

1. Grant Sponsoring Division: <u>ECG, PMI and RIA</u>	2. Co-sponsoring Division(s)¹: ESA and WCA
3. Title of the grant: Rural youth employment opportunities: Support to integrated agribusiness hubs	
4. Value of IFAD grant: USD 3.5M	5. Co-financing:
6. Implementation period: until December 2024	7. GRIPS ID:
8. Selected Strategic Priority²: 4. Opportunities for youth	
9. Window: Indicate Global/Regional <input checked="" type="checkbox"/> Country <input checked="" type="checkbox"/>	10. Potential Country/Countries: Cameroon, Kenya, Mozambique
11. Recipient: <i>Select <u>one</u> of the following options</i> <ul style="list-style-type: none"> • Competitive selection at CN stage <input type="checkbox"/> and name of recipient • To be selected competitively at design stage <input checked="" type="checkbox"/> • Direct selection <input type="checkbox"/> and name of recipient 	
12. Rationale for recipient selection and recipient capacity: Youth employment is the main focus of the IFAD Rural Youth Action Plan (RYAP) ³ . This grant is expected to be catalytic for a larger and mid-term IFAD-led intervention which will be co-funded through supplementary funds by BMZ and Visa Foundation to foster job creation for youth which is becoming a growing global concern, particularly acute in Africa. The grant will promote <i>integrated agribusiness hubs</i> whereby the recipient(s)/consortia will be selected through a call for proposals for those with proven capacity to offer the following: <ul style="list-style-type: none"> • Ability to provide shared facilities and equipment alongside business development, market access, technology transfer and linkage to services (such as financial services) that are backstopped through mentorship and networking; • readiness to facilitate a holistic and proactive process focussed upon early-stage development of agribusiness growth and train on key technical/business skills along entire value chains, leading to enterprise start-up/or entry into food chain labour markets; • willingness to interact and constructively engage with the larger farming community; • flexibility in developing mentorship modules of the main ingredients of integrated agribusiness hubs and above all, post-mentorship support services, e.g setting up support services for mentored agri-preneurs as well as incentives, prizes and recognition systems; be inclusive and able to create relevant strategic partnerships to create service/market deals and/or financing linkages for youth entrepreneurs with relevant stakeholders (e.g. the private sector and the government). Business continuity to implement the project in light of the COVID-19 pandemic <ul style="list-style-type: none"> • Financial management of the grant, including the capacity to receive, record, monitor and report on multiple sources of grant funding in line with IFAD requirements. 	
IMPORTANT NOTES: <ul style="list-style-type: none"> • This grant programme will be implemented in around 8 countries in Sub-Saharan Africa. However, as part of a phased approach, <u>this current call for proposals is focused on three of the countries (Mozambique, Kenya and Cameroon) of the entire programme with a set limit on funding (USD 3.5 Million) for all three hubs.</u> • The applicant(s) may: (a) <u>apply independently or as a consortia. Although, it is highly encouraged to apply through a consortia given the nature of the grant</u> and (b) <u>apply to deliver on one hubs OR more of the hubs to deliver the work.</u> • Refer to Annex 3 for the evaluation methodology and criteria in the Letter of Invitation 	
13. Background/relevance: The bulk of the world's 1.2 billion young people live in the rural areas in developing countries. The rate of unemployment amongst this young cohort stands at a staggering 75% and is higher amongst young women. In 2017, the ILOs report on Global Trends for Youth Employment , estimated that 70.9 million young people are unemployed globally and that by 2030, 25.6 million young workers will enter the labour force with this increase to occur almost entirely in Africa. The same report highlights that given " <i>the limited capacity of other sectors to absorb the growing labour force, agriculture will remain important for employment and livelihoods in the near future</i> " for young people. The agricultural sector holds particular potential for job creation while also meeting growing food needs. There is economic marginalization of youth in Africa despite the continent's continued advancement and the underlying causes for this situation, particularly the trend of so-called "jobless growth". While agriculture offers opportunities to absorb the expanding young labour force, youth tend to perceive agriculture as an unattractive	

¹ Interdivisional and interdepartmental collaboration is strongly encouraged.

