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/ PROJECT PROFILE

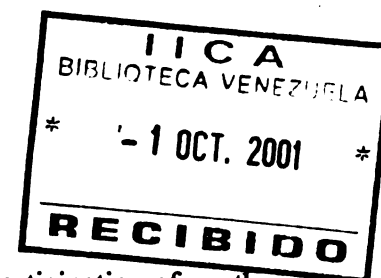
Increasing the Participation of Youth in the Agricultural and Rural Development Process in the Eastern Caribbean States

February 1997

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EXECUTIVE SUMMARY

This project is designed to address the core problem of the limited participation of youth in the rural and agricultural development process in the Eastern Caribbean States (ECS), involving Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines. It has as its mission the empowerment of Caribbean Rural Youth to augment their income earning capacity and technical knowledge base, build their countries and preserve their environment through training, skills development and entrepreneurship.

The project is presented in response to the major challenges facing youth in the Caribbean as well as the opportunities available for them to make a meaningful contribution to rural development and economic growth in the region. It supports the actions and activities of regional governments in their quest to increase the involvement of young people in the development process. The Inter-American Institute for Cooperation on Agriculture (IICA) attaches great importance to the issue of rural youth and supports the view that they provide a potential for contributing to economic development. The IICA's CARIBBEAN REGION: DIFFERENTIATED STRATEGY 1994-1998 identifies youth as one of the targeted beneficiaries of IICA's action for the region.

The project was conceived in 1994, when IICA convened a series of sub-regional and national meetings and carried out preparatory studies to gain a better understanding of the situation of rural youth in Latin America and the Caribbean. The national meetings focused on topics such as employment, access to productive resources, education, training, sustainability, institutional strengthening and the gender perspective in programmes targeting rural youth. The range of institutions working with rural youth and the services offered were also analysed.

This process of consultation culminated in the First Inter-American Seminar on Rural Youth held in Costa Rica in January 1995. The seminar, which was co-sponsored by the United Nations Food and Agriculture Organization, the Inter-American Development Bank, the Kellogg Foundation and the Government of Spain, brought together governmental and private institutions, technical cooperation agencies and young people.

One of the conclusions of that seminar was that although young people shared many similar problems associated with their development, rural youth in Latin America and the Caribbean are a heterogeneous group, with characteristics peculiar to each region in the hemisphere. This pointed to a need for a differentiated approach. In the Caribbean, it was recognised that unemployment was a priority issue.

In 1996 the Director General of IICA visited Grenada, St. Vincent, Antigua & Barbuda and St. Kitts & Nevis and held discussions with the Minister of Agriculture in each country and other national authorities, including the Prime Minister of Grenada, as well as, the Minister of Foreign Affairs (St Vincent and the Grenadines) and the Minister of Trade (Antigua and Barbuda), on the need for the implementation of a regional rural youth programme. They fully supported the development of such a programme.



The project will focus initially on the ECS which like the rest of the Caribbean is faced with the major problem of a limited participation of youth in the agricultural and rural development process of those countries. The core problem has not only resulted in high rates of youth unemployment and rural-urban migration, but also high rates of crime, violence, drug use and unplanned teenage pregnancies. The major factors identified as the causes for the limited participation of youth in the development process may be categorized under four broad areas as follows:

- (a) Inadequate employment opportunities;
- (b) Youth not appropriately trained;
- (c) Inadequate support systems/mechanisms; and
- (d) Lack of motivation and initiative among youth.

An increased participation of youth in the agricultural and Rural Development process in the ECS, cannot be achieved unless these problems are addressed.

The goal of the project is that of improving the quality of life of rural youth in the ECS through the promotion and establishment of small business enterprises that would earn/save foreign exchange, create employment and reduce some of the social ills associated with rural youth.

The project intervention is designed to:

- (a) Provide financial resources for the establishment and operation of youth business enterprises;
- (b) Strengthen and deepen the Youth Development Education Programme;
- (c) Provide a focal point for the provision and coordination of youth development activities and support services;
- (d) Establish and/or strengthen the institutional linkages and coordination among relevant organizations; and
- (e) Develop leadership qualities, entrepreneurial spirit and an appreciation of agriculture and related activities as viable options for economic development.



The project is expected to impact on a number of direct beneficiaries in the ECS as follows:

- (a) 750 young entrepreneurs receiving loans over a five year period to establish micro-enterprises in the six ECS countries as follows:

Country	No. of Established enterprises
Antigua/Barbuda	90
Dominica	110
Grenada	110
St. Kitts/Nevis	100
St. Lucia	190
St. Vincent and the Grenadines	150
Total	750

- (b) 3,000 youth trained in group dynamics, technical skills and entrepreneurship;
(c) 150 apprentices completing "on-the-job" training in managing businesses;
(d) 100 trainers trained; and
(e) 50 regional industry specialists/trainers professionally enhanced through scholarship and study tours.

The overall objective of the project is to increase the participation of youth in the agricultural and rural development process in the ECS. More specifically the project is expected to:

- (a) create youth employment;
(b) provide information and support services to youth development activities;
(c) improve the technical and managerial skills of project beneficiaries and personnel associated with the project;
(d) establish and/or strengthen the institutional linkages and coordination among relevant support institutions and;
(e) enhance motivation, initiative and drive among youth.



