

Scaling up note



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Nigeria - Multi State Agricultural Development Project

The context

Despite Nigeria's plentiful agricultural resources and oil wealth, poverty is widespread in the country and has increased since the late 1990s. Some 70 per cent of Nigerians live on less than US\$1.25 a day. Poverty is especially severe in rural areas, where up to 80 per cent of the population lives below the poverty line, and social services and infrastructure are limited. The country's poor rural women and men depend on agriculture for food and income. About 90 per cent of Nigeria's food is produced by small-scale farmers who cultivate small plots of land and depend on rainfall rather than irrigation systems.

Lingering poverty and increasing youth unemployment are major obstacles to achieving development impact in Nigeria. The problems of youth unemployment and underemployment are more accentuated in rural areas, where agriculture remains the primary source of livelihoods.

Although Nigeria's GDP growth is three times higher than its population growth, it is not able to create sufficient employment opportunities for the 4.5 million young people entering the labour market annually.¹

¹ The figure is made up of people out of the school system (1 million), primary school leavers not proceeding to secondary school (2.2 million), secondary school leavers not proceeding to

Between 2006 and 2010, the unemployment rate in rural areas increased from 14.8 per cent to 24.2 per cent, and rural youth unemployment reached 37.3 per cent in 2010 (NBS, 2010). Young women and men account for almost 70 per cent of the unemployed population in Nigeria, mostly due to their lack of adequate skills (despite high education levels). Rising youth unemployment in the rural areas stems from the underdeveloped nature of the agricultural sector, which remains unattractive to them.

Recognizing these issues, the government adopted a multisectoral transformation agenda in 2011 to address the challenge of youth employment. The Agricultural Transformation Agenda (ATA) of the Federal Ministry of Agriculture, which is a part of the National Transformation Agenda, aims to promote agriculture as a business, and works along value chains to expand opportunities by increasing agricultural productivity, value addition, processing and commercialization – thus creating jobs and wealth and ensuring food security, particularly for youth and women.

Key elements of IFAD's country programme

IFAD's support to the Nigerian Government's poverty reduction programme in rural areas targets large numbers of smallholder farmers and is essentially people-centred. IFAD supports programmes and projects that work with communities, with smallholder farmers as the key players. The Fund also promotes commodity-based interventions that provide technical and financial support along several value chains, such as livestock products, rice and other cereals, roots and tubers, vegetables and agroforestry products.

The objectives are to empower poor rural people, especially women, by increasing their access to resources, infrastructure and services, and to promote the management of land, water and common property by local communities, thus helping to combat environmental degradation. IFAD-supported programmes and projects address issues such as erosion and the loss of soil fertility, as well as coastal zone natural resource management.

The establishment of an IFAD country office is having a positive impact on the management of the country programme. It has increased the role IFAD plays in policy engagement and allowed it to strengthen country partnerships.

Scaling up initiatives for youth employment in Nigeria

Through the Community-Based Natural Resource Management Programme (CBNRMP), IFAD has introduced an innovative enterprise development approach that involves the fostering of a new category of entrepreneur-cum-mentor: the N-Agripreneur. N-Agripreneurs are dynamic university graduates who own and run small-scale enterprises. Their role is to act as intermediaries between small-scale, market-oriented farmers, mostly youth, and large-scale agro-industries and wholesalers. As part of their mandate, the N-Agripreneurs make their businesses available as an engagement platform for business development services to producers, especially young people who are interested in agro-based activities, as well as a knowledge-sharing arena for farming communities.

The approach addresses the challenge of youth employment in the Niger Delta. It also supports the employment generation drive of the federal government to redirect women and youth towards agriculture as a viable and profitable occupational choice, in line with the ATA.

The programme has stimulated business-oriented agriculture, bringing about a change in the mindsets of rural youth and key actors in the public sector. More than 40,000 jobs have been created (in agribusinesses or as service providers) for young women and men across the nine states of the Niger Delta region. Up to 15,000 small agribusinesses, such as aquaculture, poultry and piggery operations, vegetable and rice production, and palm oil processing enterprises, have been set up by previously unemployed young women and men. Recent studies show that 10 per cent of the benefiting entrepreneurs are making more than US\$5,000 per annum, 60 per cent are making between US\$2,000 and US\$5,000 per annum, and 30 per cent are making less than US\$2,000 per annum. The success of the CBNRMP approach has prompted the government and corporate private-sector bodies to invest in enterprise development for young women and men.