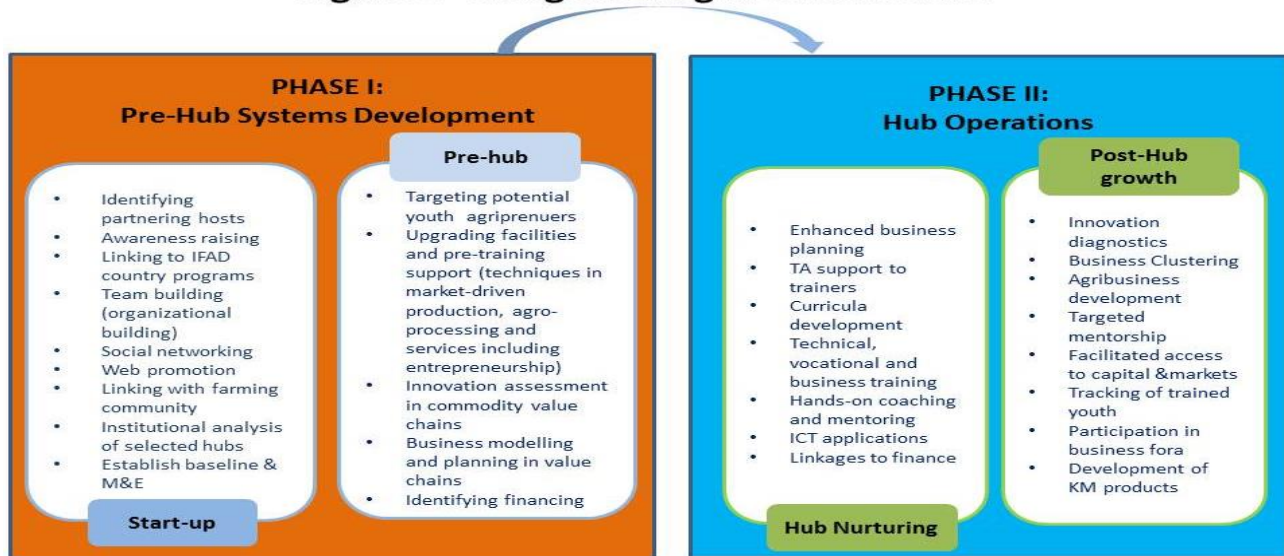
² The indication of a strategic priority **only applies to Global/Regional grants.**

³ RYAP: <https://webapps.ifad.org/members/eb/125/docs/EB-2018-125-R-11.pdf>

employment option. Lack of access to productive **assets, goods** and **services** and **new skills** further restricts their ambitions. Special efforts are needed to better engage young women and men into economic mainstreams and the larger societal benefits that result from youth participation in the modernization of agriculture and agro-industry. Youth need to be nurtured in early-stages of life so they can be competitive through the application of new and transformational technologies. While other approaches are available such as conventional Business Development Services (BDS) experience shows that they are fragmented and have focused on select and/or niche agribusinesses opportunities. Moreover, the scale of such BDS falls short in addressing issues related to supply side (labour markets); innovative technology generation and transfer, and energy needs that have the potential to catalyse job creation through agribusiness along value chains. An integrated approach is needed to enlarge youths' knowledge and skill base to harness the possibility sets around them through practical and experiential learning about every facet of agribusiness to build confidence, creditworthiness and abilities to make choices, adopt enterprises or seek decent employment.

Building on already existing agribusiness business models in Africa, a public-private partnership approach will be used to seek partnering hosts to set up *innovative agribusiness hubs*. The idea is to redirect youth livelihood aspirations toward more profitable rural enterprises. It is about combining talent, technology, know-how and capital allowing for new enterprises to be initiated and a variety of new skills developed. Mentorship ends not merely with the award of a certificate but rather with an in-hand competitive agribusiness plan and all-round practical skills intended to result in productive self-employment and the generation of additional employment as these agribusinesses grow, as well as eligibility to enter into the skilled labour market in the growing food markets. The hubs will provide shared facilities and equipment alongside business development, market access, technology transfer and financial services that are backstopped through mentorship and networking. It is a holistic and proactive process focussed upon early-stage development of business growth along entire value chains, leading to enterprise start-up and/or rounded skills for graduates to enter the labour market. As illustrated in *figure 1*, the process have two phases:(i) a pre-hub phase – which establishes guiding principles for youth orientation and lays out the systems for operations: (ii) the hub operational phase – focusing host mentorship, core agribusiness operations, and post-hub support operations.

