

AFRICAN DEVELOPMENT BANK  
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AFRICAN DEVELOPMENT FUND  
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21 November 2019  
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BOARD APPROVAL  
Lapse-of-time Procedure  
21 November 2019

FOR INFORMATION

## MEMORANDUM

TO : THE BOARDS OF DIRECTORS

FROM : Vincent O. NMEHIELLE  
Secretary General

SUBJECT : YOUTH ENTREPRENEURSHIP AND INNOVATION MULTIDONOR TRUST FUND (YEI MDTF)\*

GRANT OF USD 5 000 000 (UA 3 600 000) FOR THE CAPACITY BUILDING OF YOUTH LED START-UPS AND MSMEs UNDER THE TONY ELUMELU ENTREPRENEURSHIP PROGRAMME

The above-mentioned **Document** and the **Draft Resolution** were submitted for your consideration, **on a Lapse-of-time basis**, on 7<sup>th</sup> November 2019.

**Since no objection was recorded by 5.00 pm on 21 November 2019**, the said document is considered as **approved** and the Resolution **adopted**.

Attch.:

cc.: The President

\*Questions on this document should be referred to:

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# AFRICAN DEVELOPMENT BANK GROUP



## YOUTH ENTREPRENEURSHIP AND INNOVATION MULTI DONOR TRUST FUND

### (YEIMDTF)

**PROGRAMME: AFRICAN DEVELOPMENT BANK /TONY ELUMELU  
FOUNDATION ENTREPRENEURSHIP PROGRAMME (TEFEP):  
CAPACITY BUILDING TO YOUTH LED START-UPS AND MSMEs.**

### **PROJECT APPRAISAL REPORT**

**November 2019**

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# AFRICAN DEVELOPMENT BANK GROUP



## YOUTH ENTREPRENEURSHIP AND INNOVATION MULTIDONOR TRUST FUND (YEI MDTF)

### APPRAISAL REPORT

**AHHD/DEPARTMENT**

November 2019

## Application Summary

<b>Processing Stage</b> Post-TC Revision	<b>Date</b> 10/21/2019	<b>Bank Team Lead</b> TJ. MUZIRA	<b>YEI MDTF Team Support</b> R. OFFEI-AWUKU
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<b>Programme Sector/Technology</b> Jobs for Youth in Africa	<b>Programme Country/Region</b> Multinational
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<b>Implementing Agency</b> The Tony Elumelu Foundation	<b>Partner Donors</b> N/A
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### Programme Description

The Tony Elumelu Foundation (TEF) Entrepreneurship Program is a 10-year, USD100 million commitment to identify, train, mentor and fund 10,000 African entrepreneurs. The goal is that the 10,000 entrepreneurs will create 1 million jobs and generate USD10 billion in additional revenue on the continent. Now in its 5th year, the Tony Elumelu Foundation Entrepreneurship Programme (TEFEP) has empowered 4,470 entrepreneurs, using a robust selection, training and implementation process to create visible and sustainable impact across all 54 African countries. Through USD 5 million additional contribution from the Youth Entrepreneurship and Innovation Multi Donor Trust Fund (YEI MDTF), the Bank will enable TEFEP to scale up its outreach and capacity building support to 1,000 youth entrepreneurs of whom 50% are women, in countries of fragility and/or hotspots of economic migration including the SAHEL Region. The support to the TEFEP will make it possible for an additional 1,000 high potential youth led start-ups in Africa to access the business development services and networking support they need in order to grow and create decent jobs. The proposed support by the YEI MDTF leverages on a successful TEFEP to contribute to the fulfilment of the Bank's Jobs for Youth in Africa (JfYA) Strategy 2016 - 2025, which has the goal to create 25 million jobs and to equip 50 million youth for them to improve the quality of their lives.

### Summary of the Entrepreneurship Programme Components

**The program will support entrepreneurs through the following four components:**

(1) 12-week online training programme; (2) mentorship; (3) Business plan preparation and review; and finally (4) USD 5,000 Technical assistance grant.

### Key Performance Indicators that will be disaggregated by gender, age, country and priority sectors

YEI MDTF performance indicators	TEFEP targets under the AfDB/ TEF funding
Total number of start-ups and MSMEs who benefit from Business Development Services (BDS) support by incubators or other Enterprise Support Organizations as a result of YEI MDTF funding	1,000 Youth Entrepreneurs trained through TEFEP, including at least 50% women, at least 30% in countries of fragility and/or hotspots of economic migration and at least 60% in priority sectors (Agribusiness, Industry, ICT)
% of youth led start-ups and MSMEs who received financing, other than technical grant, as a result of the BDS programme	700 Youth led MSMEs have access to finance as result of their participation in TEFEP
Number of direct and indirect jobs created by MSMEs as a result of the BDS programme	2, 240 decent jobs created and measured through a credible monitoring and results measurement (MRM) system.

### Summary Financing Plan (in USD millions)

#	Component	YEI MDTF funding	TEF contribution	Total
1	<b>YEI MDTF Funded Activities</b>	<b>5</b>		<b>5</b>
	Technical Assistance to 1,000 Entrepreneurs	5		
2	<b>TEFEP Funded Activities (co-finance)</b>		<b>15.75</b>	<b>15.75</b>
	Technical Assistance 2,050 Entrepreneurs		10.25	
	Programme Operational Costs for 3,050 Entrepreneurs		4.5	
	Monitoring and Evaluation		1	
	<b>GRAND TOTAL</b>	<b>5</b>	<b>15.75</b>	<b>20.75</b>

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## **Abbreviations**

<b>AfDB</b>	African Development Bank
<b>AHHD</b>	Human Capital Youth and Skills Department
<b>AHVP</b>	Agriculture, Human and Social Development
<b>BDS</b>	Business Development Services
<b>ESO's</b>	Enterprise Support Organisations
<b>FIFC</b>	Financial Control
<b>FIRM</b>	The Resource Mobilization and Partnerships Department
<b>FTE</b>	Full-Time Employment
<b>ICT</b>	Information and Communication Technologies
<b>JfYA</b>	Jobs for Youth in Africa
<b>KYC</b>	Know Your Customer
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MRM</b>	Monitoring and Results Measurement
<b>MSMEs</b>	Micro, Small and Medium-sized Enterprises
<b>OC</b>	Oversight Committee
<b>PCR</b>	Project Completion Report
<b>PGCL</b>	General Counsel and Legal Services
<b>RBF</b>	Results Based Framework
<b>RMCs</b>	Regional Member Countries
<b>SMEs</b>	Small and Medium Enterprises
<b>SNFI</b>	Procurement and Fiduciary Services
<b>SNDR</b>	Delivery, Performance and Management and Results Department
<b>SNSP</b>	Strategy and Operational Policies Department
<b>TEF</b>	Tony Elumelu Foundation
<b>TEFEP</b>	Tony Elumelu Foundation Entrepreneurship Programme
<b>TOR</b>	Terms of Reference
<b>TRC</b>	Technical Review Committee
<b>UA</b>	Units of Account
<b>USD</b>	United States Dollars
<b>YEI MDTF</b>	Youth Entrepreneurship and Innovation Multi Donor Trust Fund

## I. The programme

### 1.1. Background

- 1.1.1. **Africa's population age structure is characterised by a youthful<sup>1</sup> workforce dynamic.** Sixty percent (780 million) of Africa's population of 1.2 billion is below 24 years (UNDESA 2017). The youth population is rapidly growing and expected to grow over 830 million by 2050. If properly harnessed, this increase in the working age population could support increased productivity and stronger, more inclusive economic growth across the continent.
- 1.1.2. **The potential benefits of Africa's youth population are currently unrealized: more than half of Africa's youth are unemployed, underemployed or unproductive.** African countries have achieved remarkable economic growth over the past 20 years but this growth has not led to commensurate growth in self and wage employment opportunities. According to the most recent AfDB 2019 Policy Research Paper on Creating Decent Jobs, a detailed analysis of five national labour markets in Africa (in Egypt, Mali, Nigeria, South Africa and Zambia) reveal low youth labour force participation rates and high unemployment rates compared with older workers. This was also confirmed by the AfDB Africa Economic Outlook and the ILO World Economic Social Outlook (WESO) reports 2019. Most youth are employed as unskilled or semiskilled workers. Youth in all five countries are less likely than older people to enter the labour market and, when they do, are less likely to find employment<sup>2</sup>. Young women are particularly impacted, and often face even greater barriers to accessing opportunities and earning equal pay.
- 1.1.3. **Unable to create enough jobs even under relatively favorable economic conditions, many African countries now stand on the brink of an unprecedented surge in the working age population.** Between 2013 and 2063, the continent's working age population is projected to more than triple, from 627 million to almost 2.0 billion—an increase of more than 1.3 billion people<sup>3</sup>. While 10-12 million youth seek to enter the workforce each year, only three million formal jobs are created annually. Yet 600 million<sup>4</sup> jobs are needed to sustain Africa's young workforce over the next 15 years. To meet this challenge, the AfDB (African Economic Outlook 2019) projects that Africa will need to create 20 million jobs annually until 2030 just to keep the current unemployment levels constant. While economic growth is strong in Africa, there is an urgent need to promote inclusive economic transformation and jobs-induced growth to improve the quality of life for all Africans.
- 1.1.4. **Micro, Small and Medium Enterprises (MSMEs) in Africa drive economic growth and job creation.** They represent 95% of all firms and generate 80% of jobs, thus contributing a significant part of national GDPs<sup>5</sup>. MSMEs are a powerful means to addressing underemployment and unemployment. Given that 7 out of 10 young workers in Africa are self-employed<sup>6</sup> and Africa registers the most positive attitude towards entrepreneurship in the world<sup>7</sup>, it makes SMEs a key vehicle for addressing the growing youth unemployment bulge.
- 1.1.5. **Youth are an important segment within the SME sector as they are 1.6 times more likely to display entrepreneurial skills compared to older people.** Young entrepreneurs are also more likely to employ younger people and are usually active in high growth sectors<sup>8</sup>. To the extent that start-ups and young firms

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<sup>1</sup> The Bank adheres to the AU African Youth Charter definition of youth: 15-35 years.

<sup>2</sup> Creating decent jobs: strategies, policies, and instruments, Policy research document 2, AfDB, June 2019

<sup>3</sup> Creating decent jobs: strategies, policies, and instruments, Policy research document 2, AfDB, June 2019

<sup>4</sup> ILO, The Future of Work for Africa's Youth, 206

<sup>5</sup> World Bank, Access to Finance for Small and Medium Enterprises in Africa, 2016

<sup>6</sup> ILO, Transition vers le marché du travail des jeunes femmes et hommes en Afrique Sub-Saharienne, 2014

<sup>7</sup> The Global Entrepreneurship Monitor

<sup>8</sup> World Bank, Targeted financing for SME's and Employment effects: what do we know and what could be done differently?, 2017

are important for job creation, it becomes critical to focus on the needs of youth led firms. With the right knowledge, skills, capacities, mentorship and financial resources, youth led SMEs can grow economies and create job opportunities.

- 1.1.6. **In recent years, many young people are increasingly jumping onto make shift boats to take the treacherous journey across the seas in search of jobs.** Sadly, 5,435 Africans drowned along the way according to the IOM records since 2014. Others have been stranded and fell victim to human trafficking, drug and substance abuse and even worse conversion to terrorism.
- 1.1.7. **The African Development Bank adopted the Jobs for Youth in Africa (JfYA) Strategy to equip young people to realize their potential and spur inclusive economic growth, with a specific goal to create 25 million jobs and equip 50 million youth with employable skills within a period of ten years 2016 - 2025.** The Bank's current performance over the period 2016 – 2018 stands at 3.6 million direct jobs (AfDB AEDR 2018) and this is expected to increase by another 4.2 million direct jobs from recently approved projects (SNDR 2019). Most of the jobs have been in employment intensive investments in infrastructure and in modern and climate smart agriculture. Agriculture is 2- 4 more times effective in raising incomes among the poorest people than other sectors<sup>9</sup>.
- 1.1.8. Towards the effort to create jobs and support entrepreneurship, the Bank established the **Youth Entrepreneurship and Innovation Multi-Donor Trust Fund (YEI MDTF)** in 2017. YEI MDTF is a grant and technical assistance instrument that supports the actions and quality delivery of the JfYA Strategy. The YEI MDTF became operational in July 2018 with an initial support of USD 4.4 million from Denmark and Norway (the “initial donors”) and has since grown to USD 40 million with additional contributions from the initial donors and from Italy, Sweden, and The Netherlands. It supports the training, mentoring, access to networks and funding for business development of youth led start-ups and MSMEs, thereby contributing to increased productivity, jobs creation, sustainable growth and socio-economic development.

