



Investing in rural people

Executive Board

President's report on a proposed global/regional grant to the International Labour Organization (ILO) for the Accelerating Decent Employment for Rural Youth: Scaling Up Phase of the Integrated Agribusiness Hubs Programme (ABH) in Sri Lanka and Zambia

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 20.

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For more information on the programme, please visit <https://youthagrihubs.org/>

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I. Background and compliance with the IFAD Regular Grants Policy

1. Over one billion young people aged 15–24 live in developing countries, with half residing in rural areas, despite rapid urbanization. These rural youth represent a major share of new labour market entrants, with the agrifood sector serving as a key source of employment, particularly in sub-Saharan Africa, Asia, and Latin America and the Caribbean. Yet limited access to decent and productive work, weak labour market institutions and inadequate access to technology and services continue to constrain the potential of youth. As a result, a growing number of rural youth, especially young women, are not in education, employment or training, which has prompted many to migrate to cities or to move abroad in search of better livelihoods. These movements often do not result in improved living standards and, in some contexts, they contribute to social strain, irregular migration and instability. Compounding these challenges are the impacts of climate change, the depletion of natural resources, the spread of transboundary diseases, gender inequalities and the underdevelopment of agrifood systems. If left unaddressed, these factors risk deepening poverty, inequality and insecurity in rural areas, undermining peace and stability.
2. Empowering rural youth, particularly young women, as key actors in agrifood systems transformation can generate economic opportunities, foster social cohesion and strengthen resilience. With access to skills, finance, markets and supportive ecosystems, young people can drive innovation, create decent jobs and reduce distress migration.
3. These efforts align with global and regional frameworks such as the 2030 targets for sustainable development; Agenda 2063: The Africa We Want; the Global Compact for Safe, Orderly and Regular Migration; and the United Nations youth, peace and security agenda. Strengthened policy dialogue and collaboration at regional and global levels are therefore essential to link youth employment, migration governance and peacebuilding, transforming demographic potential into a driver of inclusive growth and lasting stability.
4. IFAD launched the Integrated Agribusiness Hubs Programme in 2019 as an innovative response to the above-mentioned challenges and opportunities and a means of promoting increased and improved wage employment and self-employment for rural youth. The programme is being implemented in nine countries (Algeria, Cameroon, Côte d'Ivoire, Kenya, Madagascar, Malawi, Mozambique, Nigeria and Rwanda) and has supported the creation of over 59,000 decent jobs for youth, surpassing many targets, including for the employment of young women, demonstrating the programme's robust focus on women's empowerment. The programme has equipped rural youth with the necessary skills and resources to actively participate in local labour markets and economies. The resulting increase in youth employment rates is benefiting their communities, revitalizing rural economies and creating sustainable pathways out of poverty for countless rural people.

5. The tangible results achieved under phase I have validated the ecosystem-based hub delivery model as an innovative approach to linking skills development, enterprise growth, market access and policy engagement. Experience has shown that when rural youth are provided with the right skills, resources and networks, they can become powerful agents of economic resilience, food security and peace. At the same time, lessons from the first phase point to opportunities to refine the model and scale up its outreach to engage more young people, particularly young women, and to strengthen its policy influence at the national, regional, and global levels.
6. The scaling up phase will position the programme as a transformative initiative that expands access to decent and sustainable employment opportunities for rural youth in the agrifood and adjacent sectors, while also promoting responsible investment, green innovation and inclusive trade. By creating vibrant local economies, the programme will contribute to social cohesion and stability and help prevent distress migration.
7. The proposed scaling up initiative is in line with the goal and objectives of the IFAD Regular Grants Policy (2021),¹ which aims to promote sustainable and inclusive rural transformation. Through the agribusiness hub model, the initiative will strengthen the capacities of youth agripreneurs and small and medium-sized agricultural enterprises, while also facilitating wage employment opportunities in priority value chains. By combining entrepreneurship support with job creation, the initiative will promote inclusive economic participation for rural youth. In line with the grant policy's catalytic approach, it will foster innovation, partnerships and scalable solutions, while generating knowledge, building institutional capacity and complementing IFAD's investment operations to enhance impact and sustainability across countries.
8. The grant recipient was identified through a competitive selection process. The process was approved by the Director of the Environment, Climate, Gender and Social Inclusion Division and entailed a restricted call for proposals in two countries identified for the scaling up phase of the ABH – Sri Lanka and Zambia. Following the submission of proposals, a competitive selection evaluation team conducted a rigorous assessment and jointly selected the International Labour Organization (ILO) as the winning bidder, based on its strong performance across criteria related to technical quality, implementation capacity, scalability and the organization's financial proposal. In its proposal, ILO demonstrated extensive experience and expertise in youth employment, in line with its mandate on the decent work agenda.

