda and Nigeria, for the first phase. Following the receipt of proposals, a competitive selection and evaluation team responsible for identifying recipients agreed that in order to ensure the best performance in the two target countries, two winners should be selected for the first phase of the programme financed through the IFAD grant (one for Rwanda and one for Nigeria). In consideration of their technical, financial and institutional ability and their regional and technical comparative advantages, the International Institute of Tropical Agriculture (IITA) and the Songhai Centre were selected as the implementing institutions to develop the Nigeria agribusiness hub.<sup>9</sup> The role and responsibilities of each implementing institution are further detailed in part IV below.

## II. The proposed programme

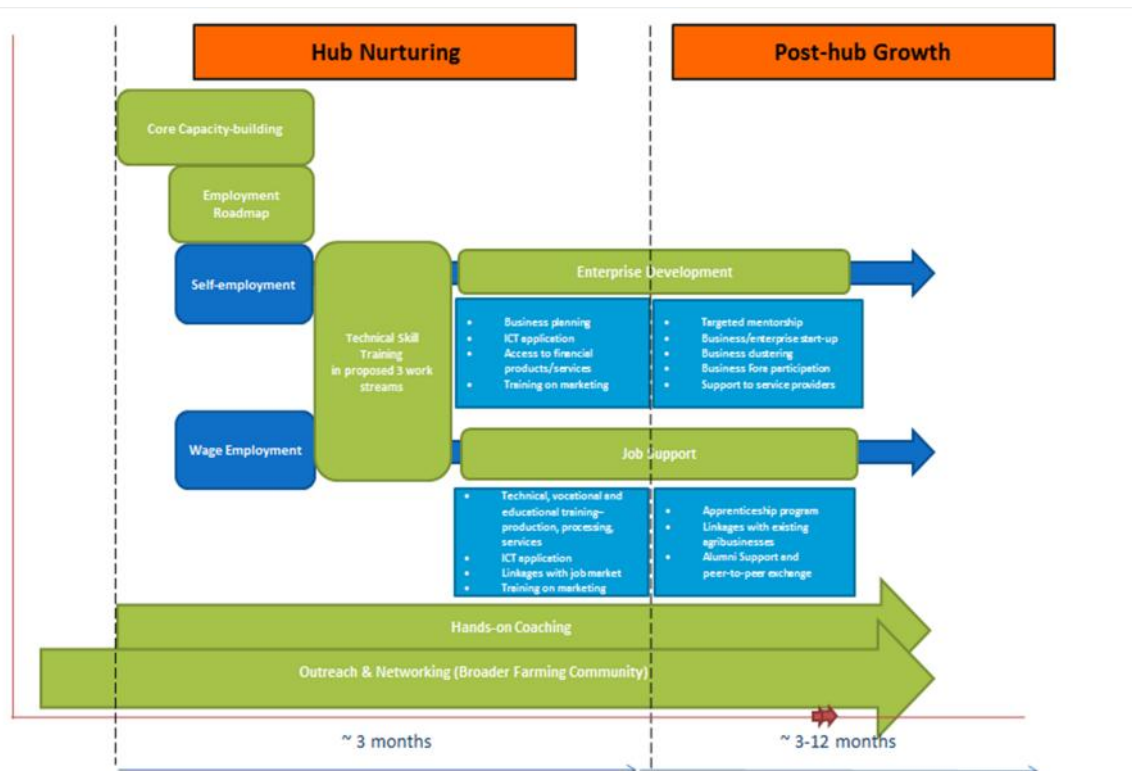
6. The overall goal of the programme is to create sustainable employment and income-generating opportunities for youth in agriculture-related activities.
7. The objectives are: (i) to support the development of integrated youth agribusiness hubs through strategic partnerships; and (ii) to generate empirical evidence on the integrated agribusiness hub models developed and tested under the programme to inform policy changes and national institutional adjustments with a view to scaling up the successful models to create jobs for youth.
8. The programme will create a minimum of 2,200 jobs for rural young women and men in Nigeria, 70 per cent of them in wage employment and 30 per cent as agribusiness start-ups. In addition, a minimum of another 3,000 jobs for young people will be created as a result of employment opportunities generated by mentored agripreneurs.
9. The programme will be implemented over five years and will have the following components: (i) agribusiness hub support and capacity development; and (ii) knowledge-sharing for policy dialogue and scaling up.
10. Component 1 will focus on preparing hubs for operations and activities and will be geared towards upgrading facilities, organizational strengthening, partnership development and establishing specific mechanisms that will combine and transform existing training resources into more integrated and effective training hubs.

