

AFRICAN DEVELOPMENT FUND



SUPPORT PROJECT FOR YOUTH EMPLOYMENT AND SKILLS DEVELOPMENT IN RURAL AREAS

COUNTRY : BURKINA FASO

APPRAISAL REPORT

Date: August 2018

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Translated Document

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Currency Equivalents

May 2018

UA 1	=	USD 1.45
UA 1	=	CFA.F 780.95
UA 1	=	EUR 1.19

Fiscal Year

1st January – 31st December

WEIGHTS AND MEASURES

1 metric ton	=	2.204 pounds
1 kilogram (kg)	=	2.20 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

Acronyms and Abbreviations

ADF	:	African Development Fund
AFD	:	French Development Agency
AfDB	:	African Development Bank
AFLF	:	Agriculture, forestry, livestock and fisheries
AFP-PME	:	Funding Agency for the Promotion of Small and Medium-sized
ANPE	:	National Employment Promotion Agency
APRC	:	Assessment of procurement risks and capacity
BCEAO	:	Central Bank of West African States
BPM	:	The Bank's procurement methods and procedures
CFP-CI	:	Vocational Training Centre, Incubation Centre
CMS	:	Continuous Multi-sectoral Survey
COBF	:	Burkina Faso Field Office of the AfDB
CPW	:	Construction and Public Works,
CSO	:	Civil society organization
CSP	:	Country Strategy Paper
DGIPE	:	General Directorate for Professional Integration and Employment
EA	:	Executing Agency
		Enterprises
ESMS	:	Environmental and Social Management System
EU	:	European Union
FAO	:	Food and Agricultural Organization
FBDES	:	Burkinabé Fund for Economic and Social Development
GDP	:	Gross domestic product
ILO	:	International labour Office
		in Rural Areas
INSD	:	National Institute for Statistics and Population Studies
IRR	:	Internal rate of return
IsDB	:	Islamic Development Bank
MJFIP	:	Ministry of Youth Affairs, Vocational Training and Integration
NA	:	Not Applicable
NGO	:	Non-governmental organization
NP/TVET	:	National Plan for Technical and Vocational Education and Training
NPV	:	Net present value
PADEJ-MR	:	Project on Youth Employment and Skills Development
PEFA	:	Public Expenditure and Financial Accountability
PERCA	:	Action Plan for the Assessment of Procurement Risks and Capacity
PMP	:	Procurement methods and procedures
PMU	:	Project Management Unit
PNDES	:	Economic and Social Development Plan
PPF	:	Project Preparation Funding
PS	:	Procurement system of the borrower
RPC	:	rural promotion centre
SBDs	:	Standard Bidding Documents
SFD	:	Sectoral Framework for Dialogue
SNBDs	:	Standard National Bidding Documents
SNDEA	:	National Strategy for the Development of Agricultural Entrepreneurship
TFPs	:	Technical and Financial Partners
TVT	:	Technical and vocational training
UA	:	African Union
UC	:	Unit of Account
UNDP	:	United Nations Development Programme
UNFPA	:	United Nations Population Fund
VT	:	vocational training
WB	:	World Bank

Project Information Sheet

Client Information

DONEE	:	Burkina Faso
TITLE OF PROJECT	:	Support Project for Youth Employment and Skills Development in Rural Areas
EXECUTING AGENCY	:	Ministry of Youth Affairs, Vocational Training and Integration (MJFIP)
PROJECT AREA	:	Burkina Faso

Financing Plan

Source	Amount (UA)	Instrument
ADF	10.30	ADF grant
Government	1.144	Counterpart funds
TOTAL COST	11.444	

Key Financial Information of the AfDB

Grant Currency	UA
Interest* Type	NA
Interest Rate Margin*	NA
Commitment Charge*	NA
Other Charges*	NA
Maturity	NA
Grace period	NA
FRR, NPV (baseline scenario)	NA
ERR (baseline scenario)	NA

Time Frame – Main Milestones (expected)

Approval of the concept note	April 2018
Project approval	19 September 2018
Effectiveness	November 2018
Last disbursement	December 2023
Completion	December 2023

PROJECT SUMMARY

General Project Overview: The rural sector has enormous agro-pastoral and environmental potential, comprising: 9 million hectares of arable land, about 59% of which is cultivated; 233,500 ha of irrigable land, about 30% of which is currently exploited; 500,000 ha of mud plains that are relatively easy to develop; and enormous potential for the development of irrigation, fishing and aquaculture. The above-mentioned high potential, existing prospects of diversifying crops and increasing yields, and the existence of a local and sub-regional market represent opportunities for stimulating the agricultural and rural sectors.

By intervening in four regions of the country (North, Centre-North, Boucle du Mouhoun and Centre-West), the project will create enabling conditions for more inclusive economic growth that can reduce youth unemployment and under-employment. Its purpose is to ensure a closer match between young people's professional qualifications and the required labour market profiles by: (i) strengthening the existing technical and vocational training available to young people in rural areas; and (ii) developing the entrepreneurial skills of young people wishing to establishing their own businesses in sectors with real job creation potential.

Component 1 is aimed at supporting the entrepreneurship of young higher education graduates trained in agriculture and agribusiness, while Component 2 targets skills development to boost the employability and entrepreneurship of rural youth, regardless of whether they are graduates or not. The total project cost, net of taxes, is estimated at UA 11,444 million, including UA 10.30 million that will come from the ADF. The project will be approved in September 2018, for a five-year performance period.

The Bank's Value added: The Bank's value added arises from the implementation of the Jobs for Youth in Africa Strategy (2016-2025), which seeks to promote employment and entrepreneurship with a view to ensuring inclusion; strengthening human capital; and creating sustainable links on the labour market. The project seeks to support the entrepreneurship of young graduates in agribusiness, in line with the Enable Youth initiative which is one of the flagship programmes of the Strategy for Agricultural Transformation in Africa and Jobs for Youth in Africa Strategy. Furthermore, the project will create appropriate conditions for skills development by improving the existing vocational training and apprenticeship system for rural youth in sectors that have a real job-creation potential.

Knowledge Management: The various studies to be conducted and the strategic plans to be formulated in the area of youth employment and entrepreneurship will lead to the implementation of relevant measures for strengthening the national mechanism. Formulation of the strategic plan to develop a single fund that finances the projects by youths and women, as well as the economic and financial feasibility study for the Vocational Training Centre/Incubation Centre (CFP-CI) will improve the effectiveness of public funds and operationalize the incubator of the Assessment and Vocational Training Centre of Ouagadougou (CEFPO). In the area of technical and vocational education and training (TVET), the project plans to formulate a strategic plan for the National Vocational Training Agency and conduct studies on the establishment of incubators in vocational training centres. These activities have a strategic impact on knowledge development and will ultimately improve the effectiveness of the country's vocational training system. A monitoring/evaluation mechanism is planned under the project to capitalize on knowledge and leverage the lessons that will be learned from it. The knowledge and lessons learned will be published on the Bank's website and in project reports, publications and videos.

RESULTS-BASED LOGICAL FRAMEWORK

Country and Project Title: Burkina Faso: Promotion of Youth Employment and Skills Development in Rural Areas (PADEJ-MR)
 Project Goal: Improve youth employability and entrepreneurship¹ in the agricultural, forestry and livestock sectors as well as in promising sub-sectors in rural areas.

RESULTS CHAIN	PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATING MEASURES	
	Indicator (including ISCs)	Baseline Situation	Target			
IMPACT	1. Contribution to the reduction of youth under-employment in rural areas	1. Under-employment rate in the agricultural sector	64% (in 2017)	50% (in 2023)	Continuous Multi-sectoral Survey (CMS)	
	2. Rural sector contribution to the economy	2. Annual growth rate of the agricultural sector value added.	2.6% (in 2017)	5.7% (in 2023)		
OUTCOMES	1. Entrepreneurship opportunities in agribusiness have been exploited by the youth.	1.1. Additional number of businesses created or consolidated by young graduates in agriculture and agribusiness.	0	350 (including 50% by women)	Implementation report Progress report of the Business Creation Centre (CEFORE).	Risk 1: Insecurity linked to terrorism Mitigating measure 1: Strengthening of the security mechanism in the project area.
	2. The employability and integration of rural youth have been improved.	2.1. Additional number of young beneficiaries of training/apprenticeship programmes who have obtained a job or created their own business.	0	800 (650+150) (including 50% by women)	Implementation report.	

¹ The term “youth” covers young people (girls and boys) as well as women.