## 1.2. Sector Context

- 1.2.1. **African start-ups and MSMEs face important barriers to growing and creating jobs, including limited access to finance, poor managerial skills, low investment readiness levels and lack of access to markets.** These barriers are higher for youth led start-ups, which are perceived as being a riskier, less experienced segment. Youth face the additional challenges of having minimal or no savings to serve as loan collateral and a limited track record of engaging in business activities<sup>10</sup>.
- 1.2.2. **The significant challenges of an inadequate investment climate coupled with limited product and service offerings by financial intermediaries limit local entrepreneurship and MSME development.** MSMEs in Africa have very limited access to commercial lending from formal financial institutions for a variety of reasons. Financial institutions perceive them as being too risky given their tendency to have poor or no management systems and corporate governance structures.
- 1.2.3. **Financial intermediaries recognise business development as being an important source of risk mitigation,** particularly for market segments lacking traditional security and business track record. Business Development Services (BDS)<sup>11</sup> for youth led start-ups and MSMEs provide entrepreneurial skills

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<sup>9</sup> “Evidence shows that investment in agriculture is more effective in reducing poverty, particularly amongst the poorest people, than investment in non-agricultural sectors”, FAO 2017, <http://www.fao.org/3/a-i7556e.pdf>

<sup>10</sup> ILO, Exploring the linkages between youth financial inclusion and job creation: Evidence from the ILO school-to-work transition surveys, 2016

<sup>11</sup> Business Development Services (BDS) are services provide by organizations that improve the performance of start-ups and MSEM, its access to markets, and its ability to compete and access finance. The definition of “business development services” in the YEI MDTF Guidelines includes a wide array of business services, both strategic and operational including coaching, mentoring and training. BDS are designed to serve individual businesses, as opposed to the larger business community.



to improve effectiveness and productivity, greater access to markets, and knowledge of networks to leverage existing opportunities. BDS programmes improve MSME performance, which can increase levels of investment readiness and access to appropriate types of capital. With adequate training, networks, and capital to grow, youth can develop profitable businesses that generate job growth and contribute to local economic development Entities that provide BDS are generally referred to as Enterprise Support Organizations (ESOs).

**1.2.4. Africa has seen a rise in the number of ESOs in recent years.** For example, between 2016 and 2018, the number of active tech hubs across Africa has grown by over 50%, from 314 in 2016 to 442 in 2018<sup>12</sup>. ESOs are key to building the entrepreneurship ecosystem as they provide relevant services directly to start-ups and MSMEs at key stages of their development, from business conceptualization to growth and establishment of the business. ESOs are business incubators, business accelerators, technology hubs, financial intermediaries and other similar firms, operators and networks that provide and facilitate access to capital, mentoring, linkage and networking (e.g. expanded markets), technology and management skills and other resources and accompanying measures to support the development and growth of start-ups and/or MSMEs. These structures allow entrepreneurs and innovators to significantly enhance their chances of success and create sustainable and job-creating businesses.

### **1.3. Rationale**

**1.3.1. Strategic alignment:** The support of the Youth Entrepreneurship and Innovation Multi Donor Trust Fund (YEI MDTF) to the Tony Elumelu Foundation Entrepreneurship Programme (TEFEP) aligns with the Bank's Strategy for 2013-2022 (Ten Year Strategy), which emphasizes broadening economic opportunities for youth and to develop skills for job creation. Moreover, the objectives for the collaboration between the YEI MDTF and TEFEP align with the Bank's Private Sector Development Policy and Strategy (2013-2017, extended until 2020), particularly the strategic pillar of promoting local enterprise development in Africa. Youth entrepreneurship and innovation are central to the AfDB's High 5 priorities — improving the quality of life for people of Africa, feeding the continent, achieving universal access to energy, industrialising and regional integration.

**1.3.2. To align further with the Bank priorities, the YEI MDTF's funding decisions are guided by three criteria:** i) Support MSMEs in the JfYA's high-priority sectors of agriculture, industry, and ICT; ii) Support fragile states and countries that are hotspots of economic migration, helping to operationalize the key objectives of the Bank Strategy for addressing fragility and building resilience in Africa and iii) Target women by ensuring that they comprise at least half of the youth beneficiaries, which is also aligned with the Bank's Private Sector Development Strategy. In addition, the YEI MDTF will work hand in hand with the Bank's Affirmative Finance Action for Women in Africa (AFAWA) programme, which supports women led MSMEs by de-risking bank lending and providing technical assistance and capacity building to women entrepreneurs.

**1.3.3 The Tony Elumelu Foundation Entrepreneurship Programme will advance the Jobs for Youth in Africa Strategy and the YEI MDTF goals** by delivering comprehensive, quality, evidence-based and large scale business development services – including training, mentoring, access to networks and funding for business development – to youth led start-ups and MSMEs in Africa, enabling them to develop entrepreneurial skills and mindset. TEFEP aligns with the Bank priority by supporting entrepreneurs who operate in the JfYA's high-priority sectors of agriculture, industry, and ICT. TEFEP covers all 54 countries in Africa and has the capacity to target MSMEs in fragile states and countries that are hotspots of economic migration. TEF has made purposeful efforts to increase its percentage of women involved in their

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<sup>12</sup> <https://www.gsma.com/mobilefordevelopment/blog-2/africa-a-look-at-the-442-active-tech-hubs-of-the-continent/>

programme and will ensure that out of the 1000 supported young entrepreneurs under the YEI MDTF, 50% are women.

#### **1.4. Justification for YEI MDTF support to the TEFEP**

- 1.4.1. **Fund objectives.** The YEI MDTF aims to build the African youth entrepreneurship ecosystem by scaling innovative youth led start-ups and MSMEs, expanding their market opportunities and improving their access to finance. It funds 3 main intervention areas: (i) Business development services (BDS) to youth led start-ups and MSMEs; (ii) Research and studies and their dissemination to expand the existing knowledge base on entrepreneurship ecosystem building; and (iii) Support to countries to strengthen enabling policy and regulatory frameworks for MSMEs and private sector development.
- 1.4.2. The proposed support to the TEFEP focuses on the delivery of the first area of intervention: Business Development Services (BDS) to youth led start-ups and MSMEs via intermediary Enterprise Support Organizations (ESOs). To qualify, the youth led start-ups and MSMEs should have a viable product and business model that are promising for inclusive job creation and social and economic development impact but lack enough capacity and/or the requisite collateral for accessing funds from financial institutions. Qualified ESOs will provide technical assistance and capacity building interventions to help the youth overcome the existing barriers and grow their businesses to make them more attractive and competitive.
- 1.4.3. **The Tony Elumelu Foundation (TEF) submitted a proposal in response to a call for proposals for service provision as a BDS provider.** However, when it was evaluated and recognized that the foundation is already providing support to young entrepreneurs amounting to nearly USD 15.7 million, it was determined that TEF should prepare a project appraisal report for grant financing instead. Compared to other enterprise support organizations providing similar services, TEFEP demonstrated a strong track record (5+ years of proven operations), robust management systems, broad geographical reach (supporting entrepreneurs in all 54 African countries), strong alignment with the YEI MDTF by providing capacity building to entrepreneurs in hotspots of economic migration and states in fragility in priority sectors, and the capacity to contribute more than half of the total cost of the project through its own contribution and reputable partners including governments and the UN system.
- 1.4.4. **TEF was established in 2010 and has developed a strong track record in supporting young entrepreneurs in Africa using a proven model.** The Foundation's vision is to unlock the obstacles facing Africa's entrepreneurs grow their business from start-ups to small and medium enterprises, to national growth companies, and to African multinationals. In 2015, TEF started TEFEP, which is implemented in all 54 African countries and has so far trained 4470 African entrepreneurs. TEF has invested at least USD 25 million in the programme, which includes investing USD 10 million in building the programme's sustainable technology and process infrastructure – in particular its implementation team, training curriculum, events and digital platform called TEF Connect – and over USD 15 million as a technical assistance grant paid directly to the entrepreneurs. The programme is driven by a scalable, cloud-based multilingual technology platform that is proprietary to the Foundation. The Foundation's approach to providing early-stage businesses with a combination of training, mentoring, networking and access to finance, and its annual support capacity for at least 1000 youth across Africa, building on efficient and robust operations, fully aligns with the YEI MDTF's objectives of scaling up existing large and impactful BDS programmes for youth led MSMEs.
- 1.4.5. While the TEFEP program can support about 1000 start-ups per year, the number of applicants has grown substantially from 20,228 (2015); 45,658 (2016); 93,246 (2017) to 161,692 (2018). Thus, TEFEP has sufficient bandwidth that can be leveraged to scale up delivery of support to young African entrepreneurs. The Bank will contribute through the YEI MDTF so that more entrepreneurs can participate in TEFEP, focusing on young women and men in countries of fragility and/or hotspots of economic migration. Therefore, the Bank is considering a technical assistance grant of USD 5 million to TEFEP to leverage TEF's USD 15.75 million investment to support young entrepreneurs from African countries. This

intervention will enable an additional 1000 young entrepreneurs to benefit from the TEFEP programme. Other Development Partners including AFD, GIZ, UNDP and ICRC have invested to scale the TEFEP and to provide more opportunities to youth entrepreneurs in the continent.

1.4.6. TEF has successfully mobilised external and domestic resources from other African governments (Benin, Botswana and Nigerian states) in support of TEFEP. Table 1 lists the additional partners who have joined the effort to support and scale up TEFEP. With these partnerships, TEFEP is expected to reach 5 150 youth entrepreneurs in Africa in 2019 compared to 1000 in 2018.

**Table 1:** Partner Contribution to TEFEP’s technical grant assistance component in 2019

Institution	Number of entrepreneurs supported	Contributions in 000s of USD
Tony Elumelu Foundation	1000	5000
African Development Bank	1000	5000
UNDP	754	3775
UNDP Sahel	2100	5000
ICRC	180	1000
SEME city (Benin)	50	250
Government of Botswana	20	100
US consulate	20	100
Anambra State government (Nigeria)	15	75
Indorama	10	50
Avon Medical	1	5
<b>Total</b>	<b>5 150</b>	<b>20 355</b>

1.4.7. **TEF has undertaken several studies demonstrating TEFEP’s results and impact.** In January 2019, a representative sample of 614 TEF entrepreneur programme participants from 2015 to 2018 were surveyed to ascertain the progress of their businesses since their involvement with the TEFEP. Of the 614: 385 (63.7%) said their businesses were still fully operational; 169 (27.5%) are partly operational; 54 (8.8%) are not yet operational; and 6 (0.9%) are no longer in business, of which 4 are back in paid employment.

1.4.8. **TEF published an abridged impact report<sup>13</sup> outlining the impact of the TEFEP on a cross section of 426 entrepreneurs from 2015-2017,** or about 15% of all programme entrepreneurs since its inception. The survey findings highlighted the economic and social impact that TEF entrepreneurs are creating through their businesses. The 426 surveyed entrepreneurs have created 3728 jobs and generated USD 25.8 million in total revenue. 98% of those surveyed reported that their ability to run a business improved because of the 12-week enterprise toolkit; 77% rated the mentorship programme as good, very good, or excellent. This evidence confirms that the TEFEP model is indeed transformative for entrepreneurship in Africa and provides a compelling case for YEI MDTF support, as it seeks to scale proven, impactful approaches to increasing youth entrepreneurship.

1.4.9. **TEF plays an important entrepreneurship advocacy role on the continent** by promoting a positive image of entrepreneurship in driving Africa’s social and economic development. This strongly aligns with JfYA’s priority of ensuring that entrepreneurship is attractive to Africa’s youth and creates opportunities for employment. TEF founder Tony Elumelu and his team have travelled across Africa introducing TEF entrepreneurs to the political leaders in their countries at the highest levels of government, to bring the entrepreneurs and their challenges to the attention of policymakers who can effect improvements to the enabling environment for TEF entrepreneurs and all entrepreneurs in their respective countries.

<sup>13</sup> <http://tonyelumelufoundation.org/wp-content/uploads/2018/10/TEF-Abridged-Impact-Report.pdf>

1.4.10. As a successful African businessperson and role model, Mr. Tony Elumelu and TEFEP’s network of mentors inspire and motivate young Africans to take up entrepreneurship as a viable, lucrative career path. TEF makes strategic use of social media to help raise its entrepreneurship brand and to foster the engagement of stakeholders, alumni, and international media outlets and media influencers.

1.4.11. **TEF and the TEFEP have taken part in high level conferences and events** and been featured in them. TEF is the founding member of SPARK, a program launched by President Obama in May 2015 at the White House to promote global entrepreneurship. TEF was presented at several global entrepreneurship forums including the Oxford University African Business Conference and the Cambridge African Entrepreneurship Conference to name a few. Tony Elumelu led a successful presentation of TEF at the World Economic Forum in Davos, Switzerland in 2018 and the World Economic Forum, Africa in Kigali, Rwanda in 2016.

**1.5. Programme description**

1.5.1. **The objective of the Bank’s support to the TEFEP** is to provide structured, robust, and multifaceted support to entrepreneurs in Africa, who are currently starting a business or have started a business within the last three years. The programme is based on 7 pillars reflecting a unique, holistic system of effective, intense support. The end outcome being strong viable businesses, which go on to create new jobs, increase revenue and ultimately enlarge Africa’s private business sector.

1.5.2. **Selection of entrepreneurs:** The programme is open to all citizens and legal residents of any one of the 54 African countries, who operate a start-up or MSME in Africa. They all apply online through the platform TEFConnect and the application form is in English, French and Portuguese. TEFEP informs entrepreneurs through its website, active social media campaign and has also set up Alumni Country Chapters and networks across the 54 African countries. The evaluation and selection of entrepreneurs to join TEFEP’s programme follows a very strict methodology developed and conducted by an external and independent consultancy firm called Deloitte to ensure transparency and impartiality at entry point of the selection process. The following approach, as described in table 2 below, guided the evaluation of 10170 applications from entrepreneurs applying for the 2019 cycle. Tables i) and ii) in Annex 1 of this document provide the distribution of selected entrepreneurs by region and by country respectively.