II. The proposed programme

9. The overall goal of the programme is to create sustainable employment and income-generating opportunities for rural youth in the agrifood and adjacent sectors through an integrated productivity ecosystems approach that will enhance economic resilience, reduce migration pressures and contribute to peace and stability. The objectives are to: (i) improve youth employability, productivity, access to jobs and resilience through integrated skills development, enterprise and labour market services delivered through operational hubs; and (ii) enhance evidence and strengthen engagement to scale the hub model.
10. The target group will be composed of 1,500 youth per country who will have access to hub-based services, with outreach disaggregated by age, sex, disability and employment pathway.

¹ See EB 2021/132/R.3.

11. 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.
12. **Component 1: Improve youth employability, enterprise productivity, access to jobs and resilience through integrated skills development, business support and labour market services delivered through operational hubs.** Activities under this component will build on the evidence accumulated during phase I and on IFAD's ecosystems approach and will strengthen integrated agribusiness hubs to enhance access to decent wage employment and self-employment. These activities will include: (i) developing market-responsive curriculums through technical and vocational education and training (TVET)-anchored hubs; (ii) designing and implementing structured industrial internships and apprenticeships with private sector partners and TVET institutions; (iii) delivering integrated entrepreneurship and business management training tailored to agrifood value chains; (iv) organizing an innovation challenge focused on business development services that will improve firms' productivity, promote green and digital upgrading, and strengthen job quality in supported small and medium-sized enterprises; (v) facilitating access to affordable finance and business development and incubation services; (vi) strengthening public employment services and collaboration with private employment providers; (vii) job matching and placement; and (viii) mentorship and coaching services.
13. **Component 2: Enhance evidence and strengthen engagement to scale up the agribusiness hub model.** This component will focus on generating evidence, strengthening monitoring and evaluation systems, and facilitating knowledge exchange and policy engagement to support the institutional uptake and scaling up of effective rural youth employment models in Sri Lanka and Zambia and the integration of tested hub practices into IFAD investment projects. Activities under component 2 will be centred around (i) conducting labour market, skills and value chain assessments to understand the context and inform implementation; (ii) establishing an online rural youth community; (iii) facilitating structured knowledge exchange between key stakeholders from Sri Lanka and Zambia, including youth representatives, IFAD operations personnel and members of a consortium of national institutions and organizations through short peer-learning sessions; (iv) facilitating IFAD-ILO-led South-South and Triangular Cooperation exchanges to disseminate practical lessons on youth skills, enterprise productivity and labour intermediation, enabling other countries to adapt elements of the agribusiness hub model; and (v) convening focused policy dialogues with government officials, social partners, youth representatives and private sector actors to inform national youth employment and agrifood strategies. The latter will include incorporating input from young people into the national youth development strategy.

III. Expected outcomes

14. The programme is expected to have the following outcomes: (i) improved market-relevant skills development systems and labour market services; (ii) enhanced business productivity; and (iii) enhanced knowledge, policy dialogue and scale.

IV. Implementation arrangements

15. IFAD – through staff of the Environment, Climate, Gender and Social Inclusion Division, the Department for Country Operations, and the Procurement and Financial Management Division – will be responsible for oversight and management mechanisms and will provide strategic guidance to ensure delivery of the activities and achievement of the objectives and goals of the initiative.