Figure 1 - Integrated Agribusiness Hubs



The proposal is anchored to all three objectives of IFAD grant financing: (i) promote innovative, pro-poor approaches and technologies with the potential to be scaled up for greater impact and; (ii) strengthen partners' institutional and policy capacities; and (iii) generate and share knowledge for development impact. It is aligned with IFADs Strategic Guidance Note for 2019-2021 grants and the recently approved Rural Youth Action Plan which targets 50% of the IFAD11 programme of loans to be youth-sensitive focusing on youth employment. It is also in line with **Priority Area 4 – Opportunities for Youth**.

The grant contributes to a **global/regional public good** given that the *innovative agribusiness hubs* will: (i) build bridges with stakeholders in research, private sector, state and other non-state actors to provide youth with job opportunity choices; (ii) maintain a clear **comparative advantage** and **complementarity** with loans, because to attract individual and organised youth into agriculture entails testing *innovative business models* and *technologies* which requires funding outside conventional loans. It therefore does not substitute the use of IFAD administrative budget and encourages interdivisional and interdepartmental collaboration given the grant will be nested in IFAD supported field projects. Lastly, it **leverages co-financing** using supplementary funds from bilateral donors where discussions are on-going with The German Federal Ministry of Economic Cooperation and Development (BMZ) and with the philanthropic platform - Visa Foundation. Efforts will be made to maximise on

the institutional partnership being discussed with GIZ in the renewable energy sector in the context of their Green Innovation Centres (also funded by BMZ) <https://www.giz.de/en/worldwide/32209.html>

14. Direct and indirect beneficiaries and target group: The target countries are Kenya, Mozambique and Cameroon. Another 3-4 additional countries will be selected as part of the second phase of the programme. The countries selection is based on: a) potential for connectivity with the Agri-Business Capital (ABC) Fund; b) early mover countries and c) High viability to link IFAD investment portfolio projects that includes explicit interest and support to youth employment, self employment and enterprise creation.

The target group is young men and women with different education levels, age and aspirations to enter the labour market (self-employment or wage employment). It is estimated that the direct target beneficiaries for this grant will be at least 4,000 young women and men (50% gender basis) from rural communities based in IFADs targeted project areas in Africa.

To maximize the impact of the intervention, the geographic targeting will take into account presence of existing IFAD operations showing opportunities for youth along selected value chains. In this regard a mapping exercise and synthesis matrix showing synergies and geographic overlapping between existing IFAD portfolio and the grant would be undertaken during the start up phase. An average of 270 young women and men per hub/year will pass through these hubs and the operations of post-hub support will feed directly into the broader farming community beneficiaries. It is expected that the trained youth will develop skills and capacities to establish businesses, provide services as well as develop professional and technical expertise to serve in the agri-preneurship sector and reach out to the broader farming community.

The indirect beneficiaries will be assessed in the context of IFAD projects which will benefit from the services to be provided by the hubs and the resultant scaling up of the tested model by other development programmes.

Given the diversity within the youth groups, Specific targeting criteria will be developed in consultation with country programs for each category of target group to be able to capture the reality of the ground and provide services responding to the range of needs and aspirations of youth. There is evidence that those aspects change according to socio-economic factors. The targeting of youth beneficiaries will therefore take into account : (a) gender differences and balance (50%) for equal participation; (b) age sensitive (younger youth- 15-25 and older youth 25-35 indicatively⁴); (c) education level (for example: graduated, non-graduated, drop-outs) d) wage employment (70% of beneficiaries) and agri-enterprise development (30% beneficiaries).

The targeting process will be context specific based on: youth needs, aspirations and choices - potential to tap into broader labour markets for wage employment and those who are keen to start up enterprises, available opportunities in the commodity chains and types of agribusiness innovations. Analysis for the identification of youth specific challenges and potential opportunities, disaggregated by target group, according to gender, age, education, interests, will be at the basis of the project rationale and structure to define training curricula and specific project services. Specific analysis will be conducted during the pre-hub phase, in alignments with other studies described in sections below (i.e. value chains, labour market). Implementation arrangements will include selection criteria and modalities for application process and candidates' evaluation.