Table 2: Selection criteria developed by Deloitte

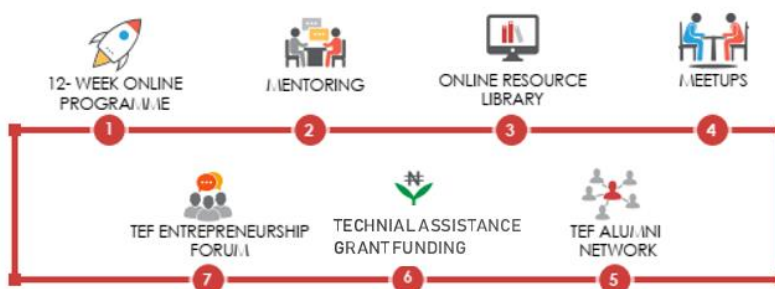
The 10,170 applications were evaluated based on five (5) assessment criteria:



#	Criterion	Remarks on Interpretation	Weighting (Early stage businesses)	Weighting (Late stage businesses)
1	Feasibility	<ul style="list-style-type: none"> <li>Business idea is solving a problem in a novel or innovative way</li> <li>Business has the potential to create jobs and wealth</li> <li>Business model is sustainable and commercially viable</li> </ul>	30%	10%
2	Market Opportunity	<ul style="list-style-type: none"> <li>Applicant understands market, customers, competitive &amp; regulatory landscape</li> <li>Applicant is aware of competitors and has positioned business to thrive in competitive environment</li> </ul>	30%	30%
3	Scalability	<ul style="list-style-type: none"> <li>Business has the potential to replicate across community, and extend reach to region, nation and continent with minimal barriers or costs</li> </ul>	20%	20%
4	Financial Understanding	<ul style="list-style-type: none"> <li>Applicant shows basic financial understanding of revenue streams, cost drivers, and financing needs</li> </ul>	10%	30%
5	Leadership & Entrepreneurial Skills	<ul style="list-style-type: none"> <li>Applicant demonstrates passion, commitment, leadership experience and entrepreneurial expertise</li> <li>Applicant demonstrates previous accomplishments with respect to mobilizing people and resources</li> </ul>	10%	10%

1.5.3. Selected entrepreneurs benefit from the **TEFEP 7 pillars** as shown in Figure 1 and described subsequently.

Figure 1: TEFEP Milestones



**A 12-week Online Enterprise Toolkit Programme** equips start-ups with basic skills required to launch and run their businesses at an early growth stage. The comprehensive and practical training covers financial planning, market analysis, product marketing, and business management skills amongst others. Entrepreneurs are assigned a module each week that includes task sheets that they have to execute with the support of their mentors. The Foundation holds a weekly webinar to facilitate deeper understanding of the principle being learnt that week.

**Access to Online Mentoring:** a credible technology-enabled platform for access to world-class mentors from across Africa and the world. The mentors have faced similar challenges and can steer TEFEP start-ups and MSMEs on a successful path. Mentors are matched to entrepreneurs in a 1:2 ratio to coach and guide them through the 12-week training programme, which takes place via the TEF Connect and Skype.

**Access to TEFEP’s Online Resource Library:** A bespoke compendium of materials, case studies, videos, tasks, templates and interesting articles. This includes the 12-week series. The resource library expounds the core business values of Mr Tony Elumelu, to build the right character in the entrepreneurs.

**Meet-Ups:** Country and state-level meet-ups to ignite the entrepreneurial fire and promote close interaction in the programme facilitate personal exchanges, the formation of strong ties amongst the TEF entrepreneurs and with local hubs and key government agencies.

**The TEF Entrepreneurship Forum,** the “largest gathering of Pan-African Entrepreneurs” is a dedicated world-class event that brings together key persons in the African and global entrepreneurial eco-system to leverage convening powers to promote African entrepreneurs and entrepreneurship and to connect with local and regional decision makers.

**Business Plan Preparation & Review Support:** Each entrepreneur is required to use the knowledge and experience obtained during the 12-week training programme to develop a business plan using the template provided by the TEFEP. Deloitte reviews and certifies the submitted business plans.

**Technical Assistance Grant Funding:** Upon completion of the 12-week Start-up Enterprise Toolkit programme, the certification of submitted business plan, the provision of required documentation, and business bank account set-up, among other requirements, entrepreneurs qualify for the first stage non-refundable grant funding of USD 5000 to support early growth, proof-of-concept and/or enhance their business operation. The grant funding is tied to clear milestones in a well-articulated, relevant business plan.

**TEF Alumni Network:** The alumni network comprises all Tony Elumelu Entrepreneurs who have successfully completed the 12-week training programme. The on- and offline network promotes sector- and geography-based communities, collaboration across Africa and healthy competition.

### 1.6. Targeted entrepreneurs

- 1.6.1. The TEFEP targets Africa’s next generation of entrepreneurs and business leaders. It is open to all citizens and legal residents of any of the 54 African countries. This geographic scope and breadth include entrepreneurs from Francophone, Anglophone and Lusophone countries to ensure continent wide and inclusive support to youth led start-ups and MSMEs.
- 1.6.2. Of the pool of 5150 TEF entrepreneurs from the 2019 cohort, the 1000 beneficiaries to be sponsored by the YEI MDTF partnership with TEFEP will have successfully completed the 7-step process and certified their business plan, and will be selected to align with the priorities of the YEI MDTF: these will be youth aged between 15 and 35 years old, in line with the Bank’s Jobs for Youth in African Strategy and in accordance with the African Youth Charter. Among these beneficiaries, 50% should be women, 30% should come from states in fragility and hotspots of economic migration, and at least 60% should be leading businesses in JfYA priority sectors – agriculture, industrialization, manufacturing, energy and information and communication technology. In 2018, approximately 50% of TEF-supported MSMEs were operating in agriculture, industry, and ICT, three of the Bank’s high-priority sectors (see Sectoral distribution of TEF-supported SMEs in figure i) in Annex 1).
- 1.6.3. TEFEP is well aligned with the YEI MDTF geographical priorities in targeting entrepreneurs in states in fragility and hot spots of economic migration. Table 3 shows the proportion of the 2019 qualifying TEFEP applicants living in YEI MDTF priority areas.

Table 3: Proposed 1000 youth entrepreneurs to be supported by YEI MDTF through TEFEP in 2019

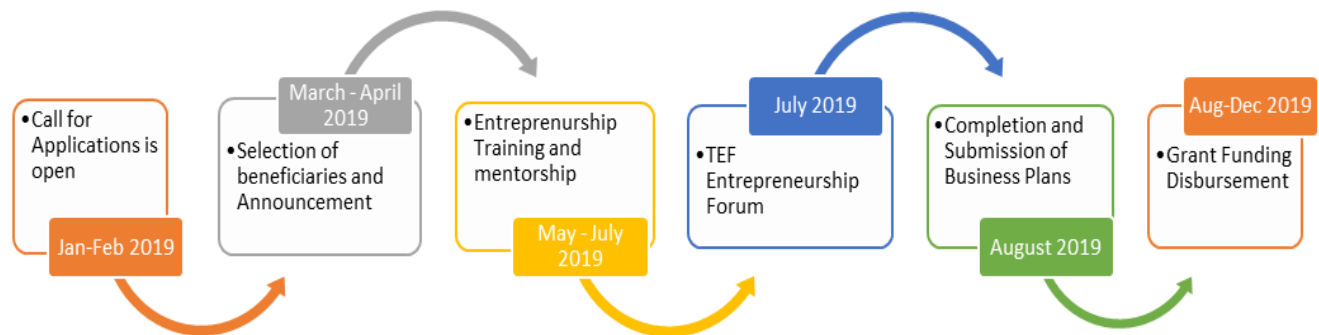
Countries of potential YEI MDTF supported TEFEP entrepreneurs	#	%
<b>Hot spots of economic migration</b> (Benin, Cameroon, Cote d’Ivoire, Ghana, Gambia, Mozambique, Nigeria, Senegal, Lesotho, etc.)	526	52.6
<b>Countries in fragility</b> (Burundi, Central African Republic, Congo, Mali, Malawi, Zimbabwe, etc.)	133	13.3
<b>Other African countries</b>	341	34.1
<b>Total</b>	<b>1000</b>	<b>100%</b>

- 1.6.4. **Targeted businesses:** The proposed business must be registered and operate in Africa. Businesses are selected to participate in the programme based on the: i) feasibility of the business idea; ii) demonstrated market opportunity; iii) scalability, i.e. demonstrated potential for replication and growth of product or service to create jobs and wealth; and iv) business owner’s leadership potential and entrepreneurial skills. Businesses must not adversely affect the environment, lives, or property. Business ideas must be for profit and must be the original work of those making the submission.

### 1.7. Programme duration and implementation schedule

- 1.7.1. The AfDB/TEF Entrepreneurship Programme will be implemented at the end of 2019, as part of the TEFEP 12-month timeline (see Figure 2). The Foundation has established a process and calendar for managing its programme cycle between January and December and every year thereafter. The AfDB/TEF Entrepreneurship Programme beneficiaries will follow the full 12-month process and YEI MDTF’s support is expected in November/ December 2019, beginning with the disbursement of the grant funding to the eligible youth entrepreneurs who have certified their business plan with Deloitte.

**Figure 2: TEFEP implementation timeline**



### 1.8. Objectives, Indicators and Logical Framework

1.8.1. **Theory of change:** TEFEP’s Theory of Change illustrates how the program activities lead to desired long term goals. The different components of the results chain are described below and then summarized in Annex 2 of this document:

- **Impact:** TEF’s mission is to identify, grow and create start-ups across Africa that have developed ingenious solutions to pressing economic challenges in their communities and countries. In line with this mission, the Jobs for Youth in Africa Strategy aims at increasing inclusive employment and entrepreneurship, strengthen human capital, and create durable labor market linkages. The grant financing seeks to empower youth-owned start-ups and youth led start-ups and MSMEs, both in the formal and the marginal informal economy, to run viable businesses and create employment, prosperity and wealth. It’s through such processes that, in the long run, the impact expected is increased job creation and business growth opportunities for youth led start-ups/MSMEs.
- **Outcome:** From the training, mentoring and improved entrepreneurial ability to run businesses, the youth led MSMEs are expected to have increased their ability, knowledge, skills and attitude to access existing and new sources of finance and markets. The training will offer improved entrepreneurial ability on how to access or manage Grant financing among other resources to help support their businesses to expand further or venture into new markets. The youth led start-ups / MSMEs are expected to have an improved access to finance and markets for the products and services offered.
- **Outputs:** In 2019, through the AfDB support of the YEI MDTF, TEFEP will have trained, mentored and funded 1000 additional young entrepreneurs to reach a total of 5150 entrepreneurs. Of the additional young entrepreneurs, 50% will be females from the 54 African countries. 30% of the 50% female cohort will be from fragile states and hotspots of economic migration.
- **Activities:** TEFEP’s seven pillars are a holistic set of components that equip youth with the basic skills to launch and run their businesses at the early stages of their growth. The pillars will be taken into consideration through activities that will exercise due diligence and selection of youth led start-ups/MSMEs; conducting 12-week online training on Start-up/MSMEs Enterprise Toolkit; providing online mentoring from global mentors; disbursing technical assistance grants; providing on-going business advisory services; enrolling youth led start-ups/MSMEs in Alumni Networks; opening access for youth led start-ups/MSMEs to online Resource Library; participating in TEF Entrepreneurship Forum and Meet ups; organizing African marketplace and TEF forum pitch events and facilitating early-stage financing for TEF alumni.

1.8.2. The Results Based Framework for the proposed support to the TEFEP is based on the YEI MDTF's logical framework, which is directly derived from the JfYA logical framework and therefore reflecting an alignment of objectives and results. Annex 3 presents the detailed Logical Framework of TEFEP.

1.8.3. **Monitoring and Results Measurement (MRM) Framework:** The YEI MDTF implementation follows the monitoring and evaluation (M&E) procedures outlined in the JfYA Strategy and accompanying implementation Plan. The YEI MDTF MRM expert will work with TEF to agree on an M&E plan that is compatible with the Fund's expectations and TEFEP's M&E processes. The M&E plan will summarize the monitoring activities and measurement expectations, including the indicators that must be collected, how and how frequently. TEF will then be responsible for implementing the M&E plan and sharing the results at each reporting due date. The YEI MDTF MRM expert will provide M&E training and remote and in-country support during the programme's lifespan, from the youth entrepreneurs' completion of training and fund disbursement to 6 months post-disbursement.

1.8.4. Given the interest in tracking the TEFEP programme's long-term impact, including an assessment of the discouragement rate of entrepreneurs, the status of their businesses and the number of jobs created as a result of the TEFEP intervention, YEI MDTF will rely on TEFEP's M&E systems to assess impact post-disbursement for up to 5 years. TEF will remain in contact with the entrepreneurs through their use of the Digital Platform and their integration into the active alumni network. The M&E process will be streamlined to limit any burden on the partner. **See Annex 5 for more detail on the AfDB/TEF Entrepreneurship Programme M&E plan** including current TEFEP M&E processes and a list of indicators collected by TEF. **Annexes 6, 7 and 8** of this document include the quarterly, annual and project completion report templates.

## **1.9. Management and implementation arrangements**

1.9.1. **Implementation arrangements.** The YEI MDTF, through Enterprise Support Organisations (ESOs), seeks to deliver capacity building to youth led start-ups and MSMEs. TEF is the direct grant recipient and intermediary and will act as the implementation agency; its end beneficiaries are youth led start-ups and MSMEs receiving capacity building support.

1.9.2. **TEF shall carry out all activities underpinning the TEFEP from beginning to end.** The CEO, CFO and Director of Operations will be responsible for programme implementation. The head of alumni engagement is responsible for M&E activities and follow-up with entrepreneurs in the years after completion of the 12-month programme (Annex 9 provides TEF's organizational chart).