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<sup>8</sup> See EB 2015/114/R.2/Rev.1.

<sup>9</sup> See design document, p. 7, section 2.2, "Recipient selection".

Figure 1  
Hub operations phases



11. The component will also focus on actual hub operations (see illustrated charts on pp. 17-18 of the design document), with activities relating to curriculum development; technical, vocational and business training; provision of post-training employment and agribusiness services; business clustering; and facilitating access to finance and markets. Activities will be tailored to two training pathways: (i) self-employment, covering agro-enterprises that create livelihoods in market-driven crop and livestock commodity production, agroprocessing enterprises and provision of goods or services; and (ii) wage employment, focusing on offering enhanced and well-rounded skills development that responds to relevant job market needs. Youth from IFAD projects – such as potential beneficiaries of projects on productivity enhancement, recipients of matching grants in agribusiness development and members of savings and credit cooperatives in rural finance – will be able to select appropriate pathways that link back to the projects. A key aspect of the hub will be the post-hub growth phase, when continued support will be offered to youth for the implementation of their identified employment opportunities, and linkages to financial outlets, markets and job placements will be facilitated.
12. Component 2 will focus on generating evidence that will inform national policies and action plans for the sustainable inclusion of rural youth in employment and entrepreneurship. Key activities will include: experience capitalization to enable the replication of the model in other countries; development of several knowledge products and capacity-building for youth to enable them to effectively engage in policy dialogue; knowledge management and strategic communication strategy; and facilitated peer-to-peer and South-South and Triangular Cooperation exchanges. The programme will also conduct an impact assessment study focusing on the hub model and youth employment. Since the programme is directly connected to IFAD operations, it will be possible to embed the design of impact assessments at the inception phase.

### III. Expected outcomes/outputs

13. The programme is expected to have the following outcomes: (i) increased self-employment and wage employment opportunities for youth through functional networks of integrated agribusiness hubs;<sup>10</sup> and (ii) integrated agribusiness hub models taken up and scaled up by public and private actors through policy changes.

### IV. Implementation arrangements

14. Programme oversight by IFAD will provide strategic guidance to ensure delivery of the programme and achievement of the programme objectives and goals. An agribusiness hub delivery board will be established, with representatives of the IFAD Country Office (as observers), private sector, youth and civil society, as well as the agribusiness programme coordinator, who will serve as the secretary of the board.<sup>11</sup>
15. IITA will be the legal grant recipient on behalf of the consortium (Songhai and IITA) and will be accountable to IFAD for all technical, financial, legal and fiduciary matters. IITA, as the recipient, will sign memorandums of understanding with Songhai and implementation sub-agreements with project partners after receiving clearance from IFAD. While responsibility for the day-to-day execution and management of agribusiness ventures will remain with individual programme partners, the overall coordination of the programme and compliance with programme requirements established by IFAD will ultimately be the responsibility of a programme management unit (PMU) to be set up by IITA. The PMU will be implemented through existing administrative support systems of the recipient and will be responsible for timely technical and financial reporting on the programme under established policies and procedures.
16. There will be no deviations from the standard procedures for financial reporting and audits.