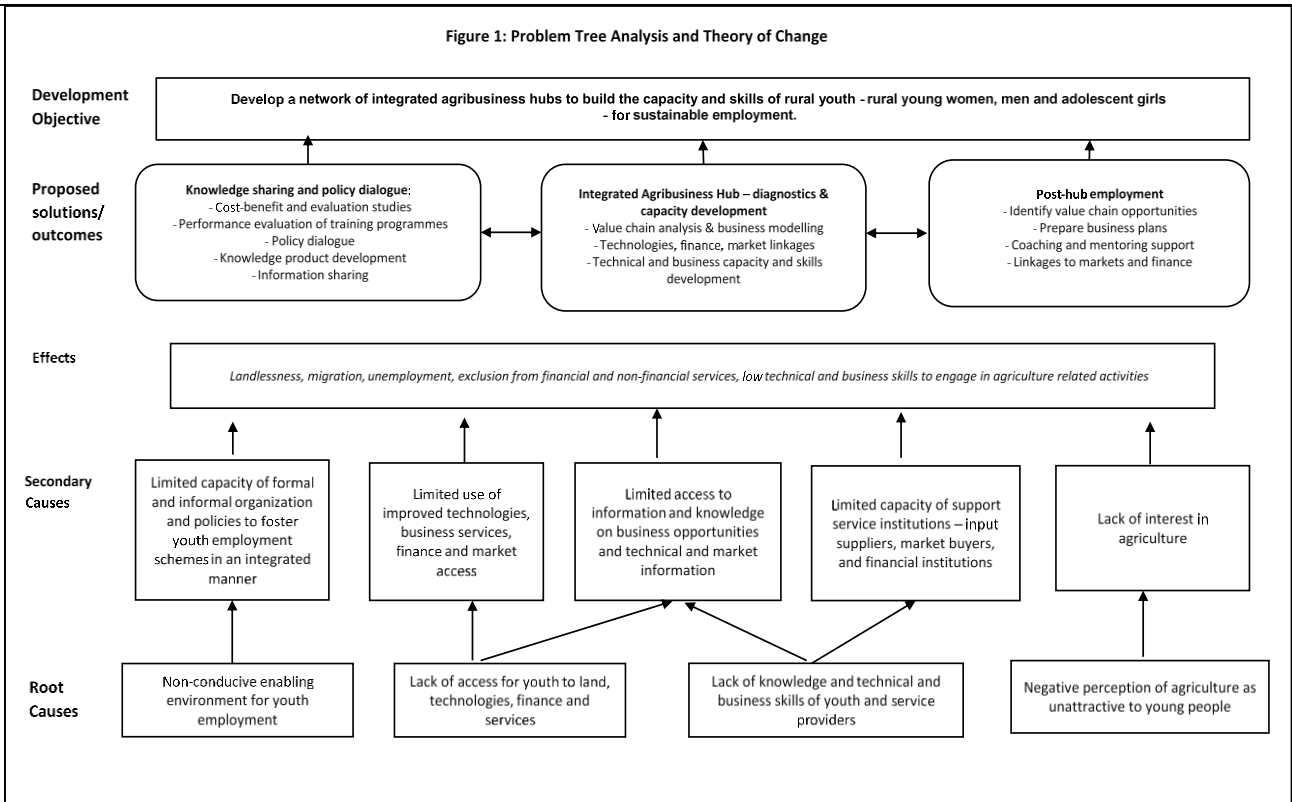
15. Goal, objectives and expected outcomes:

Theory of Change: Increasingly, IFAD supported country programs are focusing on youth, agribusiness and job creation⁵. This grant will address the gaps in conventional BDS by supporting the establishment and testing of *innovative agribusiness hubs* – applying: (i) an integrated and holistic approach; (ii) targeting rural youth, tapping into their talent and exposing them to new technologies and know-how; (iii) linking them to capital to accelerate self-employment; and (v) providing them opportunities to take advantage of labour demands in all segments of commodity chains (market driven production, agro processing and goods and services) – with the outcome of skilled agri-preneurs, new and profitable rural enterprises and jobs for youth (figure 2).

⁴ flexibility to adapt the youth groups and age based on national classification and definition, including working age.