1.9.3. **To foster a transparent and independent** process of selecting TEF entrepreneurs and awarding the individual USD 5000 grant, **TEF engages Deloitte Development Partners** to ensure that the best applications are selected in a credible, independent, and transparent process. Deloitte is similarly involved during the business plan review stage to certify business plans and to ensure that industry standards are met. This outsourcing lends credibility by ensuring that the selection process is independent and avoids any potential conflict of interest. TEF pays Deloitte's fees from its own resources such that the Bank's YEI MDTF funding will be entirely allocated to technical assistance grants for youth entrepreneurs.

1.9.4. The Foundation carries out due diligence on the selected TEFEP entrepreneurs, delivers the 12-week training, coordinates the mentoring programme through its global network of mentors, disburses grant funding, and carries out the Monitoring and Evaluation activities. Lastly, it organizes the TEF Entrepreneurship Forum, Africa Meet Ups and all Alumni Engagement.

1.9.5. The Jobs team, as part of the Bank AHHD department will support the implementation of the AfDB/TEF Entrepreneurship Programme by providing regular oversight and monitoring. TEF will be trained on procurement standards by the Bank's procurement department and will receive technical assistance to ensure compliance. It is also expected that TEF will be trained by and work closely with the program task manager



and dedicated YEI MDTF Monitoring and Results Measurement (MRM) expert to ensure accurate reporting and delivery of the approved work plan and outputs. **Table 4 summarizes the collaboration of the two organizations under the AfDB/TEF Entrepreneurship Programme.**

Table 4: TEFEP and YEI MDTF respective Implementation Plan

	TEFEP	YEI MDTF
<b>ACTIVITIES TO BE SUPPORTED BY YEI MDTF AS PROPOSED</b>		
<b>November 2019</b>	<ul style="list-style-type: none"> <li>TEF to share the selection process report with YEI MDTF Secretariat and the details of entrepreneurs selected according to YEI MDTF criteria (based on certified business plan, and country, gender, age and sector characteristics)</li> </ul>	<ul style="list-style-type: none"> <li>Project approval documents submitted to the Board</li> <li>Project approved by the Board</li> <li>Grant Agreement signed with TEF</li> <li>Training for TEF team on procurement, measurement, monitoring and reporting expectations as per Bank procedures</li> <li>YEI MDTF review selection process report and clear the list of eligible TEFEP entrepreneurs to receive the grant</li> </ul>
<b>December 2019</b>	<ul style="list-style-type: none"> <li>USD 5000 grant funding disbursed to approved TEFEP entrepreneurs from the YEI MDTF supported cohort</li> <li>Technical reports submitted to YEI MDTF Secretariat</li> </ul>	Funds are disbursed
<b>January to July 2020</b>	Quarterly and annual reports submitted	Results monitoring
<b>October 2020</b>	Final report submission	Project closes

### 1.10. Financial feasibility

1.10.1. While AfDB/TEF Entrepreneurship Programme beneficiaries will follow the full 12-month programme, the YEI MDTF grant will cover the technical assistance grant funding to the youth led businesses and the Tony Elumelu Foundation will cover the business development services and programme overhead costs. The Bank plans to invest USD 5 million in TEFEP to leverage TEF’s USD 15.75 million investment in deploying TEFEP implementation.

Table 5: Project component costs in millions of USD by source of funding

#	Component	YEI MDTF funding	TEF contribution	Total
1	<b>YEI MDTF Funded Activities</b>	<b>5</b>		<b>5</b>
	Technical Assistance to 1,000 Entrepreneurs	5		
2	<b>TEFEP Funded Activities (co-finance)</b>		<b>15.75</b>	<b>15.75</b>
	Technical Assistance 2,050 Entrepreneurs		10.25	
	Programme Operational Costs		4.5	
	Monitoring and Evaluation		1	
	<b>GRAND TOTAL</b>	<b>5</b>	<b>15.75</b>	

1.10.2. **Assumptions and Risk Management:** There is a potential risk that ESOs supported by the Bank drop out of the programme and interrupt their activities. To mitigate risks, YEI MDTF focus on ESO recruitment into the programme and select strong and well established ESOs with high management involvement, such as TEF. In addition, the entrepreneurship programme is funded for the next 5 years (2020-2024), which reduces to a minimum the risk of interruption. See Annex 4 for a risk matrix describing all the identified risk and their respective mitigation measures for the programme.

## 2. The YEI MDTF Technical Assistance Grant

### 2.1. Procurement modes and the schedule of procurement activities

2.1.1. **Summary: No procurement involving Bank funding is planned. Due diligence shall therefore rely on sector guidance.** SNFI has made observations and suggestions for consideration. The Bank’s financing shall be used to pay USD 5000 as a technical assistance grant to each of the 1000 entrepreneurs selected through a call for proposals under the Tony Elumelu Foundation Entrepreneurship Programme. The TEFEP is implemented through a Third Party Agent (TPA) that is hired competitively to evaluate applications. The procurement assessment showed that the three-member team in the TEF procurement unit has drafted a Group Procurement Policy and Procedure document that has yet to be approved by the Board of Trustees. However, TEFEP implementation is based on a Know Your Entrepreneur (KYE) Policy (of March 2014) rather than the procurement policy. The technical assistance grant to be financed by the Bank under the programme will be carried out using the recipient’s KYE system. A review of TEFEP documents and interviews showed (i) that a KYE exists for the TEFEP guiding the selection processes, (ii) that a robust system is in place to identify entrepreneurs for the programme, and (iii) the engagement of a TPA to provide technical capacity. The Bank will therefore rely on the TEF system and monitor performance in an annual audit report that includes a section on the TEFEP. The identified risks are ensuring that (i) a technically sound, independent TPA is hired, and (ii) all Bank RMCs are included.

Table 6: Procurement Risk Table

Risk Type	Risk Rating	Risk mitigation measures incorporated into the project design	Conditionality (Yes/ No)
Challenge ensuring a technically sound, independent TPA	M	Ensure rigorous, transparent TPA selection procedures Ensure TPA independence	No
Ensure the inclusion of all Bank RMCs. Nigeria’s share is currently 50-60% of beneficiaries	S	Carefully provide selection criteria that ensures the inclusive selection of beneficiary entrepreneurs from all 54 RMCs	Yes
Risk of Bank funding not being used for intended purpose	S	Annual audit report should track the use of Bank funding	Yes
<b>Overall Inherent Risk</b>	<b>S</b>		

*H – High      S - Substantial      M – Moderate      L – Low*

2.1.2. **Recipient Procurement Policy:** Although the intervention involves no procurement, SNFI took the opportunity to review the grant recipient’s procurement regime. The outcome of this assessment does not impact the Bank’s intervention as its financing involves no procurement. TEF has a draft procurement policy – the Group Procurement Policy and Procedure – that is expected to guide Foundation procurements as part of the Heirs Holdings (excluding the TEFEP processes) and complies with internal procurement best practices for private sector operations. It also clearly defines the roles of all actors in the workflow. The Bank recommends including a section on the call for proposals for entrepreneur selection and partner engagement (similar to ADP) in the policy document. A separate Manual for the elaboration of the TEFEP cycle can also be used as a reference.

2.1.3. **Programme Operational Policy:** No procurement involving Bank funding is planned. The Bank’s intervention is tied to this policy and to the Bank sector department determining its consistency with Bank business. SNFI has made observations and suggestions for consideration. Bank funding will be used as a “technical assistance grant” payment of USD 5000 each for one thousand entrepreneurs, amounting to a total of USD 5 million. The 1000 entrepreneurs are part of the 2019 cohort of 5150 entrepreneurs to be enrolled in the TEFEP. TEF, the grant recipient, has an established procedure for the entire cycle of the TEFEP developed over the five programme cycles since 2015. Entrepreneur selection is made according to the TEF’s Know Your Entrepreneur Policy, dated March 3, 2014. Section 9 of the policy requires that it be

reviewed biannually and amended, if necessary. This has never been the case. TEF carries out all activities underpinning the TEFEP from start to finish. In 2015, TEF engaged Deloitte Development Partners, a private third party agent, through a competitive process to foster transparency and independence during the application review using a set of criteria (published on the foundation website) and during the business plan review stage. Other TEFEP activities, including the grant funding disbursement, are carried out by the foundation.

**2.1.4. The Third Party Agent uses five sets of criteria to identify beneficiaries of the technical assistance grant:** (i) feasibility; (ii) scalability; (iii) financial understanding; (iv) leadership and entrepreneurial skills; and (v) market opportunities. The criteria must be comprehensive, clear, transparent, and inclusive, ensure outcome predictability, and adhere to established industry criteria. The call for proposals for TEFEP entrepreneurs includes all selection criteria and are published in media with a wide circulation for a sufficiently long period to allow for the preparation of competitive proposals and give free unlimited access to all eligible applicants to ensure that all 54 countries in Africa are included. Selection criteria were rigorously applied but resulted in a skewed proportion of programme beneficiaries from Nigeria.

**2.1.5. Inclusivity in the use of Bank Resources:** The Bank's intervention of 1000 Entrepreneurs, together with another 3150 entrepreneurs financed by UNDP (754), UNDP Sahel (2100), Red Cross (180), Seme City (50), US Consulate (20), Government of Botswana (20), Anambra State (15), Indorama (10), and Avon Medical (1), supplements the 1000 TEF entrepreneurs specified for 2019. TEFEP reports from 2015 to 2019 for 1000 Entrepreneurs shows the distribution by region and by country, as in Annex 1 of this document.

**2.1.6.** The distribution by country shows a skew of the beneficiaries towards Nigeria since 2015, the location of the TEF and its founder's nationality. The Bank recommends scaling up and geographically diversifying the use of the grant to ensure inclusive growth by including other countries. Consistent with the Environmental and Social Responsive Procurement, this allows for set asides as also included in the TEFEP. **The Bank will clear the list of eligible beneficiaries with certified business plan for the USD 5000 technical assistance grant prior to signing the MOU between the TEF and the respective entrepreneurs.**

**2.1.7.** TEF is currently preparing to launch a competitive process to replace Deloitte Development Partners in 2020. To avoid any risk of bias and improve transparency, it is good practice to contract for a third party agent for a pre-agreed duration and then launch a process to re-engage a third party agent; the incumbent can participate in the process if its performance was satisfactory. **The Bank will rely on TEFEP's Operational Policy on this matter.**

**2.1.8.** TEF shall ensure that the MOU signed with the entrepreneurs clearly defines the expected output/outcome of the technical assistance grant. The foundation's procurement policies will also ensure that procurement at technical assistance grant beneficiary level respects established private sector and international procurement best practices. This includes ensuring that equipment and raw materials are sourced from eligible countries i.e. African Development Bank member countries.

**2.1.9.** TEF shall ensure that quarterly reports capture the beneficiaries' post-grant receipt activities including mentoring and alumni engagement. **The Bank will rely on the annual audit reports about adherence to the established TEFEP procedures for selecting entrepreneurs.**

## 2.2. Schedule of disbursement actions/ Disbursement Modalities

- 2.2.1. The Bank's contribution of USD 5 million through the YEI MDTF to the TEFEP programme respects the approval process of the Trust Fund governance for grant requests above USD 1 million. Bank participation in TEFEP is subject to clearance from the YEI MDTF Technical Review Committee (TRC), Oversight Committee (OC) and final approval from the Bank's board of directors.
- 2.2.2. The YEI MDTF grant amounting to USD 5 million will be used to finance the activity "technical assistance grant funding" directly provided to 1000 entrepreneurs through TEFEP. These entrepreneurs will follow TEFEP's 12-month programme and the grant delivery will be conditional on their participation in the 12-week online training, coaching activities and approval of their business plan by Deloitte.
- 2.2.3. The TEF currently operates several local and foreign currency bank accounts for its operational activities. To a large extent, the TEF has handled the financial resources made available effectively and efficiently manner (with controls including cash book and bank reconciliations and management of foreign currency risk as applicable). The Bank's contribution under the TEFEP shall also be managed in accordance with these procedures. Given the nature of activities to be undertaken under the programme ("technical assistance grant" payment of USD 5,000 each for one thousand (1000) Entrepreneurs/Beneficiaries amounting to USD 5.0 million) to be made based on the submission of an acceptable business plan, TEF shall primarily make use of the Special Account method of disbursement. To facilitate the flow of funds under the programme, TEF shall open and manage one (1) special account in foreign currency at a local commercial bank acceptable to the Bank for the deposit of grant proceeds, a condition for the first disbursement to be made. The reimbursement method of disbursement is also available with the Bank's approval.
- 2.2.4. Disbursement to the TEF under the TEFEP shall be based on a Bank-approved work programme and budget after the proper documents are submitted, as per Bank rules and procedures described in the disbursement handbook, as applicable. Disbursement for approved and/or executed activities shall be made after review, verification and approval as per the signed contract and/or financing agreement signed between the Bank and the TEF. The Bank shall issue a disbursement letter whose contents shall be discussed and agreed during negotiations.
- 2.2.5. **To receive grant funding, TEF/AfDB Entrepreneurs will be required to submit supporting documentation**, including a grant funding invoice from their business, business registration documents, tax registration documents, a notarized document of undertaking and a corporate bank account. The invoice and corporate account serve as proof of the funding's business utility. To close the grant funding disbursement process, a summary report and proof of disbursement will be shared with YEI MDTF by the Foundation.

## 2.3. Assessment of fiduciary control environment

- 2.3.1. To ensure that funds made available for the programme are used economically and efficiently and for the intended purpose, the Bank carried out a financial management (FM) assessment of the TEF that include a review of the budgeting, accounting, internal controls, flow of funds, financial reporting and auditing arrangements. The assessment concluded that the TEF FM systems satisfy the Bank's minimum requirements. The programme's FM shall be handled by the TEF's existing structures under the overall responsibility of the Chief Financial Officer, as the Head of Finance. The TEF has been running the entrepreneurship programme since 2015 and has developed partnerships with other organisations including the UNDP, GIZ, AFD and the International Committee of the Red Cross (ICRC) that have also provided resources under the programme.