OUTPUT	Component 1: Support to the entrepreneurship of young higher education graduates in the areas of agriculture and agribusiness					
	Output 1. Awareness-raising to change the perception of 5,000 youths vis-à-vis agriculture.	Number of young graduates sensitized to agribusiness	1.1 -0	1.1-5000 (including 50% by women)	Implementation reports	Risk 2: Shortage of medium or long-term resources to finance the development of the newly-created businesses. Mitigating measure 2: In addition to the planned funding mechanism (seed funds), implement a partnership strategy with financial intermediaries to guide young entrepreneurs who have undergone the incubation process
		Exchange and information-sharing visits	1.2 -0	1.2 -5		
	Output 2. Incubation of young graduates.	2.1 Number of incubators with which the project will sign agreements or performance contracts	2.1 -0	2.1- 4	Implementation reports	Risk 3: A regulatory environment that is not conducive to the development of agricultural entrepreneurship Mitigating measure 3: Implementation of the law pertaining to the investment code for the agricultural, forestry, livestock and fisheries sectors
		2.2 Number of young higher education graduates who have benefited from incubation services	2.2 -0	2.2- 350 (including 50% by women)		
	Output 3. Business development	3.1. Funding mechanism (seed fund) established	3.1 -0	3.1- 1	Implementation reports.	
3.2. Number of budding businesses funded.		3.2 -0	3.2- 500			
Component 2: Skills development to promote the employability and entrepreneurship of rural youth						
Output 1. Strengthening of the technical and vocational education and training (TVET) mechanism.	1.1 Number of training/apprenticeship institutions strengthened.	1.1 -0	1.1-10 (6 VTCs and 4 RPCs)	Implementation reports.		
	1.2 Number of institutions that include training modules on business and entrepreneurship.	1.2 -0	1.2-20			

	Output 2. Skills improvement for the youth.	2.1 Number of young non-graduates who have benefited from skills training in vocational training institutions.	2.1 -0	2.1-1300 (including 50% by women)	Implementation reports	
	Output 3. Professional integration of the youth.	3.1 Number of young people who obtain a job after their training. 3.2 Number of young people who benefit from TVET and have created their own business.	3.1 -0 3.2 -0	3.1-650 (including 50% by women) 3.2-150 (including 50% by women).	Implementation reports	Risk 4: Quality of education and its consistency with market needs Mitigating measure 4: Implementation of apprenticeship-integration agreements between training centres and employers' organizations
	Component 3: Project management and coordination					
	An operational mechanism for management and coordination has been established and it guarantees smooth implementation.	Quarterly monitoring reports Audit reports validated Cumulative disbursement rates Strengthening of employment support and monitoring units at MJFIP		20 5 100% (2023)	Implementation reports	
KEY ACTIVITIES	COMPONENTS				RESOURCES	
	<p>Component I: Support to the entrepreneurship of young higher education graduates in the areas of agriculture and agribusiness.</p> <p>Component II: Skills development to promote the employability and entrepreneurship of rural youth.</p> <p>Component III: Project management and coordination.</p>				<p>Financing sources: UA 11.444 million ADF loan: UA 10.30 million Government: UA 1.144 million</p>	

Project Implementation Schedule

Year	Quarter	2018				2019				2020				2021				2022				2023				2024	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	INITIAL ACTIVITIES																										
	Appraisal																										
	Negotiation and approval of the grant																										
	Signature of the loan agreement and fulfilment of first disbursement conditions																										
	Publication of General Procurement Notice																										
2	START-UP ACTIVITIES																										
	Establishment of the project team																										
	Project launching mission																										
	Procurement of property (vehicles, computers, etc.)																										
	Agreements with partner structures																										
3	SUPPORT TO THE ENTREPRENEURSHIP OF YOUNG GRADUATES																										
	Implementation of awareness-raising strategy																										
	Selection of incubators																										
	Selection and incubation of the youth																										
	Mentoring and coaching for the preparation of business plans																										
	Creation of youth businesses																										
	Establishment of the project team																										
	Funding of projects																										
4	SKILLS DEVELOPMENT																										
	Preparation of various studies																										
	Award of contracts for the rehabilitation/creation of VTCs and RPCs																										
	Award of contracts for the rehabilitation/creation of VTCs and RPCs																										
	Equipment of VTCs and RPCs																										
	Design and adaptation of training modules and material																										
	Establishment of a test incubator within VTCs and RPCs																										
	Training and support for professional integration																										
5	PROJECT COORDINATION AND MANAGEMENT																										
	Establishment of the accounting system and manual of procedures																										
	Preparation of the baseline situation and establishment of the M/E system																										
	Management, monitoring/evaluation and communication activities																										
	Annual accounts audit																										
	Midterm review																										
	Completion report																										

REPORT AND RECOMMENDATION OF THE AFRICAN DEVELOPMENT FUND MANAGEMENT TO THE BOARD OF DIRECTORS CONCERNING THE AWARD OF A GRANT TO BURKINA FASO TO FINANCE THE SUPPORT PROJECT FOR YOUTH EMPLOYMENT AND SKILLS DEVELOPMENT IN RURAL AREAS

Management hereby submits this report and recommendation concerning a proposal to award a **grant of UA 10.30 million** to Burkina Faso to finance the Support Project for Youth Employment and Skills Development in Rural Areas (PADEJ-MR).

I. STRATEGIC THRUST AND RATIONALE

Project Linkage with Country Strategy and Objectives

1.1 PADEJ-MR is perfectly consistent with the National Economic and Social Development Plan (PNDES, 2016-2020), which focuses on three strategic pillars, namely: (i) reforming institutions and modernizing the administration; (ii) developing human capital; and (iii) boosting sectors that guarantee economic growth and jobs. Pillars 2 and 3 focus respectively on education, vocational and technical training, health, access to drinking water and sanitation, improving agricultural productivity, and increasing value added in the agri-food and service industries.

1.2 The project is also consistent with the National Strategy for the Development of Agricultural Entrepreneurship (SNDEA, 2017-2026), which is the framework document for promoting agricultural entrepreneurship in Burkina Faso. The promotion of agricultural entrepreneurship is intended to address the low agricultural productivity resulting mainly from extreme vulnerability to agro-climatic conditions, land insecurity and especially difficulties in accessing funding, inputs and agricultural equipment. Similarly, the project is consistent with the 2018-2020 Three-Year Action Plan of the Ministry of Youth, Vocational Training and Employment (MJFIP) which lays emphasis on conducting a series of priority actions to achieve the integration of young people into the economic circuit.

1.3 The project is consistent with: (i) the Long-Term Strategy (LTS) 2013-2022 through its operational priorities “Skills and technologies” and “Private Sector Development”; (ii) the Human Capital Strategy 2014-2018 whose overall objective is to improve employment skills; and (iii) the Jobs for Youth in Africa Strategy, whose flagship programmes include the promotion of rural micro-entreprises and agri-business by young graduates. The project is fully in line with the Bank's High-5s, notably “Feed Africa” and “Improve living conditions for the people of Africa”. Lastly, it ties in well with Pillar II of the Bank's Country Strategy Paper (CSP, 2017-2021) to support agricultural sector development for inclusive growth. Lastly, the project is included in the indicative programme of the CSP.

1.2 Rationale for Bank Involvement

1.2.1 The rural sector has enormous agro-pastoral and environmental potential, comprising: 9 million hectares of arable land about 59% of which is cultivated; 233,500 ha of irrigable land, about 30% of which is currently exploited; 500,000 ha of mud plains that are relatively easy to develop; and enormous potential for the development of irrigation, fishing and aquaculture. The above-mentioned high potential, existing opportunities to diversify crops and increase yields, and the existence of a local and sub-regional markets all constitute opportunities for stimulating the agricultural and rural sectors.

1.2.2 The country also has a diverse regulatory framework (framework law on agriculture, forestry, livestock, wildlife and fishery activities; law on rural land tenure; investment code for the agriculture, forestry and livestock sectors, etc.), offers many opportunities for developing agricultural entrepreneurship

and is endowed with an abundant and accessible agricultural labour-force. However, there are many obstacles to job creation and entrepreneurship, namely: (i) low levels of training and skills, especially among the youth; (ii) a wide discrepancy between the profiles of job-seekers and the economy's potential; (iii) a weak culture of entrepreneurship; and (iv) a large informal sector, characterized by precarious and very low-paid jobs. Furthermore, according to the diagnosis carried during the preparatory studies of the project, youth employment in the agricultural, forestry and livestock sectors is constrained by many challenges, including: (i) access to financing; (ii) better ownership of the process to establish a legal and regulatory framework for agricultural entrepreneurship; (iii) support for stakeholder professionalization; and (iv) strengthening of stakeholder capacity throughout the value chain.

1.2.3 These issues are central to the challenges that the Bank intends to address through this operation. The Bank's comparative advantage in this operation resides in its experience in Burkina Faso's agricultural and social sectors which it has financed through several investments. These experiences have provided the Bank with expertise in skills development, promotion of agricultural value chains and improvement of youth employability in rural areas. The Bank's value added in this new operation resides in promoting the business spirit and entrepreneurship of young higher education graduates in agricultural value chains with a view to creating a critical mass of young farmers through incubation and establishing a financing mechanism that will reduce risks associated with establishing a business in the agricultural sector.