⁵ IFAD (ECG) assessment of youth sensitivity of pipeline projects for IFAD11

Figure 1: Problem Tree Analysis and Theory of Change



The **goal** is increased decent self and wage employment for young women and men.

The **objectives** are:

- To build integrated agri-business capacities of rural youth by identifying strategic partnerships to develop sustainable and innovative agribusiness hubs.
- To generate empirical evidence of the developed and tested integrated agribusiness hub models to inform policy to drive scaling up the models to create jobs for youth.

The expected **outcomes** are:

- Increased self and wage employment opportunities for youth through functional networks of integrated agribusiness hubs. The expected end targets are as follows for all three hubs:

TIMELINE OF PROGRAM	Year 1 (2020)	Year 2 (2021)	Year 3 (2022)	Year 4 (2023)	Year 5 (2024)	End Target
Expected # of youth access wage employment (70%)	600	600	600	600	600	3000
Expected # of youth enter enterprise development (30%)	210	210	210	210	210	1050
Expected # of additional jobs created through enterprise development	800	800	800	800	800	4000
	Total Employment					8050

- Evidence-based knowledge products on youth employment using integrated agribusiness hub model to influence policy shifts, and to enable other development actors (public, private and semi-private) to scale up wholly or parts of the model.

16. Key activities by component: The initiative will have two components which are aligned to the integrated hub framework

Component 1 – Institutional support and capacity development.

Component 1 will focus on starting-up, establishing the agribusiness hubs and developing an integrated training programme for youth self and wage employment. In addition, capacities will be built to strengthen the governance framework for the institutional and partnership arrangements, where the role of private and public

sector stakeholders will be clarified. Country level activities will take into consideration context specificities allowing the hub partners to shape their modalities for youth employment. This section summarizes the activities under this component. As referred to above, activities are consolidated under the **four main phases** which show the evolutionary nature of the process that will lead to build self- sustainable hubs: **(i) Start-up phase; (ii) Pre-hub phase; (iii) Hub Nurturing phase and (iv) Post-hub growth phase.** IFAD's support under the grant will mostly focus on supporting those institutional hubs that are already in an intermediate stage of development in order to bring them to become fully fledged integrated agribusiness centres.

(i) Start-up phase:

Prior to the hub operations, the implementing partners (IPs) during the start-up phase will carry out the necessary background work particularly relating to (i) awareness raising and social networking; (ii) the identification and analysis of the partnering hosts; (iii) creating linkages with IFAD ongoing projects and programmes; (iv) sensitization of the broader farming community to the programme vision and opportunities and (v) determining the principal agribusiness hub and its satellites. Activities will also include reviewing the IFAD country programmes for potential synergies, team building, mapping the institutional landscape; youth characteristics and response from the project, capacity gap analysis of the selected hubs (including mapping exercise for IFAD operations and potential overlaying for geographic targeting). Studies will include desk review as well as brief participatory assessments in the field with interviews and focus groups discussion to the extent possible.

(ii) Pre-hub phase:

The pre-hub phase aims at setting up the systems prior to implementation of the hub training process. This sub component will focus on establishing the foundations and readiness for hub operations. A series of studies will also be required to diagnose employment opportunities for youth, assess the opportunities for employment and income generation along product value chains.

It comprises a number of activities that include: (i) the targeting strategy (youth characteristics based on gender, age, education including challenges and opportunities) and selection criteria for youth to participate in the scheme; (ii) value chain analyses and assessment of innovative opportunities within various nodes of the VC that have the highest potential for youth employment (the assessment will also inform the targeting strategy and the physical upgrading of the facilities required in the hub); (iii) business modelling of typical agro-enterprises; (iv) analysis of financial and business service providers; (v) scoping study of input suppliers and buyers of final products; (vi) conducting a rapid baseline assessment of partnering host programmes and potential youth beneficiaries; (vii) analysis of the labour market and employment prospects for youth; (viii) assessment of renewable energy resources; and (ix) preparing and inventory of key policy documents and the extent to which they respond to the needs of rural youth in the country and in line with characteristics of the target groups identified. As above, studies will include desk review as well as brief participatory assessments in the field with interviews and focus groups discussions to the extent possible. The assessments must incorporate any issues relating to COVID-19 into their studies to best understand the current situation and potential mitigating factors.

A short guidance note will also be prepared to synthesize all the studies and the delivery of the hub implementation into an operational manual.