2.3.2. The TEF finance department currently consists of three staff, all with accounting qualifications and the requisite experience to manage the programme. Its computerised systems use SAGE accounting and Converse software to record transactions, manage expenditures and generate the required financial reports on a periodic basis. TEF's generally satisfactory systems and familiarity with other donor organisations procedures means that no major FM-related challenges are envisaged under the proposed assistance. The overall FM risk is rated as Moderate. The Bank's contribution shall therefore be managed by the foundation's existing systems in line with the Bank's commitment to using existing fiduciary systems to the maximum extent possible. As the TEF has no prior experience in implementing a Bank financed project, the Bank's fiduciary team shall continue to provide the necessary guidance and support to the project team during implementation as required, as a capacity building initiative based on lessons learnt for other operations. This will enhance the FM and accountability processes under the proposed assistance.

2.3.3. **Accountability of project finances including reporting and auditing.** The TEF currently prepares monthly and quarterly management reports and an annual report on foundation activities including under the entrepreneurship programme for its executive management, which includes TEF Board. In accordance with Article 12 Section I of the TEF Constitution, the supreme authority guiding activities, and the Companies and Allied Matters Act (CAMA), TEF accounts are subject to an annual audit by private external auditors (currently Ernst & Young). The audited financial statements from 2015 to 2017 had clean opinions and were also submitted within the stipulated timelines to the regulatory authority. The 2018 statements are currently being audited.

2.3.4. In accordance with the YEI MDTF financial reporting requirements, TEF shall prepare and submit quarterly progress reports (QPRs) that include TEFEP financial information to the Bank no later than 30 days after the end of the period to which the report relates. The financial information shall comprise receipts by source and expenditures by main expenditure classifications together with expected outputs/outcomes of activities and highlight any issues requiring attention. TEF shall also submit its annual audited financial statements with specific financial information (receipts and expenditures) for the Bank financing under the programme and separately disclose all other donor financing separately to facilitate harmonised reporting. As the Bank's contribution shall be subject to audit as part of TEF's normal annual audit, TEF shall amend the existing audit Terms of Reference/Engagement letter to specifically include the Bank's contribution (to ascertain adherence to the established procedures of the TEFEP for entrepreneur selection under the programme) and submit it to the Bank for approval by prior to the audit. The TEF audited financial statements and auditor's management letter shall be submitted to the Bank no later than six (6) months after the end of the each financial year applicable; the audit is to be carried out by independent private auditors and its costs borne by the TEF. For detailed FM assessment and audit arrangements, see Annex 10 of the document.

## **2.4. Legal instruments and compliance**

2.4.1. The financing instrument to be used for this operation shall be a grant from the resources of the Youth Entrepreneurship and Innovation Multi Donor Trust Fund (YEI MDTF) for USD 5 million. A letter of agreement (the 'Agreement') shall be executed between the Bank and the Fund (as Administrators of the YEI MDTF) (together the "Bank"), on the one hand, and the Tony Elumelu Foundation (the "Recipient" or TEF) on the other (the "Parties").

## **2.5. Conditions associated with the Bank's intervention**

2.5.1. The grant shall be subject to the following conditions:

(A) **Condition precedent to entry into force.** The Letter of Agreement shall enter into force upon its date of signature by the Parties.

**(B) Conditions precedent to first grant disbursement.** The Bank's obligation to make the first grant disbursement shall be conditional upon entry into force as stated in paragraph 2.5.1 (A) and evidence provided by the Recipient to the Bank, that is satisfactory in form and substance, of the fulfilment of the following conditions.

The Recipient shall provide evidence of the following:

- Deloitte Development Partners' endorsement of the business plan in the form of a report; and
- Amendment to the MOU between the entrepreneurs and TEF indicating the use of the Bank's procurement rules regarding YEI MDTF resources.

### **Other conditions**

The Recipient shall submit the following to the Bank no later than December 15, 2019:

- Report from TEF indicating that bank accounts have been opened by each of the 1000 entrepreneurs engaged;
- List of beneficiaries for Bank clearance, prior signing the MOU amendment between the TEF and the respective entrepreneurs regarding the TA grant, to ensure meeting requirements for gender impact and percentage of entrepreneurs supported in fragile states and hot spots of economic migration;
- TEF amendment of current Terms of Reference/Engagement letter for Bank clearance to include the Bank's contribution (to ascertain adherence to the established procedures of the TEFEP for Entrepreneurs selection under the programme, etc.).

### **Undertakings**

- As the Bank's contribution shall be subject to audit as part of the TEF's normal annual audit, TEF shall amend the existing audit Terms of Reference/Engagement letter to include the Bank's contribution (to ascertain adherence to the established procedures of the TEFEP for Entrepreneurs selection under the programme, etc.) and submitted for Bank approval prior to the audit and no later than on December 15 2019.

#### **2.5.2. Compliance with Bank Group Policies.**

This Programme complies with all applicable Bank Group policies and requires no waivers or exceptions.

### **3. Conclusion**

3.1 TEFEP represents a 10-year USD 100 million commitment from TEF, the recipient. The entrepreneurship programme aims to support 10000 African entrepreneurs, create 1 million jobs, and generate USD 10 billion in additional revenue on the continent by 2025. YEI MDTF is joining other strategic partners to extend and increase the number of youth led start-ups and MSMEs receiving TEF support, such as UNDP, the IRC, AFD and the GIZ.

3.2 TEFEP's multifaceted support to entrepreneurs throughout Africa fully aligns with the YEI MDTF's objective to build the African youth entrepreneurship ecosystem by scaling-up existing large, impactful BDS programmes for youth led MSMEs, expanding their market

opportunities and improving their access to finance. Risks are limited given the foundation's strong track record in supporting African entrepreneurs and the systems in place to efficiently absorb the resources and ensure quality implementation, fiduciary responsibility, and results measurement. The support of the Bank will allow the Tony Elumelu Foundation to reach an additional 1000 young men and women entrepreneurs across 54 African countries.

#### **4. Recommendation**

Management recommends that the Boards of Directors Bank and the Fund approve the proposed grant from YEI MDTF not exceeding USD 5 million in favour of the Tony Elumelu Foundation for the purposes of financing TEFEP on the terms and conditions stipulated in this report.

## **Annex 1: Distribution of TEFEP selection entrepreneurs between 2015 and 2019**

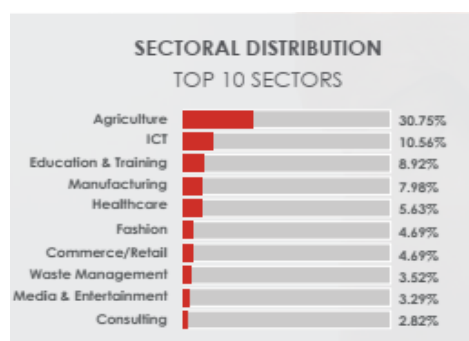
**Table i :** Regional distribution of selected entrepreneurs, %

Year	# of selected applicants	% Female	# of Countries	African Region of Origin				
				Western Africa	Eastern Africa	Central Africa	Southern Africa	Northern Africa
2015	1000	29	15 + others	n/a	n/a	n/a	n/a	n/a
2016	1000	32	53	68.3	24.5	3.9	2.6	0.7
2017	1000	36	52	62.4	25.8	6.6	3.6	1.6
2018	1000	35	51	42.3	39.2	8.6	7.4	2.5
2019	3050 <sup>14</sup>	36	53	57.6	25.3	11.3	4.8	0.9

**Table ii:** Distribution of selected entrepreneurs by country, %

Year	% Nigeria	% 2nd	% 3rd	% 4th	% 5th	% Others
2015	49.7	Kenya 16.7	Uganda 4.5	Ghana 3.6	South-Africa 3.1	22.4
2016	59.1	Kenya 7.5	Uganda 6.4	Ghana 4.5	Ethiopia 2.1	20.4
2017	50.9	Uganda 7.4	Kenya 5.5	Tanzania 3.6	Ghana 2.4	30.2
2018	26.3	Uganda 12.5	Kenya 7.4	Tanzania 4.8	Rwanda 4.7	44.3
2019	36.5	Uganda 8.6	Benin 5.1	Kenya 3.8	DRC & Cameroon 3.3	39.4

**Figure i:** Sectoral distribution of TEF-supported SMEs

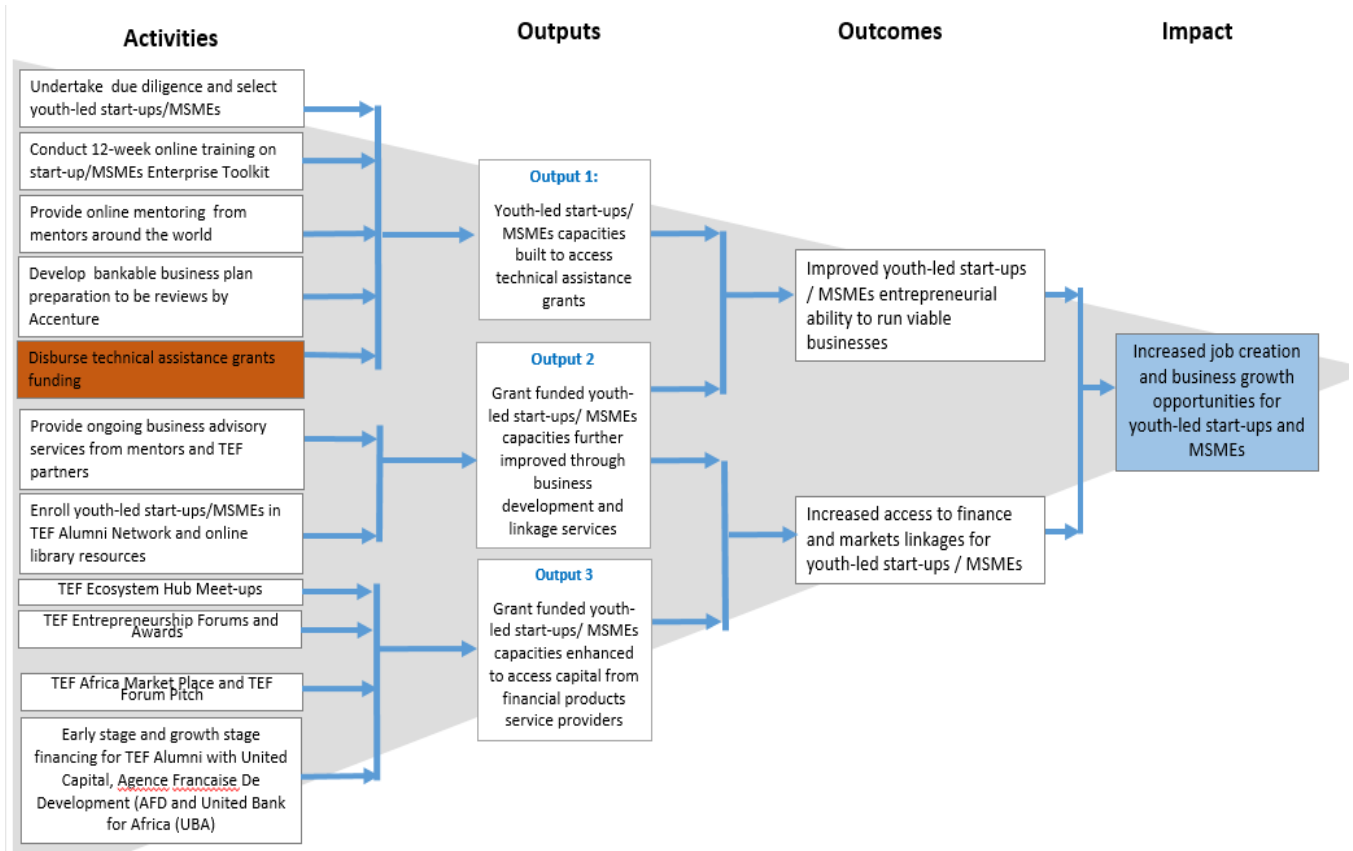


**Source:** TEF abridged impact report, 2018

<sup>14</sup> There is for now only information on 3,050 out of the 5,150 entrepreneurs in 2019



## Annex 2: The AfDB/TEF Entrepreneurship Programme results chain



### Annex 3: AfDB/TEFEP Results-Based Log Framework

Results Chain		Performance Indicators			TEF Means of Verification	Risk and Mitigation measures
		Indicators	Baseline 2019 <sup>15</sup>	Target 2020		
Impact	Increased job creation and business growth opportunities for youth led <sup>16</sup> start-ups/MSMEs <sup>17</sup>	# of additional jobs created by youth led start-ups/MSMEs	N / A	8,746 <sup>18</sup>	TEF Impact Report	Risk: Inconsistent economic policies/unfavourable tax laws/import & excise duties in the beneficiary's country may stifle business growth,  Mitigation: Monitoring to understand whether BDS and the grant helped MSMEs adapt to their context and become more resilient
		Increase in total revenue of youth led start-ups/MSMEs	N / A	USD 20.18 Million <sup>19</sup>		
Outcomes	Improved access to finance for youth led start-ups/MSMEs	% of youth led start-ups/ MSMEs that have received funding	N / A	50% <sup>20</sup>	Rapid Assessment Survey Reports	Risk: Insufficient market linkages.  Mitigation: TEF Entrepreneurship Forum and Alumni Network bring together key persons from entrepreneurial ecosystem to promote sector- and geography-based communities, to network and identify opportunities for partnerships.
	Improved access to markets for youth led start-ups / MSMEs.	% of youth led start-ups/ MSMEs reporting increased access to markets,	N / A	15% <sup>21</sup>	Rapid Assessment Survey reports	
Outputs	Youth led start-ups/ MSMEs capacities built to access technical assistance grants.	# of youth led start-ups/ MSMEs that have successfully completed the training programme	N / A	1, 000	TEF Registers	Risk: Lack of compliance with training and grant funding requirements  Mitigation: Continuous monitoring of beneficiaries to encourage discipline during 12-Week BDS training and mentoring.
		# of youth led start-ups /MSMEs trained	N / A	1,000	TEF Registers / Monitoring Progress Reports	
Activities	Activity 1.1.1 Undertake due diligence and selection of youth led start-ups/MSMEs Activity 1.1.2 Conduct 12-week online training on Start-up/MSMEs Enterprise Toolkit Activity 1.1.3 Open access for youth led start-ups/MSMEs to online Resource Library Activity 1.1.4 Provide online mentoring from global mentors Activity 1.1.5 Disburse technical assistance grants Activity 1.1.6 Enrol youth led start-ups/MSMEs in TEF Alumni Network Activity 1.1.7 Participate in TEF Entrepreneurship Forum and Meet ups Activity 1.1. 8 Organise African marketplace and TEF forum pitch events Activity 1.1.9. Facilitate early-stage financing for TEF alumni.					