Box 1: Elements of a successful youth employment model

IFAD can support the scaling up of successful youth employment models based on the CBNRMP experience. A successful youth employment model ensures:

- an understanding of the beneficiaries' needs and priorities
- a well-focused sensitization and awareness creation strategy on agribusinesses
- access to services for enterprise development (training, inputs, credit)
- the existence of service institutions to support the establishment and functioning of micro and small enterprises (MSEs)
- capacity-building at all levels (beneficiaries, government and project staff, etc.)
- a market for produce and agribusiness products
- sustainable management of natural resources
- availability and strength of local financial services
- a supportive policy and institutional environment
- sharing of success stories with the government and the public
- buy-in and sustainable engagement of other youth.

The enterprise creation models of CBNRMP have been used as a medium to engage young women and men in profitable agribusinesses, both in the programme areas and elsewhere. However, there are existing gaps in the scaling up process. While horizontal scaling up (expansion in size and number) is already happening, vertical scaling up (value addition through processing and use of guaranteed markets to drive production) has been limited. The vertical scaling up process is founded on:

- using a value chain approach for the development of commodities
- linking entrepreneurs to financial institutions
- developing key lead enterprise models with initial movers to serve as incubation and learning centres
- increasing the involvement of the Niger Delta Development Commission to internalize the enterprise delivery mechanisms in its mandate.

In terms of time horizon, scaling up youth employment interventions requires long-term perspectives – between 10 and 15 years – which goes beyond the time frame of a single project to a series of projects. This is because of the change in attitude that needs to take place among communities, more specifically among young people, towards seeing agriculture as a potential business opportunity and an attractive employment and livelihood choice.

Given that the scaling up process is already under way and that youth employment is a challenge across the whole country, the objective is to scale up the youth employment models to the national level. Within the context of the Transformation Agenda, national-level policy on youth is strong at the moment, and numerous schemes have been set up by the federal and state governments to create employment opportunities for rural youth. This, in turn, represents a great opportunity to scale up nationally and to complement other initiatives currently taking place in other parts of the country.

Potential obstacles to achieving results

Like every other business endeavour in Nigeria, the effort to scale up agribusiness is threatened by high operational costs due to external factors such as: (a) erratic power supply, (b) double-taxing, (c) lack of consumer protection for inputs, (d) extortion of money from producers and related corruption, (e) poor access to market, (f) poor access to productive inputs such as finance and land, and (g) lack of sufficient business skills to make investment competitive. The programme will introduce low-energy cost systems to overcome erratic power supply and collaborate with civil society to advocate for rule-of-tax harmonization. It will also work in partnership with financial institutions and collaborate with civil society organizations (CSOs) and other relevant development partners to influence policy against double taxation and for land access.

The programme will work with the Niger Delta Development Commission and the enterprise development unit of the Federal Ministry of Agriculture to improve the business skills of beneficiaries.

Box 2: Examples of agribusiness enterprises established by CBNRMP

Fish production. CBNRMP generated over 2,000 jobs in Warri, Delta State, by facilitating the establishment of 1,000 scientifically constructed fish ponds. This intervention brought about a reduction in poverty levels: beneficiaries and business operators are now making an average of N 205,101 per annum, which is almost equivalent to the national minimum wage of N 216,000 per annum. More than 77 per cent of beneficiaries are making a per capita net income of US\$4.42/day, which is significantly higher than the United Nations poverty threshold of US\$2.00/day.

Snail production. The programme promoted snail production enterprises, triggering sustained interest in the exploitation of dormant natural resources that originally served as a natural habitat for snails, resulting in regeneration of natural capital for income generation. A group of 11 young men and women converted a small portion of their compound farms into a snail farm. The group commenced operation in 2010 after they were trained by the programme at the Songhai Centre in Rivers State. The small farm was stocked in 2011 with 100 giant snails at a cost of N 200,000 (for fencing and stocking). By September 2012, it had 700 snails (excluding the ones sold) from which the group earned over N 100,000. The enterprise is seen as very lucrative, cheap to manage and highly sustainable. Most of the group members have established their individual units, and there is an increasing uptake by young people.