1.3 Aid Coordination

1.3.1 The Government has established 14 sectoral dialogue frameworks (SDFs) as part of PNDES implementation. The dialogue framework is led by the FAO in the rural sector; and by Italian cooperation in the employment sector. The AfDB is a member of these two dialogue frameworks. Furthermore, since 2009, technical and financial partners (TFPs) have set up a harmonization mechanism in the form of a troika, which serves as a consultative entity and interface with the Government. The AfDB was the lead agency of TFPs from 2013 to 2014.

1.3.2 This operation complements other Bank projects and those of other partners under appraisal or implementation (see Annex III). The employment sector benefits from the support of bilateral and multilateral financial partners for the implementation of projects and programmes to improve employability and employment. The Bank intends to continue its coordination and complementarity efforts with these and other partners during the implementation of this project.

Sector or Sub-sector*	GDP	Sector share in total budget	
Education/Training	7% ²	21.51 %	
Stakeholders – Annual Public Expenditure (in UA million)			
Government (average 2016 and 2017)	Donors	Period	
1115	World Bank	34.8	2013-2019
	Switzerland	7.02	2019-2023
	Donor pool (Switzerland, AFD, Austria, Monaco, Luxembourg)	22.09	2018-2022
	European Union via Expertise France	5.87	2017-2020
	Norway/Netherlands (Job booster)	7.56 (5.4 from Norway and 2.1 from the Netherlands)	2018-2022
	UNDP-Luxembourg	1.25	2017-2020
Aid Coordination Level			
Existence of thematic working groups		Yes	
Existence of a global sectoral programme for vocational training and the rural economy		Yes	
Existence of a sectoral programme for employment		Yes	

II. PROJECT DESCRIPTION

2.1 Project Components

2.1.1. The project seeks to create conditions conducive to more inclusive economic growth that can reduce youth unemployment and under-employment. This will be done mainly by mainstreaming employment into sector policies and developing young people's skills in conjunction with the productive sector. The project focuses on three complementary components.

2.1.2. The first component is aimed at supporting entrepreneurship among young higher education graduates in agriculture and agri-business with a view to: (i) encouraging them to create and develop businesses within the agricultural value chain; and (ii) providing them with the skills and support necessary for them to succeed in this sector and to build a respectable professional career through a quality incubation process and a seed funding mechanism for their business projects.

2.1.3 Component 2 focuses on skills development to promote the employability and entrepreneurship of rural youth, be they graduates or not. The aim is to improve the matching between young people's vocational qualifications and the profiles required by the labour market by: (i) strengthening the existing technical and vocational training available to young people in rural areas; and (ii) developing the entrepreneurial skills of young people who wish to establish their own businesses in sectors with real job creation potential.

² Education budget as percentage of GDP. Source: Statistical yearbooks of education sector, Burkina Faso

2.1.4 The third component supports project management through actions pertaining to institutional support and knowledge development to ensure proper project implementation.

*Table 2.1
Project Components*

Components	Cost estimate (UA million)	Description of components
Support to the entrepreneurship of young higher education graduates in the areas of agriculture and agribusiness	4.81 (42%)	<p>The activities planned under this component are presented, in chronological order, as follows:</p> <p>(i) Awareness-raising for 5,000 youths (50% being women) to change their perception of agriculture This activity is necessary to demonstrate to young people that agriculture is not only about tilling the land, it also includes many opportunities to create businesses in which they can make a career and flourish as in any other sector. To that end, the project will conduct information and awareness campaigns using relay workers and organize exchange and experience-sharing visits.</p> <p>(ii) <u>Incubation of 350 young university graduates</u> (50% of whom are women) to provide them with intensive support to ensure the success of their businesses: training, support, access to markets and funding, contacts with partners, etc. This activity will be conducted by a public incubator, namely the AFP-PME, and private incubators selected and contracted for this purpose. The following criteria will be used to select partner incubators: similarity of targets with the project; convergence of intervention areas; relevance of the candidate selection and incubation methodology; and the ability to connect incubates to the market. These criteria will be evaluated for the AFP-PME and for the private incubators.</p> <p>(iii) <u>Business development</u> through the establishment of a seed fund accessible to young entrepreneurs undergoing incubation processes to fund the early developmental stages of their (often pre-commercial) businesses. This seed fund will be entrusted to the Burkina Faso Fund for Economic and Social Development (FBDES) (see text box on the FBDES) on an agreement basis, with the objective of financing 500 young entrepreneurs (350 higher education graduates and incubates, and 150 CFP and CPR graduates who have also benefited from incubation).</p>
Skills development to promote the employability and entrepreneurship of rural youth	5.20 (45%)	<p>The main activities scheduled are:</p> <p>(i) <u>Strengthening of the technical and vocational education and training (TVET) system</u> through the rehabilitation and equipment of 6 VTCs, namely Gourcy (North), Tougan, Boromo, Toma and Solenzo (Boucle du Mouhoun) and the provincial ANPE centre of Koudougou (West Centre); and 4 RPCs, namely Kodougou (Boucle du Mouhoun), Goundi (West Centre), Kongoussi (North Centre) and Bonam (North Centre).</p> <p>(ii) <u>Improvement of young people's skills</u> through training in the priority occupations found in the PNDES (agriculture, forestry and stockbreeding; construction and public works, handicrafts and emerging trades) adapted to the needs of the labour market with a target of 1,300 young people, 50% of whom are women.</p>

Components	Cost estimate (UA million)	Description of components
		(iii) <u>Professional integration of 650 young people (50% of whom are women) with access to employment and 150 young entrepreneurs.</u> The objective of integrating 650 young people into the labour market will be achieved through: (i) the effective implementation of the national strategy for the integration of trained PSCs; (ii) capacity-building support for integration stakeholders on the mastery of labour market needs and job niches; (iii) support for the development of a partnership between training centres (through the supervisory ministries) and enterprises (through employers' organization); and (iv) traceability and monitoring of VTC and RPC graduates. Furthermore, the project will select 150 young people (50% being women) among the 1,300 trained and desirous of building their own business and grant them access to two incubation centres that will be created (in 1 VTC and 1 RPC) to support them in their projects.
Project management and coordination	1.14 (10%)	The main activities to be conducted are: Administrative and financial management, planning and monitoring-evaluation, coordination, procurement, audit, communication, monitoring of cross-cutting issues such as gender and environment.

2.2 Technical Solution Adopted and Alternatives Explored

2.2.1 The project was designed to address the issue of youth integration more effectively through: (i) the integration of young higher education graduates into the agricultural value chain as entrepreneurs; and (ii) the improvement of employability in growth sectors. The option chosen is twofold, namely: (i) creating a critical mass of young entrepreneurs with higher education degrees within the agricultural value chain by strengthening their entrepreneurial capacities through incubation and facilitating their access to start-up capital through a seed fund; the success of these young entrepreneurs and their role as “leaders” will serve as a model for raising awareness among other young people, thus creating a virtuous circle that should contribute in developing the employment potential of the agricultural sector; and, (ii) improving the supply and quality of vocational training for rural youth in order to fill the skills gap in certain promising sectors and limit training inefficiencies. Ultimately, skills training for promising occupations will help to combat under-employment and low productivity in rural areas and thus maintain or even attract young people to rural areas with high economic potential through decent work and income.

2.2.2 This option was preferred for its capacity to cover the entire ecosystem (agricultural value chain, incubation, seed funds) and its potential impact on youth entrepreneurship in a sector (agriculture) generally considered as unattractive and unpromising for young graduates and the rural world that is often equated with poverty and exodus.

2.2.3 The following alternatives were also explored; but rejected for the above-mentioned reasons.

Alternatives	Brief Description	Reasons for Rejection
Supporting access to funding for businesses without an incubation process	This approach would entail granting loans to companies selected according to certain criteria and from a fund established within the banking system	<ul style="list-style-type: none"> - Given the high failure rate of new businesses (over 85% go bust before the third year), these loans have a very low repayment rate. - Financial support for companies does not always lead to growth; only a rigorous selection of entrepreneurs with the potential to succeed, as well as intensive support through incubation, can guarantee viability and sustainability. - This approach would focus more on the enterprise than on the entrepreneur, unlike the adopted option which guarantees a better chance of generating a critical mass of entrepreneurs within the agricultural value chain.
Capacity-building for the TEVT system	This approach would entail strengthening the capacities of VTCs/RPCs in order to increase the supply and quality of training:	<ul style="list-style-type: none"> - Training in the trades alone is insufficient, since it does not take into account the fact that many trained young people do not have the capacity to engage in entrepreneurship. That is why the training is combined with an incubation process.

2.3 Type of Project

2.3.1 PADEJ-MR is an autonomous operation in the form of a grant for an investment project. At this stage, the project approach is the most appropriate way to guarantee the achievement of results and ensure the effective and efficient use of resources.

2.4 Project Cost and Financing Mechanisms

2.4.1 The total project cost, net of taxes and customs duties, is evaluated at UA 11.44 million. This cost comprises UA 3.892 million (34%) in foreign exchange and UA 7.552 million (66%) in local currency. It is financed by an ADF grant of UA 10.30 million and a Burkina Faso Government contribution of UA 1.14 million (10%). ADF financing consists of UA 10.30 million from the ADF 14 country allocation.