(iii) Hub Nurturing:

This phase is at the core of this project and will concentrate on building capacities of the agribusiness hub system to promote youth employment. This is a prerequisite to ensure effective implementation of agro-enterprises and other employment opportunities for youth. As previously mentioned, two major pathways will be followed focusing **(a) wage employment** and **(b) self-employment**. The objective of this phase is to strengthen the entrepreneurial and employability competency and skills of youth through an integrated training of trainers (ToT) programme ensuring that youth are capacitated with the technical, managerial and entrepreneurial skills to ensure the viability and sustainability of agribusiness opportunities and based on the demand of the labour market (public and private sector). Technical support will be offered to enable youth to access a system of production and services that is holistic, integrating primary, secondary and services sectors: access land, water, technologies and mechanization to reduce drudgery and to utilize rural energy effectively. Consideration will also be given to the promotion of agro-industrial enterprises and financial and non-financial services (including advice) and goods.

The phase includes a number of interrelated activities that focus on the institutional and technical support to develop integrated agribusinesses including: (i) Business modelling of specific agro-enterprises and enhanced business planning;(ii) design and organization of a training of trainers programme; (iii) training of youth apprentices through an immersive experiential learning process and on the job training; (iv) Hands-on coaching and mentoring support; (v) conducting technical, vocational and business training programmes for public, private and NGO service providers; (vi) Technical assistance support to trainers;(vii) support in the use and application of relevant ICTs;(viii) linkages to finance and markets;(ix) identification of potential business clusters; (x) development of outreach mechanisms targeting the broader community.

(iv) Post hub Growth:

The objective of this phase is to support youth in the implementation of their identified business opportunities and facilitate linkages to financial outlets and markets. Activities will include:(i) establishment of self-employment business enterprises; (ii) post-hub incubation mentoring support to youth enterprises; (iii) placement for apprenticeships in agro-companies (iv) capacity building support to service providers; (v) support towards youth in established business clusters; (vii) participation in business fora and platforms (including digital platforms); (viii) monitoring of youth employment; and (ix) extended post-hub outreach and support toward broader community.

Component 2 – Evidence-based knowledge management and strategic communication.

The main focus of this component is to derive evidence that will inform the development of the national policies and action plans for rural youth sustainable inclusion in employment and entrepreneurship activities. Strategically engaging in national policy processes is an effective mechanism for getting traction in the process of establishing and sustaining agribusiness hubs. The component will need to ensure that knowledge generated is well managed and processed into various knowledge and learning products (manuals/how to do notes, lessons learned, guidance notes etc.).

Activities will include: (i) performance evaluation studies of partnering hosts and the youth apprentices to be supported; (ii) performance evaluation of the youth training programmes; (iii) mapping of skills gaps among the rural youth impacting on their ability to access finance, employment and entrepreneurship opportunities; (iv) appraisal of existing youth focused policies, interventions and stakeholders, to identify gaps; (v) development of knowledge products and policy briefs; (vi) South-South Triangular Cooperation to share knowledge across IFAD activities; (vii) exposure of youth to rural youth policy engagements and participation; (viii) enhancing youth representation through participation in national and regional policy and advocacy processes; and (ix) advocacy for adequate allocation from domestic and international sources for youth development efforts, including taking into account future obligations as well as present needs; (x) Experience capitalization of tested models and studies – gather lessons learnt and outcome studies based on the tested model to generate evidence to support policy dialogue. Through knowledge management, the lessons derived from Component 1 will be documented and shared through various platforms.⁶

17. Project cost: The total funding sought for this proposal is \$3.5M for a total of 4 years ending December 2024.

Component	Costs (IN USD)
Component 1- Institutional support and capacity development	3,000,000
Component 2 - Evidence-based knowledge management and strategic communication	500,000
TOTAL	3,500,000

⁶ It will make use of existing platform, such as the CAADP Partnership Platform, the Women in Agribusiness Platform, African Green Revolution Forum (AGRF) and the Rural Futures forum to provide mechanisms for the youth voices