Strategy for scaling up

IFAD is adopting three interdependent and mutually reinforcing strategies for scaling up in Nigeria:

- **Use of enterprise investment champions to improve the quality of interventions and increase the number of youth entrepreneurs in enterprise involvement.** The IFAD country office applies a uranium fission model, which involves strengthening a lead youth investor to provide apprenticeship services to other young people in high-value, quick-win enterprises. Youth enterprise trainees are seconded to the investor, who trains and mentors them, and provides them with business guidance. The investor establishes a business for each trainee, who then operates one or two cycles of the business as an apprentice under the investor's guidance and mentorship. The trainee is weaned after an agreed time frame and then encouraged to anchor a similar development process for other young people. Using this model helps to leverage resources (usually in-kind) from private investors to scale up successes. The success of this strategy is underpinned by young investors using their businesses as a platform for knowledge-sharing in agribusiness development.
- **Partnership with government institutions and private-sector operators.** Partnership is a key element of the country strategy to scale up successes. In pursuing this strategy, the IFAD country office emphasizes using results to achieve buy-in: demonstrating results, selling results – and the process leading to them – through policy dialogue meetings with the government or private investors.
- **Use of knowledge-sharing platforms to disseminate best practices.** The country strategy for scaling up development initiatives is strongly rooted in the use of knowledge products, processes and systems. This involves the use of print and electronic media, communication agencies and stakeholders to stimulate the interest of other development programmes and the government in adopting similar practices.

Nigeria is battling unemployment, predominantly among the thousands of fresh graduates who join the labour market annually. Most of the graduates, including those in agriculture, do not have the necessary skills, financial ability or right orientation to invest in agribusiness, which has proven to be an inelastic subsector for employment creation. The vision of the IFAD country office, through CBNRMP, is to create jobs for more than 20,000 young people using a strong enterprise multiplication process that expands the job frontier in agriculture. The goal is to unlock the potential of agriculture for job creation and expand the rural economy for young people in Nigeria. In this context, the programme will focus on the Niger Delta region, where IFAD has been assisting Nigeria in creating jobs for young people through agribusiness development. Some of the successful entrepreneurs of CBNRMP will be recruited as N-Agripreneurs.

Scaling up successful rural youth employment generation models entails a long, multistakeholder process. Based on the experience of CBNRMP, IFAD can scale up youth enterprise development initiatives in

Nigeria through its three main instruments of intervention: policy engagement, project financing and knowledge generation and sharing. These three instruments of service delivery are interdependent and mutually reinforcing.

Policy engagement

The policy engagement pathway constitutes a major element in promoting the youth enterprise development model. It is essential to have a political environment conducive to dialogue and a favourable policy space for scaling up interventions. For this to occur, political will is crucial. The government's identification of youth employment as a priority area is a very encouraging step in this direction.

IFAD is engaging with the government and other country stakeholders to operationalize the youth employment challenge. IFAD interventions and the country strategic opportunities programme (COSOP) are aligned with government policy. For scaling up to be successful, it is essential to continue policy dialogue and to address the various policy impediments. Currently, IFAD is working within the policy framework of the Niger Delta Development Plan to increase its involvement with the Niger Delta Development Commission and internalize the enterprise delivery mechanisms in its programmes. In addition, strategic partnerships and collaboration are being sought with various government programmes that have recently been developed in order to scale up enterprise creation initiatives, for example the Youth Employment in Agriculture Programme under the Federal Ministry of Agriculture. There are also various enterprise development funds, such as the Micro, Small and Medium Enterprises Development Fund supported by the Central Bank of Nigeria's policy on financial inclusion and by the apex body of microfinance banks (the National Association of Microfinance Banks), that are well-funded government development initiatives and enterprise financing windows for scaling up the work initiated by CBNRMP.

Policy issues that might hinder the scaling up of successful youth enterprise development initiatives are the following:

- the limited ability and voice of CSOs to advocate for youth activities and knowledge-sharing, and the politically-oriented nature of some youth groups
- the high cost of business operations resulting from high overhead costs
- weak policy enforcement of norms and standards, as well as a poor legal framework for discharging business litigations within an acceptable time frame
- lack of transparency in land transactions, leading to delays (and in many cases denying of land access) in obtaining certificates of land ownership and use of land as collateral to capitalize agribusinesses
- weak donor coordination to provide development partners with platforms to internalize successes in government programmes and other donor programmes.