2.4.2 Costs were determined on the basis of information obtained from official structures, national market stakeholders and the Bank's experience in financing similar activities. They included a 3% provision for price increase in accordance with the standards of the Central Bank of West African States (BCEAO) and a 5% provision for physical contingencies. Tables 2.3, 2.4 and 2.5 below present project costs by component, financing source and expenditure category and Table 2.6 presents the expenditure schedule by component.

Table 2.3
Estimated Costs by Component

<i>Components</i>	<i>In CFAF thousand</i>			<i>In UA thousand</i>		
	F.E.	L.C.	Total	F.E.	L.C.	Total
<i>1. Support to the entrepreneurship of young higher education graduates in the areas of agriculture and agribusiness</i>	1,226,000	2,451,918	3,677,918	1,570	3,140	4,710
<i>2. Skills development to promote the employability and entrepreneurship of rural youth</i>	1,363,500	2,465,578	3,829,078	1,746	3,157	4,903
<i>3. Project coordination and management</i>	110,000	772,500	882,500	141	989	1,130
BASELINE COST	2,699,500	5,689,996	8,389,496	3,457	7,286	10,743
<i>Physical contingencies (5%)</i>	54,900	62,420	117,320	70	80	150
<i>Financial contingencies (3%)</i>	50,985	145,455	196,440	65	186	252
<i>PPF advance³</i>	234,285		234,285	300		300
TOTAL	3,039,670	5,897,870	8,937,540	3,892	7,552	11,444

The exchange rates used are indicated in the introduction to this report (page i).

Table 2.4
Financing Sources

Financing Sources	CFA.F			UA thousand		Total (in UA)	%
	F.E.	L.C.	Total	F.E.	L.C.		
ADF	2,877,670	5,166,149	8,043,819	3,685	6,615	10,300	90%
GOV'T	162,000	731,721	893,721	207	937	1,144	10%
TOTAL PROJECT COST	3,039,670	5,897,870	8,937,540	3,892	7,552	11,444	

Table 2.5
Project Costs by Expenditure Category

a) Costs by expenditure category for all funding

Expenditure Category	CFA.F			UA		
	F.E.	L.C.	Total	F.E.	L.C.	Total
A. GOODS	558,000	208,400	766,400	715	267	981
B. SERVICES	366,500	3,595,030	3,961,530	469	4,603	5,073
C. WORKS	750,000	925,000	1,675,000	960	1,184	2,145
D. FUNCTIONING	0	986,566	986,566	0	1,263	1,263
E. MISCELLANEOUS ⁴ (funding)	1,000,000		1,000,000	1,280		1,280
BASELINE COST	2,674,500	5,714,996	8,389,496	3,425	7,318	10,743
Physical contingencies (5%)	54,900	62,420	117,320	70	80	150
Financial contingencies (2%)	50,235	146,205	196,440	64	187	252
PPF advance	234,285		234,285	300	0	300
TOTAL	3,013,920	5,923,620	8,937,540	3,859	7,585	11,444

³ PPF approved on 25/05/2016. It has made it possible to carry out preparatory studies.

⁴ Miscellaneous refers to resources destined for the Seed Fund

b) Costs by expenditure category for the ADF

Expenditure Category	CFAF			UA		
	F.E.	L.C.	Total	F.E.	L.C.	Total
A. GOODS	408,000	133,400	541,400	522	171	693
B. SERVICES	366,500	3,461,000	3,827,500	469	4,432	4,901
C. WORKS	750,000	925,000	1,675,000	960	1,184	2,145
D. FUNCTIONING	0	488,318	488,318	0	625	625
E. MISCELLANEOUS ⁵ (funding)	1,000,000		1,000,000	1,280		1,280
BASELINE COST	2,524,500	5,007,718	7,532,218	3,233	6,412	9,645
Physical contingencies (5%)	47,400	54,170	101,570	61	69	130
Financial contingencies (2%)	45,735	130,012	175,747	59	166	225
PPF advance	234,285		234,285	300	0	300
TOTAL	2,851,920	5,191,899	8,043,819	3,652	6,648	10,300

Table 2.6
Expenditure Schedule by Component (in CFAF thousand)

Components	32%	25%	26%	12%	5%	Total	Percentage
	2019	2020	2021	2022	2023		
1. Support to the entrepreneurship of young higher education graduates in the areas of agriculture and agribusiness.	1,365,197	1,420,076	773,433	186,548	10,000	3,755,255	42%
2. Skills development to promote the employability and entrepreneurship of rural youth.	956,520	692,173	1,378,579	709,459	321,539	4,058,270	45%
3. Project coordination and management.	295,950	142,780	163,380	133,510	154,110	889,730	10%
PPF advance.	234,285					234,285	3%
TOTAL	2,851,952	2,255,029	2,315,393	1,029,518	485,649	8,937,540	

2.5 Project Area and Beneficiaries

2.5.1 The project area (PA) selected in accordance with the Government's proposal was defined based on the following criteria: (i) high agricultural, forestry, livestock and fisheries (AFLF) potential as well as economic potential; (ii) exposure to climate risks; (iii) a high proportion of young people in the region; (iv) a high poverty rate in the locality; and (v) the existence of training or financing structures in the region. Hence, the Project will be implemented in the following areas: North Region, Boucle du Mouhoun Region, Centre-West Region and Centre-North Region. The beneficiaries of the project are mainly: (i) young people living in rural areas; (ii) trained young people, whether qualified or less qualified; and (iii) young higher education graduates. The target age bracket is between 15 and 35 years for men and up to 50 years for women. Lastly, the project will benefit the following target population: (i) 5,000 young people in terms of awareness-raising to guide them towards agricultural value chain professions; (ii) 500 young entrepreneurs (350 young university graduates and 150 young people from TVET structures who will all

⁵ Idem

benefit from incubation services); (iii) 1,300 young people trained in VTCs and RPCs, at least 50% of whom will be able to find jobs on the market; and (iv) 1,500 young people who may be employed in the 500 enterprises created.

2.5.2 In addition to age (young people between the ages of 15 to 35 years for men and up to 50 years for women), the selection criteria will be as follows: (i) for access to incubation services and the seed fund, the criteria will be those set by partner incubators; they will be based on the entrepreneurial potential of the candidate, the innovative nature of his project and its development and job creation potential; (ii) for access to technical and vocational training system, the criteria will be those already in force, albeit with an improvement through consultation between the supervisory Ministries (Agriculture and Employment) and employers in order to identify sectors, needs, qualification types, etc.

2.6 Participatory Approach to Project Identification, Design and Implementation

2.6.1 Project preparation followed a participatory and iterative process that facilitated the consultation of all stakeholders. Indeed, consultations were held with public sector institutions (Ministries concerned); the private sector (companies, employers); NGOs/CSOs (umbrella farmers' organizations); as well as technical and financial partners active in vocational and technical training, and business creation and support. The diagnostic study led to the conduct of surveys among youth and women "entrepreneurs" and "potential entrepreneurs" in order to identify the various constraints and expectations regarding the project. The stakeholders insisted on: (i) better targeting of young beneficiaries by focusing on their entrepreneurial potential; (ii) better handling of the issue of access to funding; (iii) better coordination between various stakeholders; and (iv) the quest for synergy with ongoing initiatives. The stakeholders' recommendations were factored into project design, mainly through: (i) the establishment of a rigorous mechanism to be initiated by the incubation centres for the selection of young beneficiaries; (ii) the establishment of a seed fund; (iii) the strengthening and management of a national consultation framework between public and private operational stakeholders (employers, financing structures), and; iv) complementarity with ongoing youth employment initiatives.

2.6.2 This participatory approach followed during project formulation will be continued during project implementation. The monitoring-evaluation process will also involve the various stakeholders for the proper conduct of project actions. A gender-sensitive information and communication system will also be established to regularly disseminate information on project implementation results.

2.7 Bank Group Experience and Lessons Reflected in Project Design

2.7.1 As of 30 April 2018, the Bank Group's active portfolio in Burkina Faso comprised 18 projects worth a total of UA 454.04 million in commitments. Of these commitments, UA 69,22 million covers agriculture through five projects and one PPF. The total disbursement rate is 39.66%. The portfolio review conducted in March 2018 found the overall performance satisfactory. The Bank's previous interventions in the social and agricultural sectors focused on developing rural infrastructure; enhancing food security; addressing inequalities; supporting income generation and access to basic social services; improving access to and quality of basic education; and building the capacity of the education and training sector. Completion reports have been prepared for all these projects. These various reports showed that the performance of these operations was generally satisfactory and their impact on the ground was perceptible.