16. ILO will be the main recipient of the IFAD grant and the lead implementing agency. ILO will co-implement the programme in partnership with a consortium of national institutions and organizations. In Sri Lanka, these will include the Vocational Training Authority and district vocational training centres, the National Enterprise Development Authority, and the Small Enterprise Development Division under the Ministry of Youth and Sports. In Zambia, consortium partners will include the Chipata Trades Training Institute, Katete College of Agriculture and Marketing, and the organization Young Africa/Skills2Live.
17. Overall responsibility for programme management and for technical and financial delivery of the scaling up initiative will rest with ILO, which will be accountable for ensuring sound financial management and reporting to IFAD on the use of grant funds, in accordance with the provisions of the grant agreement. ILO will formalize partnerships with co-implementing entities through memoranda of understanding. Subrecipients will be engaged through annual subcontracts with clearly defined deliverables, with renewal contingent on performance.
18. There will be some deviations from the standard procedures for financial reporting and audits. ILO has requested that the relevant articles of the grant agreement be aligned with those previously negotiated under grant agreement no. 2000003987. This relates mainly to ensuring that audit and financial reporting remain consistent with the United Nations Single Audit Principle and ILO's institutional framework; confirming the use of ILO's procurement regulations, rules and procedures for all programme implementation activities, including with respect to reporting financial and other misconduct; aligning financial management and disbursement modalities, including pre-financing and documentation requirements; and reflecting ILO's privileges and immunities as a public intergovernmental organization and incorporating related provisions on visibility and intellectual property.

V. Indicative programme costs and financing

19. The overall programme cost is US\$2,195,100, including an IFAD grant of US\$1,750,000 and a cash contribution of US\$445,100 by the consortium partners. The detailed costs by component, financier and expenditure category are presented in the tables below.

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

<i>Components</i>	<i>IFAD</i>	<i>ILO</i>	<i>Total</i>
1. Sri Lanka	654 000	120 500	774 500
2. Zambia	654 000	139 600	793 600
3. Sri Lanka and Zambia	327 000	185 000	512 000
4. Overhead	115 000	-	115 000
Total	1 750 000	445 100	2 195 100

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

<i>Expenditure category</i>	<i>IFAD</i>	<i>ILO</i>	<i>Total</i>
1. Salary and allowances	598 000	264 800	862 800
2. Goods, services and inputs	659 000	116 300	775 300
3. Consultancies	119 000	20 000	139 000
4. Travel and allowances	125 000	25 000	150 000
5. Grants/subsidies	90 000	-	90 000
6. Operating costs	44 000	19 000	63 000
7. Overhead costs	115 000	-	115 000
Total	1 750 000	445 100	2 195 100

VI. Recommendation

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

RESOLVED: that the Fund shall provide a grant to the International Labour Organization in an amount of one million seven hundred fifty thousand United States dollars (US\$1,750,000) and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Alvaro Lario
 President