<sup>15</sup> Baseline numbers and expected targets should be given by TEF

<sup>16</sup> Youth refers to aged 15 -35y years

<sup>17</sup> Youth led start-ups/MSMEs refer to TEFEP entrepreneurs receiving grant support from the YEI MDTF

<sup>18</sup> Calculation based on TEF impact report of 2018/10/TEF-Abridged-Impact-Report.pdf

<sup>19</sup> Calculation based on TEF impact report of 2018/10/TEF-Abridged-Impact-Report.pdf

<sup>20</sup> Calculated based on estimated performance by TEF and YEI MDTF partners such as the Africa Guarantee Fund (AGF).

<sup>21</sup> Calculation based on TEF impact report of 2018/10/TEF-Abridged-Impact-Report.pdf

## Annex 4: Risk Matrix

The risk management plan is based on an analysis of the nature of the risks, the probability (P) of their occurrence and their impact on the programme (I). Probability of occurrence and Impact together provide a risk level (RL). Both P and I are scored 1-5, the higher the number the greater the risk or impact. Programme management will address all risks scored higher than 12. Risk mitigation measures are included in the programme design.

MONITORING ASSUMPTIONS					
Assumptions	Risks	Probability (P) 1-5	Severity of Impact (I) 1-5	Risk level 1-25	Mitigation measures to be taken and Risk Owners
<b>Development Assumptions and Risks</b>					
Start-ups and MSMEs accessing finance will grow and thrive in a conducive business environment	<b>Inconsistent economic policies/ unfavourable tax laws/import &amp; excise duties in the beneficiary's country may stifle business growth.</b>	3	4	12	<b>Monitoring to understand whether BDS and the grant helped MSMEs adapt to their context and become more resilient:</b> A monitoring exercise will measure the programme outcome to determine whether the support is going to provide and sustain the sources of livelihood so as to foster the engagement of the local or community to solve local problems. TEF will physically visit businesses to monitor and authenticate beneficiaries' business progress. <i>Risk Owners: TEF and AfDB</i>
Youth led business will succeed in accessing value chains and markets	<b>Insufficient market linkages.</b>	3	4	12	TEF Entrepreneurship Forum and Alumni Network bring together key persons from entrepreneurial ecosystem to network and identify opportunities for partnerships. <i>Risk Owners: TEF and AfDB</i>
<b>Implementation Assumptions</b>					
Programme applicants act in good faith and provide accurate information about themselves and their business	<b>Beneficiaries may include incorrect information</b> in their application about their business addresses/resident address/contacts	1	5	5	<b>Due diligence/background checks on beneficiaries..</b> Prior to or at the announcement of beneficiaries, TEF can communicate to beneficiaries any instances of probable future disqualification for inaccurate information. <i>Risk Owner: TEF</i>
Beneficiaries are committed to the programme and comply with all the requirements	<b>Lack of compliance with training and grant funding requirements:</b> Beneficiaries may not attend/complete the 12 weeks BDS training and this will hinder them from getting the grant funding.	2	4	8	<b>TEF should emphasize the importance of attending the full 12-Week Training</b> to prevent the submission of business proposals that provide no concrete justification of the intended use of grant funding. TEF can also require that beneficiaries have identity cards during their training sessions. Continuous follow-up on beneficiaries will encourage discipline during the 12-Week BDS Training and mentoring. <i>Risk Owner: TEF</i>
<b>Management Assumptions</b>					
TEF, beneficiaries and their activities pose no integrity concerns	<b>Reputational risk</b> if any, of the supported, funded start-ups engage in illegal activities and/or TEF is accused of favouritism or corruption during the selection process.	1	5	5	Due diligence will ensure applicants are of no reputational risk to the Foundation or to AfDB TEF will deposit grant funding into a corporate bank account in the business name of the entrepreneur. No current employees or family members in the Tony Elumelu Foundation or affiliate companies in the Heirs Holdings Group and UBA Group can apply for the TEF Entrepreneurship Programme individually or as part of a team. Application to the programme is free of charge. <i>Risk Owners: TEF and AfDB</i>

## Annex 5: AfDB/TEFEP programme M&E plan

1. Existing TEFEP M&E processes include the following:
  - ✓ On-Programme Monitoring: During the programme, TEFEP Entrepreneurs will be monitored to measure their level of engagement and the impact on the entrepreneurs of the 12-week online training including the mentors. Beneficiaries will also be monitored to ensure that they are actively participating in the online learning and completing the online toolkit modules.
  - ✓ Disbursement of grant funding: To receive grant funding, TEF/AfDB Entrepreneurs will be required to submit supporting documentation, including a grant funding invoice from their business, a business registration document, tax registration documents, a notarized document of undertaking and a notarized corporate bank account. The invoice and corporate account are considered to be proof of the funding's utility for the business.
  - ✓ Reporting on grant funding: To close the grant funding disbursement process, the Foundation will share a summary report and proof of disbursement with YEI MDTF.
  - ✓ Post-Programme Monitoring: Upon conclusion of the 12-month TEFEP programme, the TEF/AfDB Entrepreneurs will be monitored by the Foundation's M&E and Alumni Management departments for 5 years to measure the socio-economic impact and sustainable development goals that they are achieving.
  - ✓ Measurement: Data will be collected from the youth, their businesses and the TEFEP implementation team to compile information on beneficiaries' characteristics, completion of activities and change measured over time for a series of indicators. Table 1 summarizes the data that will be collected.

Table 1: Indicators collected by TEF during programme

<b>TEFEP CONTINUOUS MONITORING FRAMEWORK</b>	
<b>FIELDS</b>	
<b>Gender of business owner</b>	a. Male b. Female
<b>Business Location (Country)</b>	
<b>Business Location (City/State)</b>	
<b>Business Location Description</b>	a. Rural b. Urban
<b>Business Sector</b>	
<b>Monthly Revenue before and after joining the TEF Entrepreneurship Programme in USD</b>	
<b>Number of direct and indirect jobs created before and after joining TEF Entrepreneurship Programme</b>	a. By Gender of employee b. By Status of employee (Casual, Part-and Full-Time)

<b>Current State of Business</b>	a. Fully Operational b. Partly Operational c. Not yet operational d. Closed
<b>Employment status of the business owner</b>	a. Casual b. Part-time c. Full-time
<b>12-week online program completed</b>	a. Yes at 90-100% b. Yes but only partially (51-89%) c. Partial attendance (11-50%) d. No (0-10%)
<b>TEF Forum attended</b>	a. Yes b. No
<b>Business proposal status</b>	a. Not submitted b. Submitted and rejected c. Submitted and approved
<b>USD 5000 grant funding received</b>	a. Yes b. No

2. **Reporting by grant recipient – TEF. Quarterly progress reports:** TEF will submit quarterly progress reports based on the expected outputs and key activities in line with the approved proposal. These will be compiled per the standard format provided by the Bank (see Annex 2) and directly inform tracking and progress on the M&E framework’s output and outcome indicators. Quarterly reports will be submitted one month after the end of each quarter, i.e. April 30; July 31; October 31.

Annual report: All grant recipients will submit annual progress reports to the Jobs Team, compiled per the standard format provided by the Bank (see Annex 3). The annual report will have two parts: narrative and financial. The narrative will focus on progress made on outputs and outcome indicators and highlight risk mitigation efforts (if applicable) in line with those identified during the appraisal stage and emerging previously unforeseen challenges/opportunities. The financial report will state actual expenditures in relation to the approved budget and include an audited financial statement of funds. The annual report will be due by January 31 of each year, replacing the quarterly report.

Project completion report: The completion report will use standard Bank templates (see Annex 4). It will be due three months after the programme completion date.

Table 2 summarizes the timeline of the various reports requested from the grant recipient.

Table 2: Reporting timeline

<b>Report</b>	<b>Deadline</b>	<b>Comments</b>
<b>Quarterly Report 1</b>	January 30, 2019	Inception report + information on beneficiary selection and implementation of the BDS programme
<b>Annual Report 1</b>	January 30, 2019	Narrative and financial reports: programme implementation, grant funding disbursement
<b>Quarterly Report 2</b>	April 30, 2020	Status of businesses supported by AfDB/TEF partnership
<b>Quarterly Report 3</b>	July 31, 2019	Status of businesses supported by AfDB/TEF partnership
<b>TEF Audited Financial Statements (with Bank contribution separately disclosed)</b>	June 30, 2020	Audit of Bank contribution will be done as part of the TEF existing annual audit
<b>Project Completion Report</b>	October 2020	PCR
<b>Continuous reporting (long-term monitoring)</b>	Every 6 months henceforth	Reporting on set of indicators jointly agreed by TEF and YEI MDTF

**Annex 6: Quarterly report template**

# **YEI MDTF GRANT RECIPIENT QUARTERLY REPORT**

Reference no:  
AfDB Task manager:

Language:  
Original language:

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## **YEI MULTI DONOR TRUST FUND**

### **YOUTH ENTREPRENEURSHIP AND INNOVATION MULTI DONOR TRUST FUND** *Powering growth of transformational youth led-businesses*

**GRANT RECIPIENT QUARTERLY REPORT**  
[PROJECT NAME]

[COUNTRY]

[DATE]

**Report Date:**

**Report Author:**

**Quarter Reported:**

**Author Title/Position:**

<b>Previous Quarter Work Programme</b>		
<b>Activities Undertaken</b>	<b>Associated Deliverable(s)</b>	<b>Date</b>

<b>Upcoming Quarter Work Programme</b>		
<b>Expenses (in USD)</b>	<b>Associated Activity/Planned Procurement</b>	<b>Date</b>

<b>Use of Funds</b>					
<b>Activities/Associated Deliverable(s)</b>	<b>Date</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>	<b>Budget for next quarter</b>

<b>Obstacles/Risks &amp; Solutions</b>	
<b>Challenges</b>	<b>Solution(s)</b>

<b>Description of any deviation from agreed annual work programme</b>



Comments and additional information

**Note:** Please attach any relevant documents including financial statements, written work programmes, training brochures/outlines, training attendance lists, consultant reports, photographs, etc.

<b>Implementation progress:</b>			
<i>Use relevant short-term outputs from the proposal log frame to provide data on real achievements. Include all applicable outputs based on the original timeframe or action plan from the project proposal. If outputs are no longer relevant to project completion, include them here and provide comments. Add rows if necessary.</i>			
Log frame Indicator (See Performance Indicators)	Log frame Targets (See Performance Indicators)	Real achievements	Comments/Development impact/ Elaborate on successes/Explain any failures

**Annex 7: Annual Project Report Template**

**YEI MDTF GRANT RECIPIENT ANNUAL REPORT**

Reference no:  
AfDB Task manager:

Language:  
Original language:

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**YEI Multi Donor Trust Fund**



**GRANT RECIPIENT ANNUAL REPORT**

[PROJECT NAME]

[COUNTRY]

[MONTH & YEAR]

**Report Date:**

**Author:**

**Quarter**

**Author**

**Reported:**

**title/position:**

Work Programme for Last Year		
Activities Undertaken	Associated Deliverable(s)	Date

Work Programme for Upcoming Year		
Activity Planned	Associated Deliverable(s)	Date

Use of Funds					
Activities/Associated Deliverable(s)	Date	Budget	Actual	Variance	Budget for next period

Obstacles & Solutions	
Challenges	Solutions

Description of any deviation from agreed annual work programme

Comments and additional information

**Note:** Please attach all relevant documents: financial statements, written work programmes, training brochures/outlines, training attendance lists, consultant reports, photographs, etc.