2.7.2 The main lessons learned from these projects are: (i) the importance of ensuring good quality at entry by carrying out studies during the project preparation phase; (ii) the need for appropriate targeting of beneficiaries; (iii) the need to take gender into account; and (iv) the need to set up an effective internal and external monitoring and evaluation system. These lessons have been factored into this project through: (i) the mobilization of a PPF to carry out diagnostic and baseline studies of the project; (ii) the conduct of

a rigorous selection of beneficiaries based on their entrepreneurial spirit as well as the innovativeness and job creation potential of their project; (iii) the proposal of incentive measures and actions to encourage women to contribute to and benefit from the project's spin-offs; (iv) the setting up of a monitoring-evaluation mechanism involving the various structures and partners of the project as well as the strengthening of employment support and monitoring units; and (v) the setting up of an innovative and adapted support and financing mechanism. Lastly, the conditions precedent to first disbursement for portfolio projects have been met or are well on track.

2.8 Key Performance Indicators

2.8.1 The main performance indicators are those included in the logical framework, whose monitoring shall be coordinated by the project monitoring/evaluation expert in conjunction with all partners and associated structures. Particular emphasis will be placed on targeting the most relevant parameters that can be monitored and collected internally, and all indicators will be disaggregated by gender, with the objective of reaching 50% of women for each indicator.

2.8.2 Monitoring will specifically cover: (i) the under-employment rate in rural areas; (ii) the number of young people reached through awareness-raising; (iii) the number of young people who have benefited from incubation services; (iv) the number of businesses created; (v) the number of jobs created by the incubated businesses; (v) the number of training establishments strengthened; (vii) the number of young people trained in TVET and starting their own business; and (viii) the number of young people who obtained employment after their training. A monitoring/evaluation mechanism will be established as soon as the project is initiated.

III. Project Feasibility

3.1 Economic and Financial Performance

*Table 3.1
Key Economic and Financial Figures**

	Baseline Scenario	Key assumptions for calculating the economic viability of the project
NPV (in CFAF billion) Opportunity cost of 12%	61.9	<ul style="list-style-type: none"> • 4% unemployment rate for VTC/RPC trainees • Risk rate of 10% for the cash-flow of newly created businesses • Mortality rate of 23% for business three years after their creation • At least 6% of the incubated youth from VTCs/RPCs have access to the seed fund
IRR (Internal rate of return)	32.8%	

(*) The assumptions for calculation are discussed in detail in Technical Annex B7.

3.1.1 The project is economically viable. Indeed, it alone will help to place 1,300 young people trained in vocational training centres (VTCs) and rural promotion centres (RPCs) on the job market to exercise trades with high employment potential desired by employers. Furthermore, it will facilitate the creation of 500 businesses by young people (350 higher education graduates and 150 VTC/RPC graduates) who will in turn be able to create 1,500 jobs. Furthermore, the project will sensitize 5,000 young people to the agricultural and agribusiness professions.

3.1.2 Overall, the net present value (NPV) of the project is CFAF 62 billion (which is indicative of its viability), and the internal rate of return (IRR) is 33% (which is well above the opportunity cost of capital set at 12%). The sensitivity tests conducted suggest that the IRR would vary within a range of 28% to 34% depending on the reasonable assumptions used.⁶

⁶ These results are detailed in the Technical Annex B.7. It should be noted that the economic rate of return (ratio of the operating income to amount of capital invested), has not been explicitly calculated for the project. The reason is that the notions of equity or net results are not very relevant in component

3.2. Environmental and Social Impact

3.2.1 **Environmental Impact:** The activities planned under the project mainly focus on awareness-raising and capacity-building; the setting up of incubators (structures which receive and guide project proponents); increased access to technical and vocational training; support and coaching; facilitation of access to finance, etc. Most of these activities will take place in existing facilities (training centres) and will not have any direct negative impact on bio-physical and human environments. Implementation of the project will not lead to community displacement or the loss of assets or access to resources. Moreover, it presents very low risk of accidents, waste generation and non-compliance with working and safety standards.

3.2.2 The sharing and dissemination of best practices as well as awareness-raising on compliance with hygiene and quality standards for future agricultural entrepreneurs will enhance the positive impact of the project. Actually, the project will generate very little direct adverse impact. In accordance with the national legal framework, namely Decree No. 2015-1187 of 22 October 2015 on conditions and procedures for conducting and validating environmental and social assessments and its Annex 1, the project, by its nature, is not subject to an environmental and social impact assessment. However, it has provided for the establishment of a Seed Fund to facilitate young entrepreneurs' access to funding that is tailored to their situation, but which could generate some adverse environmental and social effects if certain measures are not taken. The potential negative impacts will be on a medium to small scale, and will concern certain agricultural projects submitted for financing by the Fund. Such risks essentially pertain to deforestation to create rights of way; as well as worksite pollution and nuisances (noise, dust, safety, etc.) during the execution of certain works, owing to non-compliance with certain security and hygiene best practices, etc.

3.2.3 The project is classified under Category 4 (FI B) in accordance with the Bank's environmental and social procedures. Category 4 projects relate to loans or grants awarded by the Bank to financial intermediaries, which onlend or invest in sub-projects that may have adverse environmental and social effects.

3.2.4 The Burkinabé Economic and Social Development Fund (FBDES), which is responsible for managing the Fund, is required to apply the Operational Safeguards (SO) and equivalent Bank procedures to their sub-projects and to comply with national environmental and social requirements. It is also required to locally publicize the Environmental and Social Management System (ESMS) of the project which is being designed. The ESMS provides guidelines for establishing an environmental and social selection process and for determining the activities eligible for Seed Fund financing, depending on the scale and nature of their potential impacts on the environment. Furthermore, the ESMS defines the monitoring and surveillance framework, the institutional measures and provisions, as well as the capacity-building needs and other assistance to be provided before, during and after project implementation.

3.2.5 **Climate Change:** The target areas are the Boucle du Mouhoun, North, Centre-North and Centre-West regions. These areas remain characterized by enormous pressures on natural resources and recurrent droughts which sometimes alternated with periods of heavy rainfall that severely aggravate the vulnerability of ecosystems and communities. However, given the nature of the project and the main activities and sectors targeted (capacity-building, coaching, awareness-raising, support, etc.), the risks and vulnerabilities associated with climate change that could arise from project activities are very few. These activities are not likely to generate direct negative impacts or major risks for natural environments. Some suggested measures to optimize the positive impacts of the project will enhance resilience to climate change through the implementation of a series of activities including improving value chains that will help

² of the project where most young people who are trained will enter the job market as self-employed workers in the informal or simple wage sector, such that it would not be possible to determine what the amount of their equity would have been (especially for the self-employed).

to enhance agricultural production systems, reducing extensive practices, applying agricultural best practices and introducing innovative techniques.

3.2.6 Social Impact: The popular uprising that rocked Burkina Faso in 2014 was rooted, inter alia, in the social tensions inherent in youth unemployment and under-employment. A few years later, the relevance given to the issue of employment and the development of young people's skills in rural areas are such that the activities of this project constitute a guarantee of more inclusive growth in the country. With regard to the positive effects of the project, a significant social impact will eventually be achieved in terms of a reduction of the risks of social exclusion by improving the employment situation of young people (decline in the youth unemployment and underemployment rate). More generally, the expected project implementation effects will help to reduce the poverty rate estimated at 40.1% in 2014 (Sources: INSD, EMC 2014) and which will decrease to 35% in 2020 according to PNDES projections.

3.2.6.1 By creating jobs for young people, including women, the project will increase their autonomy and raise household incomes. This will enhance the economic context in the project area and the country as a whole. Furthermore, the increase in agri-food production and the promotion of agri-food processing and marketing will improve the nutritional situation of Burkina Faso's vulnerable population in particular. Finally, the project will help to curb rural exodus by keeping young people within their communities while enhancing regional and local potential in agricultural value chains, public works and innovative trades.

3.2.7 Gender: Gender analysis in Burkina Faso shows wide disparities and inequalities between men and women in most sectors of economic and social life. In terms of employment, the net activity rate in the first quarter of 2014 stood at 67.9% for the whole country, 76.8% for women and 60.2% for men. In both urban and rural areas, this rate was higher for men than for women. For instance, it was 71.7% for men compared to 58.1% for women in urban areas and 78.9% for men compared to 61% for women in rural areas.⁷ When women hold salaried employment, they tend to work at the lower end of the scale. This is essentially due to the socio-cultural strictures that define the role of men and women in society, because education and the family tend to shape the future of girls and boys from birth.

3.2.7.1 To address this situation, the project plans to take into account all aspects of the gender dimension. Accordingly, incentive measures and actions are proposed to encourage women to contribute to and benefit from the project. The project has extended the age of beneficiaries from 16 to 50 years for women compared to 15 to 35 years for men, and plans to raise awareness in the project area by targeting women. Personalized and group coaching activities will also be initiated for women to guide them in the establishment of their businesses. It has also been proposed that mentoring and reference model (role model) activities will be organized to motivate young women to enrol in vocational training courses traditionally considered to be the preserve of men. Parental awareness campaigns to prevent and combat early marriages are also envisaged in order to keep girls in school for as long as possible so that they can achieve the level of education and training deemed necessary for professional integration. The project is classified in "category 2" according to the Bank's gender marker system. The detailed gender analysis and categorization requirements are presented in Technical Annex B.8.