18. Risks: These include: (i) lack of conducive institutional and policy environment for integrated agribusiness hubs; (ii) changes in agri-business markets beyond the control of partnering hosts which may affect successful employment of graduates; (iii) limited community infrastructure to maximise emerging technology innovations; (iv) lack of interest from private sector in engaging with the hubs; (v) low interest of youth to spend a long time in hub mentoring process; (vi) and limited number of successful enterprises graduating from the post-hub support (vi) COVID-19 related delays in start-up and implementation. Some mitigation measures include: (i) involvement of public and private actors at early stage showing them the potential benefits from their participation – such as availability of skilled labour force; (ii) careful selection of talented rural youth with potential to start agri-enterprises and to enter into wage employment; (iii) differentiated module/program lengths to cater for different needs of a diverse array of youth; and (iv) rather than seeing an integrated agribusiness hub investment in isolation, the aim will be to link them to initiatives already occurring in the countries, such as IFAD supported and other government/development partner programs (vi) activities should be tailored to ensure business continuity through remote engagement and further emphasis on digitalization in project delivery. To ensure opportunities are secured, hubs will explore means to incentivise partners in the farming community and in IFAD projects to align with the interest of youth agripreneurs.

19. Monitoring & Evaluation, KM and Learning: Monitoring will focus on outputs and outcomes with a strong learning element. A baseline study of mapped innovations across value chains will be done to determine their viability to contribute to employment creation for youth. Institutional analysis of identified partnering hosts will be carried out to determine gaps to inform development of capacity building plans to upgrade systems to effectively and efficiently host agribusiness innovation hubs. Data will be collected continuously during operationalisation of the hubs based on their contexts to track performance of hub hosts - including outcome assessments to determine viability, scalability and sustainability. Graduates will be followed post-graduation to assess; (i) successful and profitable agribusinesses started and operationalised; and (ii) overall number of decent jobs created, and number of youth employed. A comparison will be made between the integrated agribusiness hubs towards the end of the grant initiative. The key indicator will be number of employed youth, both as self-employed and in wage employment. Subsequently, several knowledge products will be generated, both detailing the methodologies applied and specific successful case studies to support policy dialogue and scaling-up ambitions.

20. Supervision modalities: The selected recipients/ consortium will manage, implement and be responsible for technical, financial and fiduciary supervision functions. IFAD (ECG/PMI/RIA) will carry out supervision in close partnership with the co-financiers. On a regular basis, grant supported activities will be backstopped during loan supervision missions of benefiting IFAD supported development projects by ECG/PMI and RIA as and when needed to ensure that the grant's activities add value IFAD loan operations in the field. Resources will be allocated by ECG/PMI/RIA from IFAD and from the supplementary funds to enable effective implementation and supervision support.

21. Linkages: SKD technical team will closely work with PMD colleagues to design the grant. Indeed country directors from WCA and ESA are co-sponsoring the initiative. IFAD projects will have a direct link with the integrated agribusiness hubs and provide the enabling environment for their operationalization and strategic support in the preparatory phase. Priority for Targeted youth will come from and be supported by IFAD supported projects – and will be done in consultation with the country programs and the soon-to-be established **Rural Youth Engagement Mechanism**. In order to maximize the impact of the hub activities towards IFAD investments in the country and the targeted communities, a key step for the targeting strategy will be a mapping exercise overlaying: IFAD operations, VCs development and opportunities for youth in the agri-business sector within the scope of IFAD country portfolio.

Youth will also be potential candidates for the IFAD facilitated ABC-Fund. Knowledge generated will be captured to contribute to exchanges in **South-South Triangular cooperation (SSTC)**.

22. Scaling up: The grant is catalysing additional funds from BMZ and Visa Foundation by piloting the integrated agribusiness hub model. The main scaling up pathway will be partnerships with co-financiers who will provide the fiscal space to scale-up the model in Africa. Evidence based knowledge will be used to influence the policy space towards an enabling environment for the model.

23. Sustainability: The strengthening and upgrading of partnering hosts to effectively run integrated agribusiness hubs will cater to IFAD's growing focus on youth agribusiness and employment and continue to respond to the demand for innovative ways to attract young people into agriculture. The evolution of a network of integrated agribusiness hubs alongside other development/government programmes will ensure continued demand for agribusiness innovation services of the hubs. The linkage with other agribusiness actors will be a source of opportunities for hubs' services as well as avenues for internships of graduates. The evidence generated by implementing this model will serve to inform future loan investment programmes.