**Implementation progress:**

*Use relevant short-term outputs from project proposal log frame to provide data on real achievements. Include all applicable outputs based on the original project proposal time frame or action plan. If outputs are no longer relevant to project completion, include them here and provide comments. Add rows if necessary.*

<b>Log frame Indicators</b>	<b>Log frame Targets</b>	<b>Real achievements</b>	<b>Comments/Development impact/Elaboration for successes/reasons for failures</b>

## Annex 8: Project Completion Report Template

### PROJECT COMPLETION REPORT (PCR) FOR TRUST FUND OPERATIONS

#### A. PROJECT DATA

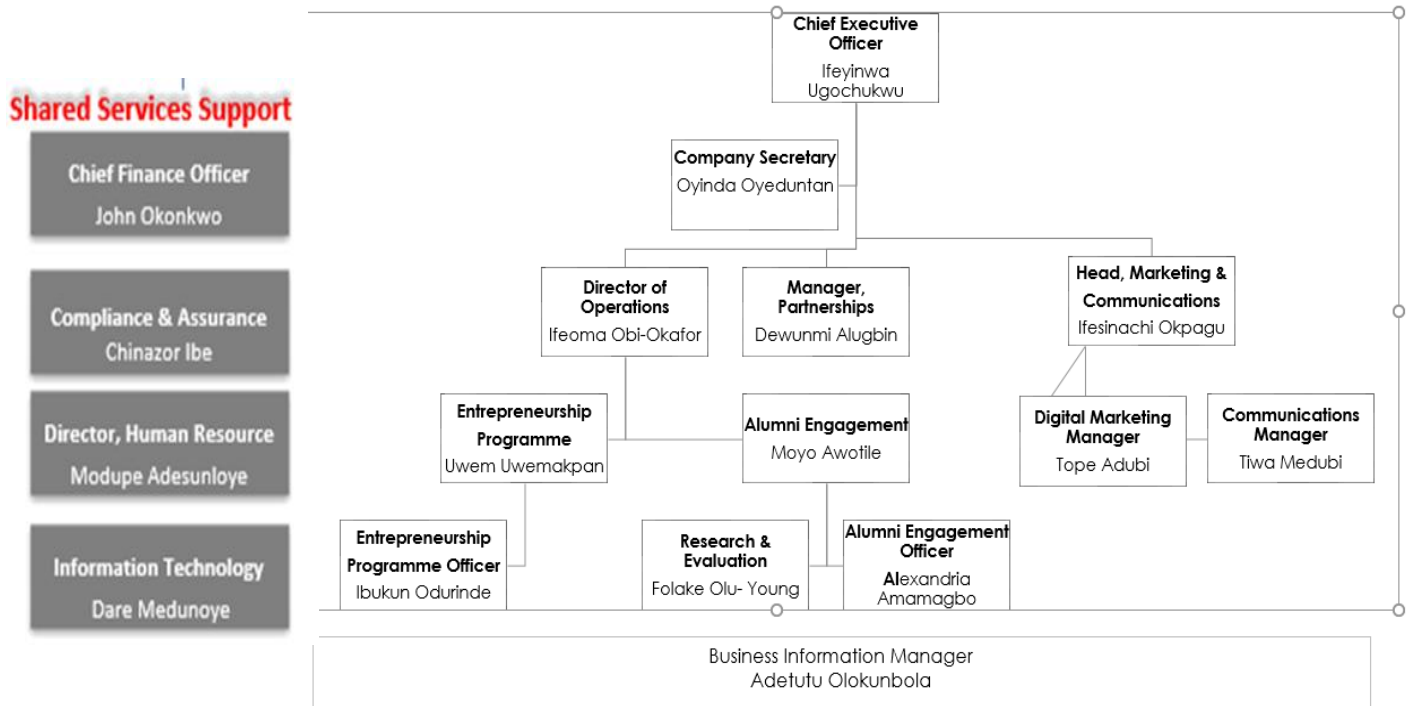
##### I. BASIC INFORMATION

<b>YEI MDTF SAP Number</b>	<b>Project Name</b>	<b>Trust Fund</b>	<b>Country / Regional Institution/Other Beneficiary</b>		<b>Date PCR Sent to <a href="mailto:yei-mdtf@afdb.org">yei-mdtf@afdb.org</a></b>
<b>Amount Approved in Trust Fund Currency</b>	<b>Date Approved</b>	<b>Amount Disbursed</b>	<b>% Disbursed</b>	<b>Planned Operation Completion Date</b>	<b>Actual Operation Completion Date</b>
<b>Executed by the Beneficiary or by the Bank</b>		<b>User Department</b>			<b>Sector</b>
<b>Contractor or Consultant (if applicable)</b>					
<b>Project Description</b>					

##### II. RESPONSIBLE BANK STAFF

<b>NAME AND POSITION</b>	<b>AT APPROVAL</b>	<b>AT COMPLETION</b>

**Annex 9:** TEF leadership organizational chart



## **Annex 10: SNFI FIFC onsite Financial Management Assessment**

A Financial Management (FM) assessment of the Tony Elumelu Foundation (TEF) was carried out by the Bank's Fiduciary Services Division (SNFI.4) as part of the due diligence process for the proposed Tony Elumelu Entrepreneurship Programme (TEFEP) in line with the Financial Management Policy of the African Development Group-financed operations (2014). The assessment aimed to determine whether TEF as the designated Executing Agency has acceptable FM arrangements that can (i) correctly and completely recording all transactions and balances relating to the project; (ii) facilitate the preparation of regular, timely and reliable financial statements; (iii) safeguard the project's assets; and (iv) be subjected to auditing arrangements acceptable to the Bank.

The results of the assessment and the agreed arrangements for financial management and disbursement of the proposed assistance to TEF are documented below.

### **Executive Summary**

The programme's FM shall be handled within the TEF's existing structures under the overall responsibility of the Chief Financial Officer. The FM assessment carried out by the Bank (including a review of the budgeting, accounting, internal controls, flow of funds, financial reporting and auditing arrangements) concluded that the TEF FM systems satisfy the Bank's minimum requirements to ensure that funds made available for the programme are used economically and efficiently and for their intended purpose. The TEF has been running the entrepreneurship programme since 2015 and has developed partnerships with other organisations including the UNDP, GIZ, AFD and the International Committee of the Red Cross that have also provided resources. The finance TEF department consists of three staff with accounting qualifications and the requisite experience. The computerized FM use SAGE accounting and Converse software to record transactions and manage expenditures and to generate all requisite periodic financial reports.

Given TEF's satisfactory systems and general familiarity with other donor organisation procedures, no major FM related challenges are envisaged under the proposed assistance. Overall FM risk for this programme is rated as Moderate. The Bank's contribution shall therefore be managed within the existing Foundation systems in line with its commitment to using existing fiduciary systems to the maximum extent possible. Because the TEF has no prior experience implementing a Bank-financed project, the Bank's fiduciary team shall continue to provide the necessary guidance and support to the project team during implementation as required, as a capacity building initiative based on lessons learnt for other operations, to enhance the FM and the accountability processes under the proposed assistance. Detailed results from the assessment and the agreed FM and disbursement and auditing arrangements for Bank assistance are documented below.

The TEF currently prepares monthly, quarterly, and annual reports for Foundation activities, including under the entrepreneurship programme, for its executive management including the Board. In accordance with Article 12 Section I of the TEF Constitution, the supreme authority guiding its activities and the Companies and Allied Matters Act, TEF accounts are subject to an annual audit by private external auditors (currently Ernst & Young, Lagos). Audited annual financial statements from 2015, 2016, and 2017 had clean

opinions and were submitted within the stipulated timeframes to the regulatory authority. The 2018 statements are currently being audited.

In accordance with the YEI MDTF financial reporting requirements, TEF shall prepare and submit Quarterly Progress Reports with financial information for the TEFEP to the Bank no later than 30 days after the end of the period to which the report relates. Financial information shall comprise receipts by source and expenditures by main expenditure classification together with expected outputs and activities, and shall highlight any issues requiring attention. TEF shall also submit its annual audited financial statements with specific financial information (Receipts and Expenditures) for Bank financing under the programme and separately disclose all other donor financing (as applicable) aimed at facilitating harmonised reporting. As the Bank's contribution shall be subject to audit as part of the TEF's normal annual audit, the existing audit Terms of Reference/Engagement letter shall be amended by TEF to specifically include coverage of the Bank's contribution under the programme and be submitted to the Bank for approval prior to the audit. The TEF audited financial statements and auditor's management letter shall be submitted to the Bank no later than six (6) months after the end of the each financial year applicable with the audit carried out by the existing independent private auditors and its costs borne by the TEF.

**Disbursement:** The TEF currently operates multiple local and separate foreign currency bank accounts for its operational activities. The TEF has largely handled its financial resources effectively and efficiently (including cash book and bank reconciliation statements and management of any foreign currency risk as applicable, etc.) and the Bank's contribution under the TEFEP shall also be managed in accordance with these procedures. Given the nature of activities to be undertaken under the programme ("technical assistance grant" payment of USD 5000 each for one thousand (1000) Entrepreneurs, or USD 5 million), TEF shall primarily use the Special Account method of disbursement. To facilitate the flow of project funds, TEF shall open and manage one (1) Special Account in foreign currency at a local commercial bank acceptable to the Bank. Opening a foreign currency-denominated special account for the deposit of Grant proceeds shall be a condition of first disbursement. The reimbursement method of disbursement is also available, with the Bank's approval.

Disbursement to the TEF under the TEFEP shall be based on a Bank-approved work programme and budget and be made after the proper documents are submitted in accordance with Bank rules and procedures laid out in the disbursement handbook. Disbursement for approved and/or executed activities shall be upon review, verification and approval in accordance with the signed contract and/or financing agreement between the Bank and the TEF. The Bank shall issue a disbursement letter whose contents shall be discussed and agreed during negotiations

### **Programme Description**

The Tony Elumelu Foundation Entrepreneurship Programme (TEFEP) is a capacity-building, training, mentoring and funding programme for entrepreneurs across Africa. With funding from the Youth Entrepreneurship and Innovation Multi Donor Trust Fund (YEI MDTF), the Bank will support TEFEP under the AfDB/TEF Entrepreneurship



programme that will focus on supporting youth entrepreneurs, including young women and entrepreneurs in countries of fragility and/or hotspots of economic migration (30% to come from these countries). The YEI MDTF grant amounting to USD 5 million will be used to finance “technical assistance grant funding” of USD 5000 paid by TEF directly to 1000 entrepreneurs who will follow the 12-month TEFEP programme. Grant delivery will be conditional on their participation in the 12-week online training and their submission of an approved business plan.

### **Use of Country and Institutional Systems**

The Foundation is an incorporated trustee that is registered with the Corporate Affairs Commission under the provisions of the Companies and allied Matters Act. Foundation activities are guided by Article 12 Section I of the TEF Constitution, which is the supreme authority having its own systems; country systems will not be used.

### **Harmonization with Other Donors**

The TEF has been running the entrepreneurship programme since 2015 and has developed partnerships with other organisations including the UNDP, GIZ, AFD and the International Committee of the Red Cross, which have also provided resources. Efforts have been made to adopt a harmonised approach to programme management and reporting that meets all donor requirements.

### **Executing Agency**

The Tony Elumelu Foundation (TEF) was established in 2010 by entrepreneur, investor and philanthropist Tony O. Elumelu, who is passionate about Africa’s economic development. TEF is an incorporated trustee registered with the Corporate Affairs Commission under the provisions of the Companies and Allied Matters Act. Foundation activities are guided by Article 12 Section I of the TEF Constitution, which is the supreme authority. Its registered office is located in Lagos, Nigeria.

### **Summary of assessed Financial Management arrangements**

Assessment results (including a review of the budgeting, accounting, internal controls, funds flow, financial reporting and auditing arrangements) revealed that the existing arrangements meet the Bank’s minimum requirements to ensure that project funds are used economically and efficiently for their intended purpose. Overall FM risk rating is assessed as Moderate. Detailed review outcomes and discussions held with relevant officials in the TEF are documented below.

Planning and Budgeting: TEF has a comprehensive budgeting system and procedures as prescribed under its financial provisions. The finance team prepares budgets in consultation with the other departments for the Board’s eventual approval and signature. Expenditure management uses “Converse” software developed for the Foundation. The TEF currently prepares monthly and quarterly management and annual reports for Foundation activities, including under the entrepreneurship programme, for its executive management including the Board. The operation will thus follow existing budgeting principles, complemented by an annual work plan and budget agreed between the Bank and TEF and included in the specific programme detailed costing table in the project appraisal report.

Accounting Systems: The TEF has effective control of transaction processing from initiation, authorization, approval, payment voucher preparation, disbursements, recording and processing transactions for reporting purposes. The assessment found the existing system to be comprehensive and effective. Accounting of project proceeds will therefore follow TEF's accounting systems in keeping with the Bank's financial reporting requirements. To facilitate financial reporting, the project's financial recording and processing will use the existing SAGE accounting software and separate expenditure codes for project transactions.

Internal Control: The Finance Policies and Procedures Manual prescribes work processes, and clearly defines the responsibilities and functions of various stakeholders, institutions, and officials, serving as a procedural guide for staff to ensure uniform, complete and consistent accounting and transaction processing. In addition, a functional internal audit department is part of the TEF management function that guides the flow of transaction processes and enforces compliance with financial regulations. The programme is also covered by TEF's existing internal control mechanisms and shall be subjected to the Bank's fiduciary reviews as part of periodic supervision missions aimed at ensuring effective financial management.

Funds Flow and Disbursements Arrangements: The TEF currently operates multiple commercial (including separate foreign currency) and local bank accounts for its operational activities. It has largely handled financial resources effectively and efficiently (including cash book and bank reconciliation statements and managing any foreign currency risk, etc.). The Bank's contribution will also be managed as per these procedures. All Bank funds to be disbursed under the project will be in accordance with rules and procedures as set out in the Bank's Disbursement Handbook (accessible from the Bank's website) as applicable. Given the nature of the programme activities to be undertaken, TEF will use the Special Account method of disbursement. To facilitate the flow of funds under the project, TEF will open one (1) Special Account in foreign currency at a local commercial bank acceptable to the Bank, which it will manage in line with existing rules. The Bank will issue a Disbursement Letter whose contents will be discussed and agreed during negotiations, and TEF will be required to submit to the Bank details of the bank account and sample signatures of authorized signatories for signing withdrawal applications. Figure 1 depicts the fund flow arrangement.