3.2.8 Resettlement: The project will not lead to community displacement or restriction of access to resources or livelihoods.

⁷ National Survey on the Workforce in the Public and Formal Private Sectors (ENMO) in Burkina Faso

IV. IMPLEMENTATION

4.1 Implementation Arrangements

4.1.1 Institutional arrangements for project implementation: With reference to the new general regulations for development projects and programmes signed on 15/02/2018 (Decree N° 2018-092/PRES/PM/MINEFID), this project will be attached to the professional integration budgetary programme of the Ministry of Youth, Vocational Training and Integration (MJFIP). Accordingly, the Director General for Vocational Integration and Employment (DGIPE) is responsible for the budgetary programme and is *de facto* the Project Coordinator. It will be supported by a Project Officer, a procurement expert, an administrative and financial officer, an accountant, an expert in youth employment, and an expert in monitoring/evaluation responsible for cross-cutting issues (gender and environment). A description of the profiles of key PMU personnel can be found in Annex C1. The project will establish agreements/protocols with implementing structures, namely; the technical services and the other implementing partners selected (AFP-SME, FBDES, FONAENF, DGPER, DGFP, DGFOMR, ONEF). These conventions will lead to the establishment of an annual schedule of activities to be carried out by each structure, with precise budget and performance indicators.

A reporting mechanism and a review committee serving as a supreme policy body will be established.

4.1.2 The review committee shall assume the functions devolved to the Project Steering Committee in accordance with the new general regulations for development projects or programmes implemented in Burkina Faso. Specifically, it shall: (i) review and adopt the project implementation plan; (ii) review and adopt the periodic activity and financial reports; (iii) review and adopt the annual activity programmes, budgets and procurement plans; and (vi) approve project financial statements.

4.1.3 Ongoing monitoring of project implementation, including the results to be achieved, is a major challenge for the project. The Project Management Unit (PMU) will ensure the establishment of a monitoring/evaluation mechanism. On the Bank side, COBF will manage the implementation of the project supervision missions. Moreover, the PMU will prepare and submit quarterly and annual progress reports. The budget for monitoring/evaluation activities will be covered by the project's operating budget.

4.1.4 Procurement Arrangements: Goods (including services other than those of consultants) funded by the Bank under the project shall be procured in accordance with the Procurement Framework for Bank Group-funded Operations, October 2015 edition, and in accordance with the provisions set out in the Funding Agreement. Specifically, procurements will be conducted according to:

- i) **The procurement system (PS) of the Donee:** Procurement methods and procedures (PMP) applicable to the Donee's procurement system, including its implementing laws and decrees, in particular Law No. 039-2016/AN of 02 December 2016 on the general public procurement regulations and Decree No. 2017-0049/PRES/PM/MINEFID on procedures for the award and settlement of public contracts and the delegation of public services, as well as its various implementing texts. This will be done using National Standard Bidding Documents (NSBDs) or other bidding documents as approved during project negotiations for low-value and low-complexity routine works and goods contracts under the project and generally available in Burkina Faso. Details on the thresholds are found in Annex B.5.

ii) **Bank's Procurement Methods and Procedures (BPM):** The Bank's standard BPMs, based on the relevant standard bidding documents (SBDs) for contracts above the thresholds specified in Annex B5, Para. B.5.3.2, will be used for larger, more complex and high value goods and works contracts, as well as consultancy services, for which the country's fiduciary risk is deemed to be substantial.

4.1.5 Assessment of procurement risks and capacity (APRC): An assessment of the national, sector and project risks and of the capacity of the executing agency (EA) to manage procurements was conducted⁸ under the project and the results were used as a basis for choosing the procurement system (Donee or Bank) used for given activities or a set of similar activities under the project. The appropriate risk mitigation measures have been included in the PERCA action plan indicated in paragraph B.5.9. of Annex B5.

4.1.6 Financial Management

4.1.6.1 Financial management and disbursements: Despite the reforms undertaken since 2013 to improve the public finance management system in Burkina Faso, the latest PEFA 2017 shows that certain weaknesses persist and continue to hamper budgetary effectiveness and efficiency. Indeed, wide variations are always observed between the initial and the final budget, both in terms of amount and the composition of revenue and expenditure. This situation, which undermines the credibility of the budget, mainly stems from shortcomings in the planning and budgetary framework. A few sectors do not yet have sectoral policies. Furthermore, some ministries and institutions have not formally appointed their programme managers. In this context, the creation of a PMU for PADEJ-MR within the Directorate General for Vocational Integration and Employment (DGIPE) is necessary in accordance with Decree No. 2018-0092 on the general regulation of development projects and programmes implemented in Burkina Faso. Moreover, capacity-building must be organized for the PMU on project management and the Bank's rules and procedures. To ensure the effective financial implementation of PADEJ-MR, the Ministry of Youth, Training and Vocational Integration will undertake a number of actions immediately after approval of the funding.⁹ These include:¹⁰ (i) creation of the Review Committee and the appointment of its members; (ii) creation of the PADEJ-MR PMU within the Directorate General of Professional Integration and Employment and the appointment of a Project Officer; (iii) the recruitment of financial management and procurement experts and the accountant; (v) the procurement of accounting software (multi-project), software configuration and staff training; (vi) the recruitment of an external auditor; and (vii) the opening of two special accounts: the first one dedicated to defrayment of the operating expenditure of the PMU and the second for the seed fund. Details on financial management and disbursement are provided in Annex B6.

4.1.6.2 The special account method will therefore be used to finance operating expenses and the seed fund. To that end, two special accounts will be opened: the first special account will be used to finance the PMU's operating expenditure and the second will be used for the seed fund. As a condition precedent to the disbursement of seed funds (to be included under "Other conditions"), the Donee must provide the Fund, no later than three (3) months after entry into force of the financing agreement, with a partnership agreement signed with the FBDES to host and administer the seed fund. This agreement shall define the conditions justifying the use of special account resources to be submitted to FIFC.3 for approval.

⁸ See the technical annexes for more information.

⁹ In dialogue with the Government, initiatives will be taken by COBF to accelerate and/or anticipate the establishment of the PMU to ensure rapid commencement of the project.

¹⁰ It should be noted that the budgetary programme officer has already been appointed.

4.1.6.3 Audits: Annual audits of financial statements shall be conducted by an external audit firm based on terms of reference approved by the Bank. Audit reports shall be transmitted to the Bank at most six months after the end of the fiscal year under review.

4.1.6.4 Disbursement arrangements: Grant resources shall be disbursed in accordance with the Bank's Disbursement Manual once the Protocol Agreement becomes effective and the conditions precedent to first disbursement have been met. The first disbursement is expected to take place at the latest within three months following the signature of the Protocol Agreement. The following disbursement methods will be applied for the disbursement of grant resources by the Bank: (i) the direct payment method; (ii) the special account method; and (iii) the repayment method. The direct payment method will be used for the payment of contracts for expenditure categories relating to construction, goods and services. The special account method will be used to finance operating expenses and the seed fund. Indeed, two special accounts will be opened to receive grant resources: the first one will be dedicated to financing the PMU's operating expenditure and the second will hold the seed fund.

4.1.6.5 The procedures relating to the resources allocated to the FBDES shall, in principle, be recorded in a project procedures manual.

4.2. Monitoring of Project Activities

4.2.1 The monitoring and evaluation (M&E) mechanism will make it possible to determine the level of physical implementation (implementation rate for the whole project and for each component) and of financial implementation (commitment rate and disbursement rate for ADF and State counterpart resources). It will be provided with information coming mainly from control / supervision missions (physical execution) and progress reports. The monitoring of physical and financial achievements (commitments and disbursements), relative to projections, will ensure that the project implementation schedule is respected. The evaluation will be done through periodic monitoring/evaluation surveys. The project monitoring-evaluation officer will be responsible for harmonizing formats and consolidating all partner and project reports.

4.2.2 A harmonized gender-sensitive monitoring/evaluation framework will be developed for operationalizing the logical framework indicators and defining the collection, reporting, processing and reporting circuit. Activities scheduled under the project are summed up in the table below. These activities will be implemented following the project implementation schedule.