Results-based logical framework

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
Goal	To create sustainable employment and income-generating opportunities created for rural youth in the agri-food and adjacent sectors through an integrated productivity ecosystem approach that enhances economic resilience, reduces migration pressures, and contributes to peace and stability	<ul style="list-style-type: none"> Number of youth accessing decent wage or self-employment through integrated agribusiness hubs (direct beneficiaries) (of which: 70% wage employment; 30% self-/enterprise employment) 	<ul style="list-style-type: none"> Project beneficiary database Tracer surveys Employment follow-up surveys Project progress reports. 	<ul style="list-style-type: none"> *Macro-economic conditions remain stable *Agri-food and adjacent sectors continue to generate demand for youth labour *Migration pressures do not undermine programme retention
Objectives	Rural youth in particularly women access decent jobs and income-generating opportunities through improved skills systems, enhanced enterprise development support, and evidence-based policy engagement within integrated agribusiness hubs	<ul style="list-style-type: none"> Percentage of supported youth who transition into wage or self-employment within six months of completing project-supported training or enterprise support. 	<ul style="list-style-type: none"> Tracer surveys, Beneficiary tracking system, Employment placement records from Agribusiness Hubs and public employment services. 	<ul style="list-style-type: none"> *Skills development systems are responsive to labour market demand *Enterprise development services reach marginalised youth including women *Policy environment is conducive to youth employment in agri-food value chains *Minimal drop-out from project
Component 1 – Developing sustainable agricultural capacities of rural youth through integrated agribusiness hubs (IAHs)				
Outcomes	<p>Objective: Improve youth employability, productivity, access to jobs and resilience through integrated skills, enterprise and labour market services delivered through operational hubs.</p> <p>Outcome 1: Improved Market-Relevant Skills Development Systems and Labour Market Services.</p> <p>Outcome 2: Enhanced Business Productivity.</p>	<ul style="list-style-type: none"> Outcome indicator 1.1: Wage employment Number of youth who access wage employment (70% of direct beneficiaries) Outcome indicator 1.2: Self-employment / Enterprise development Number of youth in self-employment or entering enterprise development (30% of direct beneficiaries) Outcome indicator 1.3: Indirect / Anchor enterprise jobs Number of additional jobs created through anchor enterprises (indirect jobs) Outcome indicator 1.4: Job quality Average job quality score for supported jobs Outcome indicator 1.5: Increased income Percentage of beneficiaries reporting increased income 	<ul style="list-style-type: none"> Project records Beneficiary survey Partners survey Project records Beneficiary survey Partners survey Project records Beneficiary survey Partners survey Beneficiary survey Qualitative interviews Beneficiary survey Partner data (self-reported, ex-post) 	<ul style="list-style-type: none"> *Employment contracts are decent and fair *Majority of youth engaged in agri. value chains *Minimal drop-out *Self-employed individuals earn above minimum wage *Enterprises remain viable post-support *Anchor enterprises grow and hire additional workers *Value chain linkages are maintained *Proportion of rural agri. jobs will be informal *Rural jobs will often be seasonal

	Objectives hierarchy	Objectively verifiable indicators	Means of verification	Assumptions
	Int. Outcome 1.a	<ul style="list-style-type: none"> Intermediate outcome indicator 1.a Number of beneficiaries demonstrating improved skills 	<ul style="list-style-type: none"> Beneficiary survey 	*Beneficiaries retain and apply skills
Outputs	Output 1.1.1	<ul style="list-style-type: none"> Output indicator 1.1.1 Number of youth trained 	<ul style="list-style-type: none"> Training attendance sheets Beneficiary database 	*TVET partners can deliver market-relevant training *Youth—especially women and vulnerable groups—can participate effectively
	Output 1.1.2	<ul style="list-style-type: none"> Output Indicator 1.1.2 Number of beneficiaries completing internships or apprenticeships 	<ul style="list-style-type: none"> Beneficiary survey Partner data 	*Placement in internships and apprenticeships increases likelihood of decent employment
	Output 1.1.3	<ul style="list-style-type: none"> Output Indicator 1.1.3 Number of enterprises created 	<ul style="list-style-type: none"> Beneficiary survey Partner data 	
COMPONENT 2 – Generating empirical evidence and influencing policy to scale up integrated agribusiness hub models				
Outcome	Objective: Enhance evidence and strengthen engagement to scale the hub model. Outcome 3: Enhanced Knowledge, Policy Dialogue and Scale: Hub evidence informs national policy and improves employment relevance and coherence across IFAD investments.	<ul style="list-style-type: none"> Outcome indicator 2.1 Number of key stakeholders who express commitment to applying or scaling IAH model elements, following engagement with programme knowledge products 	<ul style="list-style-type: none"> Post-engagement survey with a defined commitment scale 	*Sufficient will and baseline capacity of stakeholders to carry forward the IAH model
		<ul style="list-style-type: none"> Outcome indicator 2.2 Number of stakeholders / partners with increased capacity 	<ul style="list-style-type: none"> Partner survey 	*Partner capacity improves implementation of IAHs *Partner capacity improves quality of service provision and policy in the rural agro-industrial employment ecosystem
Outputs	Output 2.1.1	<ul style="list-style-type: none"> Output indicator 2.1.1 Online rural youth community established and active 	<ul style="list-style-type: none"> Platform analytics; participation data 	*Rural youth have sufficient internet and mobile access to use the platform *Youth remain motivated to engage with the online community
	Output 2.2.1	<ul style="list-style-type: none"> Output indicator 2.2.1 Number of policy dialogues conducted 	<ul style="list-style-type: none"> Event reports 	*Stakeholders are willing and available to engage in policy dialogue