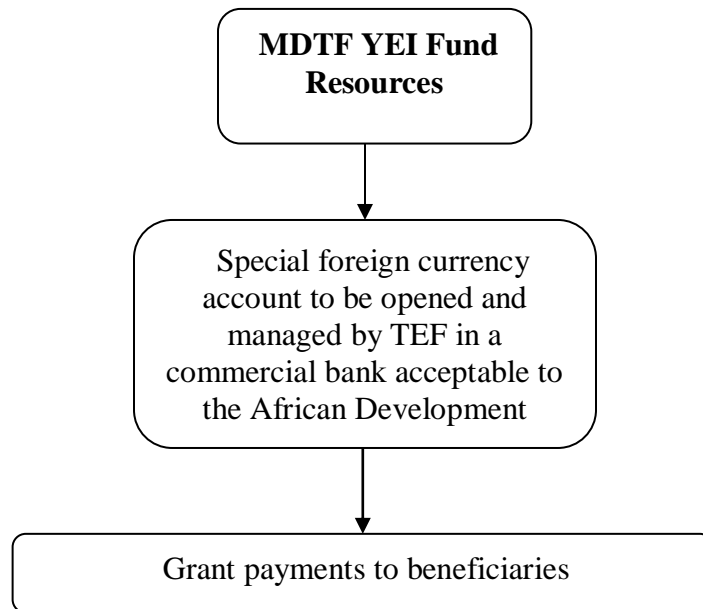
***Counterpart contribution:***

The Bank is supporting technical assistance grant to 1000 out of the total 3,050 entrepreneurs selected for the programme in 2019. The other 2,050 will be supported by TEF (1000) and other donors including UNDP (754), UNDP Sahel (2100), Red Cross (180), Seme City (50), US Consulate (20), Government of Botswana (20), Anambra State (15), Indorama (10), and Avon Medical (1), who are also co-financing TEF.

The TEF's contribution, in addition to providing 'technical assistance grant' to 1000 entrepreneurs, is for incubation services, Monitoring and Evaluation and overhead costs (remuneration of employees and consultants, technology platform and other administrative

costs) for TEFEP entrepreneurs as specified above. These are all appropriately reflected in the TEF annual financial statements.

**Figure 1: Flow of Funds**



**Financial Reporting:** TEF currently prepares monthly and quarterly management reports for the Foundation’s activities as required under its financial regulations. It will be required to handle and account for the programme’s resources using the existing system in keeping with the Bank’s financial reporting requirements. In accordance with the YEI MDTF financial reporting requirements, TEF will prepare and submit an Interim Quarterly Progress Report to the Bank no later than 30 days after the end of the period to which the report relates. The financial information shall comprise receipts by source and by expenditure by main expenditure classifications and expected outputs and activities, highlighting any issues requiring attention.

**External Audit:** In accordance with Article 12 Section I of the Constitution, the supreme authority guiding the activities of the Foundation, and the Companies and Allied Matters Act, accounts are subject to annual audit by private external auditors (currently Ernst & Young, Lagos). Audited financial statements for 2015, 2016, and 2017 had clean opinions and were submitted within the stipulated timelines to the regulatory authority. The 2018 financial statements are currently being audited. To this end and in line with the YEI MDTF requirements, TEF shall submit its annual audited financial statements with specific financial information (Receipts and Expenditures) for Bank financing under the programme and all other donor financing (as applicable) separately disclosed aimed at facilitating harmonised reporting. As the Bank’s contribution shall be subject to audit as part of the TEF’s normal annual audit, the existing audit Terms of Reference/Engagement letter shall be amended by TEF to specifically include coverage of the Bank’s contribution

under the programme and submitted for approval by the Bank prior to the audit. The TEF audited financial statements and auditor’s management letter shall be submitted to the Bank no later than six (6) months after the end of the each financial year applicable. The existing independent private auditors shall carry out the audit whose costs will be borne by the TEF.

**FM Action Plan:** To enhance programme FM systems, the following is being proposed for the TEF to address reporting requirements within stipulated timelines.

**Table 1: FM Action Plan Steps**

Steps	Required Actions	By Whom	By When
1	Submit Quarterly Progress Reports (QPRs) with financial information on Bank funding for the TEFEP.	TEF	No later than 30 days after the end of the period to which the report relates.
2	Amend existing TEF audit Terms of Reference/Engagement letter to include audit of Bank contribution and get Bank approval before TEF audit	TEF	Within 3 months after first disbursement
3	Submit annual audited financial statements with separate disclosure of Bank financing under the programme	TEF	No later than six (6) months after the end of each financial year applicable

**Conditions and Financial covenants**

TEF shall fulfil the following condition prior to first disbursement:

- a. Submit evidence of having opened a foreign currency-denominated special account in a commercial bank acceptable to the Bank in which to deposit grant proceeds.

Undertakings

As the Bank’s contribution shall be subject to audit as part of the TEF’s normal annual audit, TEF shall amend the existing audit Terms of Reference/Engagement letter to specifically include coverage of the Bank’s contribution (to ascertain matters such as adherence to the established TEFEP procedures for entrepreneur selection under the programme) and submitted for approval by the Bank prior to the audit and no later than November 30, 2019.

**FM Supervision:** The frequency of FM supervision is determined by the outcome of the assessed FM risk rating. The project would be implemented in a “Moderate” risk environment and therefore subject to one supervision per year. Other supervision activities would include IQPR desk reviews, annual audit reports, and management letters for follow-up actions. Review outcomes would inform the intensity of subsequent FM supervisions.

**Table 2 : FM Risk Analysis Summary**

<b>Risk Type</b>	<b>Risk Rating *</b>	<b>Risk mitigation measures incorporated into project design</b>	<b>Conditionality (Yes/No)</b>
<b>Inherent Risk</b>			
<b>Country Level</b> N/A		N/A	
<b>Entity Level</b> Lack of prior experience in implementing a Bank financed project.	<b>M</b>	The Bank's fiduciary team shall provide the necessary guidance and support to the project team during implementation	<b>N</b>
<b>Project Level</b> Monitoring programme with more beneficiaries and ensuring widespread distribution	<b>M</b>	Use of independent agency for beneficiary selection and enhanced monitoring by TEF	<b>N</b>
<b>Overall Inherent Risk</b>	<b>M</b>		
<b>Control Risk</b>			
<b>Budgeting</b> Timely grant payment to eligible beneficiaries	<b>M</b>	Verification by independent agency and TEF to ensure conditions met in accordance with MoU, including the submission of an acceptable business plan	<b>N</b>
<b>Accounting</b> No significant risk identified	<b>L</b>	N/A	<b>N</b>
<b>Internal Control</b> Grant payment made only to eligible beneficiaries	<b>M</b>	Verification by independent agency and TEF to ensure that conditions are met in accordance with the MoU  Internal audit department also ascertains compliance	<b>N</b>
<b>Funds Flow</b> Management of Bank resources and grant payments to proper bank accounts of beneficiaries	<b>M</b>	TEF shall open separate bank account for Bank funds  Payments made to duly verified company accounts of beneficiaries	<b>Y</b>
<b>Reporting and Monitoring</b> Beneficiaries properly submit periodic reports highlighting performance	<b>M</b>	TEF Programme staff including Research and Evaluation in place to monitor	<b>N</b>

<b>External Audit</b> Proper coverage of Bank contribution as part of TEF annual audit	<b>M</b>	Existing TEF audit Terms of Reference/Engagement letter to include audit of Bank's contribution and approval obtained before TEF audit. This is part of Programme "Undertakings"	<b>Y</b>
<b>Overall Control Risk</b>	<b>M</b>		
<b>Overall Project Risk Rating</b>	<b>M</b>		

*\*H - High S - Substantial M - Moderate L - Low*

## **Annex 11: Gender, Environment and Social Impact**

**Environmental Effects:** Green growth is essential to sustainable economic development. A number of energy and agritech sector start-ups are innovating in green technologies and business models while creating new employment opportunities in waste management and recycling, thereby increasing access to the last mile and to new ways of climate change adaptation. Many TEF entrepreneurs focus on recycling and clean energy. Leroy Mwasaru, for example, is a TEFEP 2018 beneficiary who has been driving social impact in Kenya with Greenpact, which embraces the circular economy by using waste to generate Biogas (clean energy) and organic fertilizer as a resource to strengthen local communities socio-economically.

**Social Effects:** Youth are disproportionately affected by unemployment and underemployment. They often lack the skills and experience required by employers, which drives youth unemployment rates to twice those of adults, with significant variation by country. The Business Development Services model is aimed at restoring the dignity of the quality of work done by youth by equipping them with the appropriate skills to create their own jobs and compete effectively regionally and globally. TEF has tracked the progress of about 1500 entrepreneurs who graduated between 2015-2017<sup>22</sup>. Survey responses show that TEFEP graduates have increased their revenues by 189% and the numbers of jobs created by 197%. By targeting youth in states in fragility and hotspots of economic migration, the AfDB/TEF Entrepreneurship Programme is supporting the most vulnerable, while continuing to ensure a high potential for impact.

**Gender Impact:** The JfYA strategy guidelines establish an explicit target for the YEI MDTF to reach and support 50% female-led businesses across all the activities of the Trust Fund. Women are particularly impacted by unemployment and often face even greater barriers to accessing opportunities and earning equal pay including low access to finance, lack of business acumen and a hostile business environment. While they are emerging as one of the fast-growing segments in the MSME sector,<sup>23</sup> achieving inclusive growth requires that women-owned MSMEs be promoted. The Global Entrepreneurship Monitor (GEM) 2016/17 Women's Report rates female entrepreneurship in sub-Saharan Africa at 25.9% of the female adult population: in other words, one in four women starts or manages a business. By explicitly targeting young women entrepreneurs, the AfDB/TEF Entrepreneurship Programme is thus supporting a very large share of the population that is most in need of it, providing the skills, resources, and opportunities to improve their quality of life. This programme will be aligned to the Bank AFAWA initiative to increase access to finance for women-empowered businesses and subsequently create new employment opportunities, especially in low income and fragile states.

In this context, TEFEP has made purposeful efforts to increase its percentage of women involved in their programme. Since 2015, TEF has significantly increased its women participation in TEFEP from 24% to 36% in 2019. The AfDB/TEF Entrepreneurship Programme aims to ensure that out of the 1000 supported young entrepreneurs under the YEI MDTF, 50% are women using an advanced selection at entry point using a targeted gender lens.

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<sup>22</sup> <http://tonyelumelufoundation.org/wp-content/uploads/2018/10/TEF-Abridged-Impact-Report.pdf>

<sup>23</sup> World Bank, Targeted financing for SME's and Employment effects: what do we know and what could be done differently? 2017

**BOARDS OF DIRECTORS**

**Resolution N° B/Z1/2019/73 - F/Z1/2019/79**

Adopted by the Boards of Directors of the Bank and the Fund, on a lapse-of-time basis, on 21<sup>st</sup> November 2019

**Grant to the Tony Elumelu Foundation (TEF) from the resources of the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund to finance the costs of Capacity Building of Youth-led Start-ups and Micro, Small and Medium Enterprises (MSMEs) under the TEF Entrepreneurship Programme**

**THE BOARDS OF DIRECTORS,**

**HAVING REGARD** to: (i) Articles 1, 2, 12, 14, 17, 32, 37 and 50 of the Agreement Establishing the African Development Bank (the “Bank”); (ii) Articles 1, 2, 8, 11, 12, 14, 15, 16, 26, 30, and 42 of the Agreement Establishing the African Development Fund (the “Fund”); (iii) the Operational Procedures and Guidelines of the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund; and (iv) the proposal contained in Document ADB/BD/WP/2019/258/Approval - ADF/BD/WP/2019/174/Approval (the “Proposal”);

**RECALLING:**

- (i) The Proposal for the Establishment of the Multi-Donor Trust Fund to Support Implementation of the Jobs for Youth in Africa Strategy (the “Youth Entrepreneurship and Innovation Multi-Donor Trust Fund”);
- (ii) Resolution N° B/BD/2017/21 - F/BD/2017/10 adopted on 22 November 2017 by these Boards, concerning the establishment of the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund; and
- (iii) The Multi-Donor Agreement for the African Development Bank and the African Development Fund for the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund executed among the Bank, the Fund, the Danish Ministry of Foreign Affairs, the Norwegian Ministry of Foreign Affairs, and any other Government or entity that becomes a signatory to the Agreement;

**DECIDE** as follows:

1. To award to the Tony Elumelu Foundation (the “Recipient” or “TEF”), from the resources of the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund, a grant of an amount not exceeding Five Million United States Dollars (USD 5,000,000) (the “Grant”), to finance the costs of Capacity Building of Youth-led Start-ups and Micro, Small, and Medium Enterprises (MSMEs) under the TEF Entrepreneurship Programme;
2. To authorize the President to conclude a letter of agreement amongst the Bank, the Fund and the Recipient (the “Letter of Agreement”), on the terms and conditions specified in the Standard Conditions Applicable to Grants made by the African Development Bank and the African Development Fund from the Resources of Various Funds, the Operational Procedures and



Guidelines of the Youth Entrepreneurship and Innovation Multi-Donor Trust Fund, and the Proposal;

3. The President may cancel the Grant if the Letter of Agreement is not signed within ninety (90) days from the date of approval of the Grant by this Board; and
4. That this Resolution shall become effective on the date above-mentioned.