To tackle these impediments, IFAD intends to engage with CSOs periodically to share knowledge on its programmes and build their capacity to engage in advocacy efforts. IFAD will promote a value chain approach in its future interventions. This will entail engaging with the government to influence and improve the current policy and legal framework. IFAD will also explore partnership with the European Union-funded GEMS 3 project to build the capacity of government officials dealing with land transactions. With support from IFAD, the government intends to set up a unit to coordinate the initiatives of the various development partner efforts in Nigeria.

Project financing

Besides continued support from IFAD in future projects, the youth enterprise development model will be scaled up by promoting the piloting and replication of successful programmes by other partners. Government programmes such as the Subsidy Reinvestment and Empowerment Programme (SURE-P) and Youth Employment in Agriculture Programme can be key vehicles for scaling up. Projects of other development actors, such as DFID, USAID, ActionAid and Oxfam, also represent similar opportunities. In addition, a number of corporate private-sector oil companies are committed to youth engagement and rural development in the Niger Delta. Recently, an IFAD-supported grant initiative, Creating Opportunities for Rural Youth, has been launched to support the scaling up of best practices in four countries in West Africa. This will contribute to scaling up the good practices of CBNRMP and promote learning from experiences in neighbouring countries.

The main elements that need to be included in project design to ensure the scaling up of youth employment generation interventions are:

- an analysis of youth perceptions, needs, priorities and opportunities that can form the basis of a well-defined business approach to reassure young people of financial gains and the potential impact on their livelihood
- an analysis of the lessons learned from successful interventions that can inform and guide the design and implementation of the project
- an analysis of the institutional, financial and policy context that either allows for scaling up or needs to be improved
- a well-defined monitoring and evaluation (M&E) system to track the scaling up process and monitor results
- the identification of partners for project implementation, including the private sector and CSOs
- an exit strategy to ensure sustainability of the model after project completion.

Knowledge generation and sharing

Youth-to-youth learning on the ground can create the shift in perceptions that is critical to keeping young people gainfully employed in rural areas. IFAD has supported the setting up of a central communication platform for IFAD programmes in Nigeria to disseminate information about good practices in agriculture and agro-enterprises. This platform is a strategic tool for brokering knowledge. Through this platform, IFAD programmes work in partnership with the news agency of Nigeria and other print and electronic media to share and disseminate lessons from project implementation. In addition, CBNRMP has promoted different platforms and tools that can be used to generate and share knowledge about the impact of agro-enterprises on the creation of youth employment. These include:

- *Youth in Agriculture Network*. This agribusiness forum initiated and supported by CBNRMP is a network of enterprising young people across the states, actively evolving as a viable platform for promoting youth-to-youth sharing and for peer review among young agroentrepreneurs.
- *Commodity Apex Development Association (CADA)*. CBNRMP has facilitated the establishment of CADA, which is a community platform for harvesting the successes achieved by programme beneficiaries and sharing them with other community members.
- *Agro-enterprise incubation centres*. These are centres of knowledge and skills acquisition set up among the women and youth who have received training in business agriculture and enterprise management. For example, the Songhai Rivers Initiative and CBNRMP worked in partnership to promote rapid agro-enterprise knowledge and skills acquisition.

Partnerships with large oil companies (such as Nigeria Liquefied Gas Company, Chevron and IITA) are also emerging in youth engagement, which will benefit initiatives to scale up agribusiness in the Niger Delta. CBNRMP has held workshops with these organizations to discuss youth engagement in the region.

Drivers and spaces for scaling up

To implement and scale up youth employment generation interventions, favourable conditions need to exist or be created and obstacles need to be removed. The primary spaces that need to be considered when designing such interventions are summarized below.

Institutional space

Weak capacity and frail institutional arrangements can be an obstacle to scaling up. In general, government institutions at the state and local levels have limited capacity to self-finance projects, weak M&E and reporting systems, poor management, little administrative capacity and insufficient resources. They do not seek to capitalize on and share knowledge about best practices. Thus, service delivery tends to be weak. Although state and local government authorities have the required proximity to the rural poor, they are not able to spearhead initiatives in rural youth engagement. There is limited involvement from CSOs, farmer organizations and community-based organizations in core development activities. IFAD needs to build the capacity of state, local government and community institutions, including CSOs, through long-term

engagement, business orientation and organizational management training, and promotion of entrepreneurship, in order to scale up development successes.