No	Activities	Entity in charge	Maturity
1	Appraisal	ADF	May 2018
2	Negotiations	Government/ADF	July 2018
3	Presentation of project to ADF Board	ADF	September 2018
4	Signature of grant protocol agreement	Government/ADF	September-October 2018
5	Authorization of 1 st disbursement	ADF	December 2018
6	Launching of project	Executing Agency/ADF	January 2019
7	Implementation of services	PMU/Government	January 2019 - December 2023
8	Midterm review	Government/ADF	June 2021
9	Completion of activities	Government/ADF	December 2023
10	Completion report	Government/ADF	March 2024
11	Audits	PMU	Annually

4.3. Governance

4.3.1 Burkina Faso has made significant progress over the past two years. According to the 2017 edition of the Mo Ibrahim Index of African Governance, Burkina Faso is above the average for the whole of Africa, with a score of 53.7/100 and a ranking of 23rd out of 54 countries assessed. Regarding rule of law and accountability, it ranks among the top 10 least-corrupt African countries in 2016, according to the *Transparency International* corruption perception index. The authorities have initiated legislative reforms to step up the fight against corruption, mainly through the adoption in March 2015, of the law on prevention and repression of corruption. In November 2015, the new authorities increased the powers of the Supreme State Control and Anti-Corruption Authority (ASCE-LC). Since then, ASCE-LC has conducted an annual audit of budget management, which is published. Specialized judicial units in charge of economic cases were created in 2017 to speed up the adjudication of cases on corruption and related offences. Civil society organizations (CSOs), including the National Anti-Corruption Network (RENLAC) are also heavily involved in combating corruption. They act as a counterweight to the Government by denouncing abuses and the mismanagement of public resources.

4.3.2 With regard to favourable project implementation conditions, note should be taken of the country's performance in business creation (with a score of 88/100) and promulgation of the investment code to create an enabling environment for the promotion of entrepreneurship in the agriculture, forestry, livestock and wildlife sectors; the promotion of decent jobs; boosting of the competitiveness of national production on the domestic and foreign markets; and the modernization of production, conservation or processing techniques for products from the agriculture, forestry, livestock, fisheries and wildlife sectors.

4.4 Sustainability

4.4.1 To ensure project sustainability, the existing system will be strengthened by providing the necessary support to improve not only its governance but also its effectiveness. Indeed, the prominence given to youth employment and skills development in national strategies augurs well for a new vision of employment as an essential variable in achieving highly inclusive growth. The adoption of the NP/TEVT and its three-year action plan 2018-2020 confirms the Burkina Faso Government's commitment to implement key reforms that promote youth employment.

4.4.2 Furthermore, the recruitment of the youth employment expert within the PMU at the MJFIP will lead to capacity-building for the stakeholders involved in project implementation. Ultimately, the PMU will make it possible to internalize certain training and employment management functions within public services. These capacities will contribute to the efficient management of public resources allocated to employment and vocational training, which are expected to increase over the next five years, including the share of funding raised by the private sector.

4.4.3 Finally, to ensure the sustainability of results, capacity-building activities will be organized for the benefit of the various key stakeholders. The project will ensure that beneficiaries develop the proper skills to carry on with activities after its completion. Sustainability will all the more be enhanced as the Government and TFPs have shown an interest in perpetuating the project's achievements (seed funds, business incubators in rural areas, etc.).

4.5 Risk Management and Mitigation

To ensure the success of the project, mitigating measures have been scheduled to address identified risks. The main risks presented in the table below are indicated in the results-based logical framework matrix.

Table of Risks and Mitigating Measures

Potential risks	Mitigating measures
Insecurity linked to terrorism	Strengthening of the security mechanism in the project area
Shortage of medium or long-term resources to fund young entrepreneurs.	In addition to the planned funding mechanism (seed funds), implement a partnership strategy with financial intermediaries to guide young entrepreneurs who have undergone the incubation process
A regulatory environment that is not conducive to the development of agricultural entrepreneurship	Implementation of the law on the investment code for the agricultural, forestry, livestock and fisheries sectors
Quality of education and its consistency with market needs	Implementation of apprenticeship-integration agreements between training centres and employers' organizations

4.6 Knowledge Building

4.6.1 PADEJ-MR will contribute to knowledge development and the strengthening of institutional support for youth employment and entrepreneurship. The project will also lay particular emphasis on Technical and Vocational Education and Training (TVET). The various studies to be conducted and the strategic plans to be formulated in the area of youth employment and entrepreneurship will lead to the implementation of relevant measures for strengthening the national mechanism. Indeed, formulation of the strategic plan for developing a single fund to finance the projects of young people and women and the economic and financial feasibility study for the CFP-CI incubator will improve the effectiveness of public funds and operationalize the incubator of the Assessment and Vocational Training Centre in Ouagadougou.

4.6.2 With respect to the TVET system, the PADEJ-MR plans to develop a strategic plan for the National Vocational Training Agency¹¹ and to conduct studies on the establishment of incubators in VTCs and RPCs. These activities have a strategic impact on knowledge development and will ultimately improve the effectiveness of the TEVT mechanism in Burkina Faso. Furthermore, the project will have a direct impact on young people who will benefit from technical and vocational training under better conditions.

V. LEGAL INSTRUMENTS AND AUTHORITY

5.1 Legal Instrument

The legal framework of the project will be a grant protocol agreement to be concluded between Burkina Faso and the African Development Fund.

5.2 Conditions Associated with Fund Intervention

5.2.1 Conditions precedent to grant effectiveness: The grant agreement shall become effective on its date of signature by the Donee and the Fund.

¹¹ In collaboration with the International Labor Office (ILO).

5.2.2 Conditions precedent to first disbursement of grant resources: The Fund's obligation to make a first disbursement of grant resources will be subject to the effectiveness of the grant agreement in accordance with the provisions of Paragraph 5.2.1 above and proof of satisfaction by the Donee of the following conditions to the satisfaction of the Fund:

- (i) Provide proof of recruitment or appointment of members of the project coordinating team; and
- (ii) Provide proof of the creation of the review committee and appointment of its members in accordance with the Decree (No. 2018-0092/PRES/PM/MINEFID) of 15 February 2018 on the general regulation of development projects and programmes carried out in Burkina Faso.

5.2.3 Conditions precedent to first disbursement of grant resources: The obligation for the Fund to make a second disbursement of grant resources shall be subject to fulfilment by the Donee of the following conditions to the satisfaction of the Fund:

- (i) Provide a copy of the partnership agreement with the FBDES for the hosting and administration of the seed fund no later than six months after entry into force of the grant protocol agreement;
- (ii) Provide copies of the agreements signed with the executing structures which shall enable the establishment of an annual schedule of activities to be conducted per structure, accompanied by budgets and specific results indicators for the project; and,
- (iii) Provide a copy of the manual of procedures for the administrative, accounting and financial management of the project validated by the Bank.

5.2.4 Commitments: The Donee undertakes to:

- (i) Raise counterpart funds annually in accordance with the funding plan, within a national counterpart account opened at the Treasury; and
- (ii) Prepare and submit quarterly and annual progress reports that are satisfactory to the Fund in format and substance.

5.3 Conformity with Bank policies

The project is in accordance with the Bank's applicable policies. It will be implemented within the framework of the Bank's intervention strategy in Burkina Faso defined in the 2017-2021CSP approved in September 2017 by the Board, as well as the Bank's strategy for the 2013-2022 period.

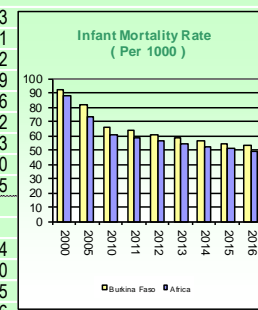
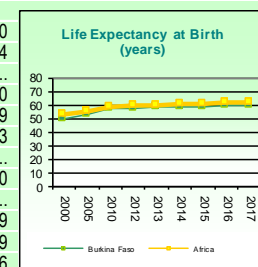
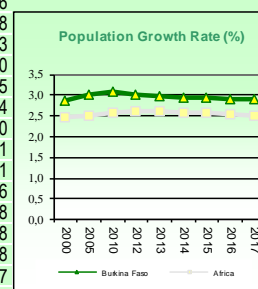
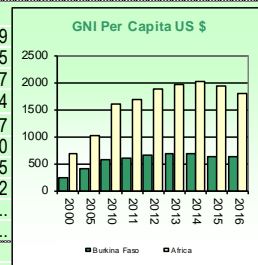
VI. RECOMMENDATION

Management recommends that the Board of Directors approves the proposed grant of UA 10.30 million (ten million three hundred thousand) for Burkina Faso to finance the Support Project for Youth Employment and Skills Development in Rural Areas (PADEJ-MR), subject to the conditions stipulated in this report.