### V. Indicative programme costs and financing

17. The overall programme cost is estimated at US\$3,134,651, to be financed through an IFAD grant of US\$1,750,000 and recipient cofinancing of US\$165,800. It is anticipated that other donors (BMZ and the Visa Foundation) will contribute funding to fill the financing gap of US\$1,218,800 after programme year 1.

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

<i>Components</i>	<i>IFAD</i>	<i>IITA/ Songhai</i>	<i>Other cofinanciers (BMZ, Visa Foundation)</i>	<i>Total</i>
1. Agribusiness hub support and capacity development	1 411	138	1 012	2 561
2. Knowledge-sharing for policy dialogue and scaling up	17	9	17	43
3. Programme management	322	19	190	531
<b>Total</b>	<b>1 750</b>	<b>166</b>	<b>1 219</b>	<b>3 135</b>

<sup>10</sup> The programme is expected to directly target 2,200 youth. See p. 11 of the design document.

<sup>11</sup> See the diagram illustrating the implementation arrangements on p. 24 of the design document.

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

<i>Expenditure category</i>	<i>IFAD</i>	<i>IITA/ Songhai</i>	<i>Other cofinanciers (BMZ, Visa Foundation)</i>	<i>Total</i>
1. Salaries and allowances	556	64	277	897
2. Consultants	27	1	50	78
3. Travel and allowances	32	3	58	93
4. Workshops	54	1	23	88
5. Equipment and Materials	120	37	58	215
6. Training	658	42	605	1 305
7. Operating expenses	163	6	58	227
8. Management fee (8 per cent)	130	12	90	232
<b>Total</b>	<b>1 750</b>	<b>166</b>	<b>1 219</b>	<b>3 135</b>

## VI. Recommendation

18. 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, Creating Employment Opportunities for Rural Youth in Africa: Support to Integrated Agribusiness Hubs in Nigeria, shall provide a grant of one million seven hundred and fifty thousand United States dollars (US\$1,750,000) to the International Institute of Tropical Agriculture for a sixty-month programme upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Gilbert F. Houngbo  
 President

# Results-based logical framework

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
<b>Goal</b>	To create sustainable employment and income generating opportunities for youth in agriculture related activities	% of targeted young men and women (15-35) who have reported improvements in income following graduation from hubs (Target = 70%)	<ul style="list-style-type: none"> <li>Project M&amp;E records</li> <li>Mid-term review of Programme</li> <li>Impact assessments</li> <li>SMEs records and national statistics</li> </ul>	<ul style="list-style-type: none"> <li>Political and economic stability in the country and the region.</li> <li>There are no climatic shocks</li> </ul>
<b>Objectives</b>	1.Increased self and wage employment opportunities for youth through functional networks of integrated agribusiness hubs	# of integrated agribusiness hubs successfully established and operational # of agri-enterprises established by mentored rural youth # of rural youth in wage employment	<ul style="list-style-type: none"> <li>Project M&amp;E records</li> <li>Impact assessments</li> <li>SMEs records and national statistics</li> <li>MIS systems</li> <li>Outcome Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Programme financing is disbursed in a timely manner and supports implementation</li> </ul>
	2.Integrated agribusiness hubs models up taken and scaled by public and private actors through policy changes	# of state and non-state actors accessing hub services # Country-level policy engagement resulting in policy changes (RIMS 3.3.5)	<ul style="list-style-type: none"> <li>Impact assessments</li> <li>Relevant National policies</li> <li>Outcome surveys</li> </ul>	<ul style="list-style-type: none"> <li>Hubs are successfully operating services and there is interest from multiple stakeholders to duplicate/replicate hub model</li> </ul>
<b>Outcomes/ Outputs</b>	<b>1.1 Outcome:</b> the design of a pioneering Agribusiness Hub in Nigeria through detailed planning of Agribusiness Hubs in Nigeria <b>Outputs:</b> 1.1.1 Development and publication of guidelines in Agribusiness Hub design for use by IFAD and its grantees in the future 1.1.2 Promotion of Agribusiness Hubs as a integrated rural development through a series of events and electronic messages	1.1 Mainstreaming of the Agribusiness Hubs by training institutions and other agents of development 1.1.1 Number of guidelines in Agribusiness Hub design published 1.1.2 Number (and type) of Agribusiness Hubs' promotional events	<ul style="list-style-type: none"> <li>Project M&amp;E records</li> <li>Impact assessments</li> <li>SMEs records and national statistics</li> <li>MIS systems</li> <li>Outcome Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Buy-in from training institutions and other agents of development</li> </ul>
	<b>1.2 Outcome:</b> Formalization and launch of a network of Agribusiness Hubs in Nigeria <b>Output:</b> 1.2.1 Develop and publish specific protocols	1.2 Establishment of formal relations with rural development stakeholders 1.2.1 Number (and type) of protocols published.	<ul style="list-style-type: none"> <li>Partnership database</li> <li>Signed MoUs</li> <li>Project reports</li> <li>Published protocols</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholders' favorable perception of the relevance of the external assistance on offer by the project</li> </ul>

Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
	<p>(Types: Criteria for youth selection, upgrading training facilities, establishing learning enterprises and identifying finance mechanisms)</p>		
<p><b>1.3. Outcome:</b> Training of 2228 youth (50% women) in during Years 2.3.4 and 5</p> <p><b>Output:</b></p> <p>1.3.1 Development of published accounts</p>	<p><b>1.3</b> 70% of youth trained in Year 2 &amp;3 enter the agricultural sector as skilled wage earners</p> <p><b>1.3a</b> 30% of youth trained in Year 2 &amp; 3 enter the agricultural sector entrepreneurs</p> <p>1.3.1Number of training (and type) events conducted/country</p> <p>1.3.2Number of youth trained/ year (disaggregated by sex)</p> <p>Number (and type) of publications.</p>	<ul style="list-style-type: none"> <li>• Project reports</li> <li>• Training materials</li> <li>• Documentation of extra curriculum activities</li> <li>• Apps &amp; social media analytics</li> <li>• Publications</li> <li>• Database of trained youth</li> <li>• Success stories of youth progression past trainings</li> </ul>	<ul style="list-style-type: none"> <li>• Political stability prevails in the project countries</li> <li>• Sustained commitment by the youth involved</li> <li>• Synergies continue to exist among project partners</li> </ul>
<p><b>1.4 Outcome:</b> Reliable provision of post-training employment placement and agribusiness services</p> <p><b>Outputs:</b></p> <p>1.4.1 Tracking of trained youth</p> <p>1.4.2Emergence of youth business clusters</p> <p>1.4.3Formation and services by a Youth Agribusiness Help Desk in Nigeria</p> <p>1.4.4 Better access to capital and markets by young agribusiness persons</p>	<p>1.4Increased placement of youth in the agricultural work force</p> <p><b>1.4.1</b> Number of trained youth (by sex &amp; level of education)</p> <p>i. Number of youth business clusters</p> <p>ii. Number (and type) of cases handled by the Help Desk</p> <p>ii. Amount of finance raised in support of business plans developed by departing interns</p>	<ul style="list-style-type: none"> <li>• Database of trained youth in agribusiness</li> <li>• Help desk Analytics reports</li> <li>• Project reports</li> <li>• Signed Credit agreements</li> <li>• Filed business plans</li> </ul>	<ul style="list-style-type: none"> <li>• Political stability prevails in the project countries</li> <li>• Sustained commitment by the youth involved</li> </ul>
<p>Output 2.1 Evidence-based knowledge products developed</p>	<p>2.1 Functional knowledge management system</p> <p>2.2.Number (and type) of Knowledge Management products applied</p>	<ul style="list-style-type: none"> <li>• Functional knowledge management system</li> </ul>	<p>Political stability prevails in the project countries</p> <p>Sustained commitment by partners &amp; youth involved</p>