Financial/fiscal space

Scaling up youth enterprise development models will necessitate financial resources. IFAD should document the successful experience of CBNRMP and other projects (including that of key partners) to secure the buy-in of private-sector partners as well as the support of the government. Nigeria is now a middle-income country and the government, therefore, has a key role in creating the fiscal space to mainstream IFAD-supported youth enterprise development initiatives into its own development programmes. The government has established various financial support programmes with the mandate of youth development and job creation through the Central Bank of Nigeria, the Bank of Agriculture, the Bank of Industry and the Ministry of Finance. These institutions should be tapped into for financial resources. Projects can support young people and emerging enterprises by facilitating linkages with financial institutions, for example through the enterprise incubation centres, common interest groups and apex organizations. Cofinancing by the government and other partners will ensure the sustainability of the models even after the end of IFAD support. Furthermore, private-sector operators with corporate social responsibility windows, such as multinational oil companies working in the Niger Delta, can be a source of funding to scale up successes. Public-private partnerships are also being developed in the new IFAD-supported value chain programme that could be useful in scaling up youth enterprises in Nigeria.

Political space

The flashes of social unrest in parts of Nigeria, coupled with the present Boko Haram insurgency in the north-east, have provoked government interest in youth employment as a means of taming the increasing tide of youth violence in the country. At present, youth employment generation is a government priority. One of the ATA policy pillars is to support rural youth in improving their access to markets and maximize their income. Given the number of young people entering the labour market annually, IFAD and other development partners will continue supporting the government in investing in enterprise development for youth.

Partnerships

Building and strengthening partnerships is an important driver of the scaling up process, and IFAD should continue building its partnerships and collaboration with the government to this end. Recently, IFAD has been working with the Gender and Youth Division of the Department of Extension, which is charged with the responsibility of youth employment in agriculture in the Federal Ministry of Agriculture. Other partnerships that can be built on and strengthened are those with FAO, the African Development Bank, the World Bank and USAID/MARKET Projects, and the upcoming DFID programmes, all of which are working on youth enterprise development. IFAD should aim to build partnerships with the private sector as well, as it has recently done with the Songhai Regional Centre, LAPO Microfinance Bank and further develop those with Nigeria Liquefied Natural Gas Company and Chevron.

Cultural space

Cultural and social aspects need to be carefully taken into consideration when scaling up youth enterprise development models. The main cultural obstacle to these models is the incorrect perception among young people that agriculture is not a profitable sector and, therefore, is unattractive. A change of mindset is essential for buy-in among young people. IFAD programmes should conduct extensive awareness campaigns on this topic on both radio and television, as well as via social media, to ensure that young people are involved from the early stages of interventions.

Monitoring and evaluation

The M&E system should be set up to ensure that the spaces (institutional, political, fiscal, etc.) have been created to allow scaling up of the model; this serves to monitor the pathway's intermediate goals. Measuring the outcomes and impacts of youth enterprise development interventions will ensure that they are on track and will serve to attract further investments. In the case of youth enterprise development, the M&E system should take into account:

- government policies and strategies that promote youth agribusiness enterprises and adopt the youth enterprise creation model
- the number of initiatives (government, private-sector, CSOs, etc.) that promote youth enterprise development, for example enterprise incubation centres
- the number of agribusinesses run by young women and men
- the per cent increase in income of benefiting young entrepreneurs
- the number of jobs created by the benefiting enterprises
- the size of assets accumulated by young entrepreneurs.

Key messages for scaling up in the country

The key messages for scaling up youth enterprise development in Nigeria are:

- Strengthening existing partnerships with the government and other development partners, and developing new ones with relevant private-sector organizations, financial service providers and community organizations, is key to a successful scaling up process.
- Building on the government's policies for mainstreaming the youth agenda in national policies, programmes and plans, the IFAD country programme needs to operationalize good practices and improve communication about them. It also needs to build the capacity of relevant government partners in this respect.
- An attitudinal shift towards a business-oriented view of agriculture among young people is necessary to tackle the acute problem of youth unemployment in rural areas.
- Enterprise incubation centres should be established and nurtured to become models for more young people in rural areas; youth agribusiness forums should be continuously supported.
- The design of any IFAD programme should include a detailed exit strategy where activities are identified and phased out to allow the government and/or private sector to assume full responsibility of interventions that have proven successful.

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