ANNEX 1

Burkina Faso COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Burkina Faso	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)	2017	274	30 067	80 386	53 939
Total Population (millions)	2017	19,2	1 184,5	5 945,0	1 401,5
Urban Population (% of Total)	2017	31,1	39,7	47,0	80,7
Population Density (per Km ²)	2017	70,1	40,3	78,5	25,4
GNI per Capita (US \$)	2016	620	2 045	4 226	38 317
Labor Force Participation *- Total (%)	2017	83,4	66,3	67,7	72,0
Labor Force Participation **- Female (%)	2017	76,5	56,5	53,0	64,5
Sex Ratio (per 100 female)	2017	98,7	0,801	0,506	0,792
Human Develop. Index (Rank among 187 countries)	2015	185
Popul. Living Below \$ 1.90 a Day (% of Population)	2014	43,7	39,6	17,0	...
Demographic Indicators					
Population Growth Rate - Total (%)	2017	2,9	2,6	1,3	0,6
Population Growth Rate - Urban (%)	2017	5,6	3,6	2,6	0,8
Population < 15 years (%)	2017	45,1	41,0	28,3	17,3
Population 15-24 years (%)	2017	20,0	3,5	6,2	16,0
Population >= 65 years (%)	2017	2,4	80,1	54,6	50,5
Dependency Ratio (%)	2017	90,6	100,1	102,8	97,4
Female Population 15-49 years (% of total population)	2017	23,2	24,0	25,8	23,0
Life Expectancy at Birth - Total (years)	2017	59,7	61,2	68,9	79,1
Life Expectancy at Birth - Female (years)	2017	61,0	62,6	70,8	82,1
Crude Birth Rate (per 1,000)	2017	38,6	34,8	21,0	11,6
Crude Death Rate (per 1,000)	2017	8,9	9,3	7,7	8,8
Infant Mortality Rate (per 1,000)	2016	52,7	52,2	35,2	5,8
Child Mortality Rate (per 1,000)	2016	84,6	75,5	47,3	6,8
Total Fertility Rate (per woman)	2017	5,3	4,6	2,6	1,7
Maternal Mortality Rate (per 100,000)	2015	371,0	411,3	230,0	22,0
Women Using Contraception (%)	2017	24,3	35,3	62,1	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2012	4,7	46,9	118,1	308,0
Nurses and midwives (per 100,000 people)	2012	63,0	133,4	202,9	857,4
Births attended by Trained Health Personnel (%)	2010	65,9	50,6	67,7	...
Access to Safe Water (% of Population)	2015	82,3	71,6	89,1	99,0
Access to Sanitation (% of Population)	2015	19,7	51,3	57	69
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2016	0,8	39,4	60,8	96,3
Incidence of Tuberculosis (per 100,000)	2016	51,0	3,8	1,2	...
Child Immunization Against Tuberculosis (%)	2016	98,0	245,9	149,0	22,0
Child Immunization Against Measles (%)	2016	88,0	84,1	90,0	...
Underweight Children (% of children under 5 years)	2010	26,2	76,0	82,7	93,9
Prevalence of stunting	2010	35,1	20,8	17,0	0,9
Prevalence of undernourishment (% of pop.)	2015	20,2	2 621	2 335	3 416
Public Expenditure on Health (as % of GDP)	2014	2,6	2,7	3,1	7,3
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2016	91,1	106,4	109,4	101,3
Primary School - Female	2016	90,1	102,6	107,6	101,1
Secondary School - Total	2016	35,8	54,6	69,0	100,2
Secondary School - Female	2016	34,9	51,4	67,7	99,9
Primary School Female Teaching Staff (% of Total)	2016	45,8	45,1	58,1	81,6
Adult literacy Rate - Total (%)	2014	34,6	61,8	80,4	99,2
Adult literacy Rate - Male (%)	2014	44,4	70,7	85,9	99,3
Adult literacy Rate - Female (%)	2014	26,2	53,4	75,2	99,0
Percentage of GDP Spent on Education	2015	4,2	5,3	4,3	5,5
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2015	21,9	8,6	11,9	9,4
Agricultural Land (as % of land area)	2015	44,2	43,2	43,4	30,0
Forest (As % of Land Area)	2015	19,6	23,3	28,0	34,5
Per Capita CO2 Emissions (metric tons)	2014	0,2	1,1	3,0	11,6



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

May 2018

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

ANNEX 2 : TABLE OF AFDB PORTFOLIO IN BURKINA FASO

No.	Project Title	Approval date	Completion date	Amount approved	Amount disbursed	Disbursement rate
	Light up and power Africa			77,230,000.00	5,270,610.19	6.82%
1	Electrification of the Semi-Urban Areas of Ouagadougou and Bobo-Dioulasso	21/09/2016	31 December 2020	27,230,000.00	5,270,610.19	19.36%
2	Burkina Faso- Nigeria-Niger-Benin-Burkina Faso Electricity Interconnection Project	15/12/2017	31/12/2022	50,000,000.00		0.00%
	Feed Africa			69,220,220.19	26,596,896.30	38.42%
3	PPF Integration of the Youth and Women into the Agriculture, Forestry and Livestock Sectors	25/05/2016	30/08/2018	600,000.00	210,000	35.00%
4	Bagré Growth Pole Support Project	29/04/2015	30/04/2021	21,000,000.00	11,345,520.27	54.03%
5	Project on the participatory management of classified forests PGFC/REDD+	28/11/2013	31/12/2019	8,028,595.76	3,219,514.59	40.10%
6	Preparation PPG PGFC/REDD+ FIP BURKINA	22/03/2013	30/12/2017	349,069.38	333,182.23	95.45%
7	Support Project for Cashew Nut Development in the Comoé Basin	16/02/2017	31/12/2022	3,792,555.05	341,746.54	9.01%
8	Burkina Faso - Programme to Boost Resilience to Food and Nutritional Insecurity	15/10/2014	30/06/2020	25,450,000.00	8,112,871.16	31.88%
9	CILSS - Programme to Boost Resilience to Food and Nutritional Insecurity	15/10/2014	30/06/2020	10,000,000.00	3,111,199.66	31.11%
	Integrate Africa			229,222,611.73	87,033,633.94	37.97%
10	Burkina Faso - Facilitation of the Lomé-Cinkansé-Ouagadougou Corridor	27 June 12	31/12/2018	106,130,000.00	71,721,133.26	67.58%
11	National Highway No. 4 (RN4) Gounghin-Fada-Piéga-Front Development Project Niger	24/11/2017	31/12/2022	76,654,611.73	0.00	0.00%
12	Internal Access Roads Development Project;	13/11/2013	31/12/2019	46,438,000.00	15,312,500.68	32.97%

No.	Project Title	Approval date	Completion date	Amount approved	Amount disbursed	Disbursement rate
	Industrialize Africa			44,642,949.18	37,727,538.71	84.51%
13	Grant of a line of credit to Coris Bank International Africa SME Programme LOC - FIDELIS	23/11/2016	14/07/2019	31,853,807.79	31,853,807.79	100.00%
14	FINANCE	11/10/2017	30/07/2017	2,095,645.25	2,095,645.25	100.00%
15	Economic Transformation and Job Creation Support Project	17/09/2014	30/04/2020	10,000,000.00	3,770,894.21	37.71%
16	Integrated Support to the Shea Butter Sector for Women's Economic Empowerment	12/07/2016	30/06/2019	693,496.14	7,191.46	1.04%
	Improve quality of life for the people of Africa.			33,722,460.29	23,504,427.96	69.70%
17	Study on Rehabilitation of the Naré Underground Dam	11/04/2016	29/12/2019	702,460.29	31,946.02	4.55%
18	First Sanitation Sub-Project on Drainage of Ouagadougou's Outlying Districts	09/10/2013	31/05/2019	33,020,000.00	23,472,481.94	71.09%
	Total Active Portfolio			454,038,241.39	180,133,107.10	39.67%

**ANNEX 3: RELATED PROJECTS FINANCED BY DEVELOPMENT PARTNERS
(ADDITIONAL PROJECTS)**

TFP/ Project Name/Start/Duration of the project	Total amount of financing for the Project	Areas of complementarity with the PADEJ-MR project and estimated cost
Switzerland Agricultural entrepreneurship support 2019-2023	CHF 10 million	Component 1: Development of Skills for Employment, incubation of entrepreneurs, development funds, policy dialogue.
TFP Pool: Donor pool (Switzerland, AFD, Austria, Monaco, Luxembourg) Triennial action plan for 2018-2022	EUR 26.3 million (with the possibility of an additional EUR 5 million if the absorption capacity is demonstrated by the formulation mission)	Component 2
UNDP-Luxembourg <i>Femmes Jeunes Entreprenants et Citoyenneté</i> 2017-2019	EUR 1.5 million	Components 1 and 2: Incubation, the creation of decent jobs for young people and women; sharing of experiences; dissemination of relevant information on entrepreneurship among the targets of the project; the access to financing by incubated enterprises.
European Union via Expertise France Employment support in the border areas and peripheries of Burkina Faso 2017-2020	EUR 7 million	Seed fund (pre-market costs of the first product or service; research and development costs, prototype, business plan, legal advice, rent, production equipment, etc.) 2.33 million/region
Norway/Netherlands Job Booster 2018-2022	EUR 9 million comprising EUR 6.5 million from Norway and EUR 2.5 million from the Netherlands	Advocacy on youth employability (EUR 180,000) Upgrade of technical and vocational centres (EUR 540,000) Technical training of young people (EUR 710,000) Support for the installation of young trained entrepreneurs (EUR 570,000)

ANNEX 4 : MAP OF BURKINA FASO AND THE PROJECT AREA