The project is comprised of five (5) basic components as follows:

- (a) Youth entrepreneurial development;
- (b) Establishment of apprenticeship programme;
- (c) Establishment of revolving loan facility;
- (d) Institutional strengthening; and
- (e) Dissemination of information

The total project cost over the five (5) years duration of the project is estimated at US\$ 4.968 million dollars. Of this total, US\$ 2,500,000 (50.3%) represents initial funds for the establishment of the credit facility; US\$ 1,218,000 (24.5%) represents project management expenses; US\$ 300,000 (6.0%) represents expenses associated with the apprenticeship programme; US\$205,000 (4.1%) represents expenses for the youth entrepreneurial development programme; US\$ 106,000 (2.1%) represents expenses associated with production/collection and dissemination of information at the national level; and a total of US\$ 84,000 (1.7%) represents expenditures associated with institutional strengthening.

External resources is estimated at US\$ 3,192,000 or 64.3% of total project cost. Of this US\$ 2,500,000 will be required for the establishment of the credit facility. Other line items requiring external support are the operation of the six national youth enterprise facilities (US\$200,000), the Youth Apprenticeship Programme (US\$120,000), the Youth Entrepreneurial Development Programme (US\$100,000), Institutional Strengthening (US\$70,000) and the Dissemination of Information (US\$50,000).

The national governments are expected to contribute a total of US\$ 1,368,200 (27.5%) towards the implementation of the project. Of this total, US\$ 540,000 and US\$ 324,000 will support the acquisition of the services of the national coordinators and support staff, respectively. Another US\$ 170,000 will go towards other administrative expenses associated with the apprenticeship programme while US\$118,000 will be used for the operation of the Youth Enterprise Development Facilities. US\$ 90,000 will go towards the support of the Youth Entrepreneurial Development Programme. US\$51,000 and US\$10,000 will go towards the dissemination of information and institutional strengthening respectively.

IICA's total support towards the execution of the project is estimated at US\$407,400 (8.2%). The major portion of this amount US\$ 354,000 represents funds to support the Regional Project Coordinator and a Secretary.



The Net Present Value (NPV) of the project at the discount rate of 12% is negative US\$ 90,525. The computed Financial Internal Rate of Return (FIRR) of the project is 10.9%. The project demonstrates a low negative NPV at 12% discount rate and 10.9% FIRR and is not highly viable on financial grounds. However, when the economic and social criteria such as foreign exchange earnings/savings and youth employment are considered, the value of the project to the economies of the countries is beyond doubt.



CHAPTER I

1. BACKGROUND

1.1 Introduction

Youth has been acknowledged as one of the social groups which has remained "invisible" in the Caribbean development process. Youth is defined as persons between the ages of 15 and 35 years. The project entitled, *"Increasing the Participation of Youth in the Rural Development Process in the Eastern Caribbean States (ECS)"*, has as its mission, the empowerment of rural youth of the ECS. Specifically, to augment their income earning capacity and technical knowledge base. This will be achieved through enhancing skills development and entrepreneurship, thereby reducing unemployment and contributing to the Gross Domestic Product (GDP) of the countries. Additional benefits include the preservation of the environment by the dissemination of appropriate technology.

The project which will focus initially on the ECS¹, is presented in response to the major challenges facing youth as well as the opportunities available to them to make a meaningful contribution to rural development and economic growth in the region. It supports the actions and activities of regional governments in their quest to increase the involvement of young people in the development process.

The Inter-American Institute for Cooperation on Agriculture (IICA) attaches great importance to the issue of rural youth and supports the view that they provide a potential for contributing to rural development. The document entitled *"Caribbean Region: Differentiated Strategy 1994-1998"*, identifies youth as one of the targeted beneficiaries of IICA's action for the region.

1.2 Antecedents

In 1994, IICA convened a series of sub-regional and national preparatory studies and meetings to gain a better understanding of the situation of rural youth in Latin America and the Caribbean. The national studies focused on employment, access to productive resources, education, training, sustainability, institutional strengthening and the gender perspective in programmes targeting rural youth. The range of institutions working with rural youth and the services offered were also analyzed with a view towards delineating the nature and scope of the national youth programmes. These issues were then reviewed at the sub-regional level.

During the sub-regional meeting for the Southern Cone, the Rural Youth Network (REJUR) was founded. The objective of REJUR focused on the coordination of technical cooperation actions in Argentina, Brazil, Chile, Paraguay and Uruguay and on the promotion of the interests of the rural sector.

¹ Antigua and Barbuda, Dominica, Grenada, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines



The process of consultation culminated in the First Inter-American Seminar on Rural Youth held in Costa Rica in January 1995. The seminar, which was co-sponsored by the United Nations Food and Agriculture Organization, the Inter-American Development Bank, the Kellogg Foundation and the Government of Spain, brought together governmental and private institutions, technical cooperation agencies and young people.

The presentations at that Seminar confirmed that youth represented 31% of the economically active population in the rural areas in Latin America and the Caribbean. One of the conclusions of the seminar was that although sharing many similar problems associated with their chronological development, rural youth in Latin America and in the Caribbean is a heterogeneous group, with characteristics peculiar to each region of the hemisphere. This pointed to a need for a differentiated approach. In the Caribbean, it was recognised that unemployment was a priority issue. At present, in the Caribbean, the percentage of youth ranges from 35% to 40% of the total population. This represents a significant increase from an average of 25% in the early 1980s.

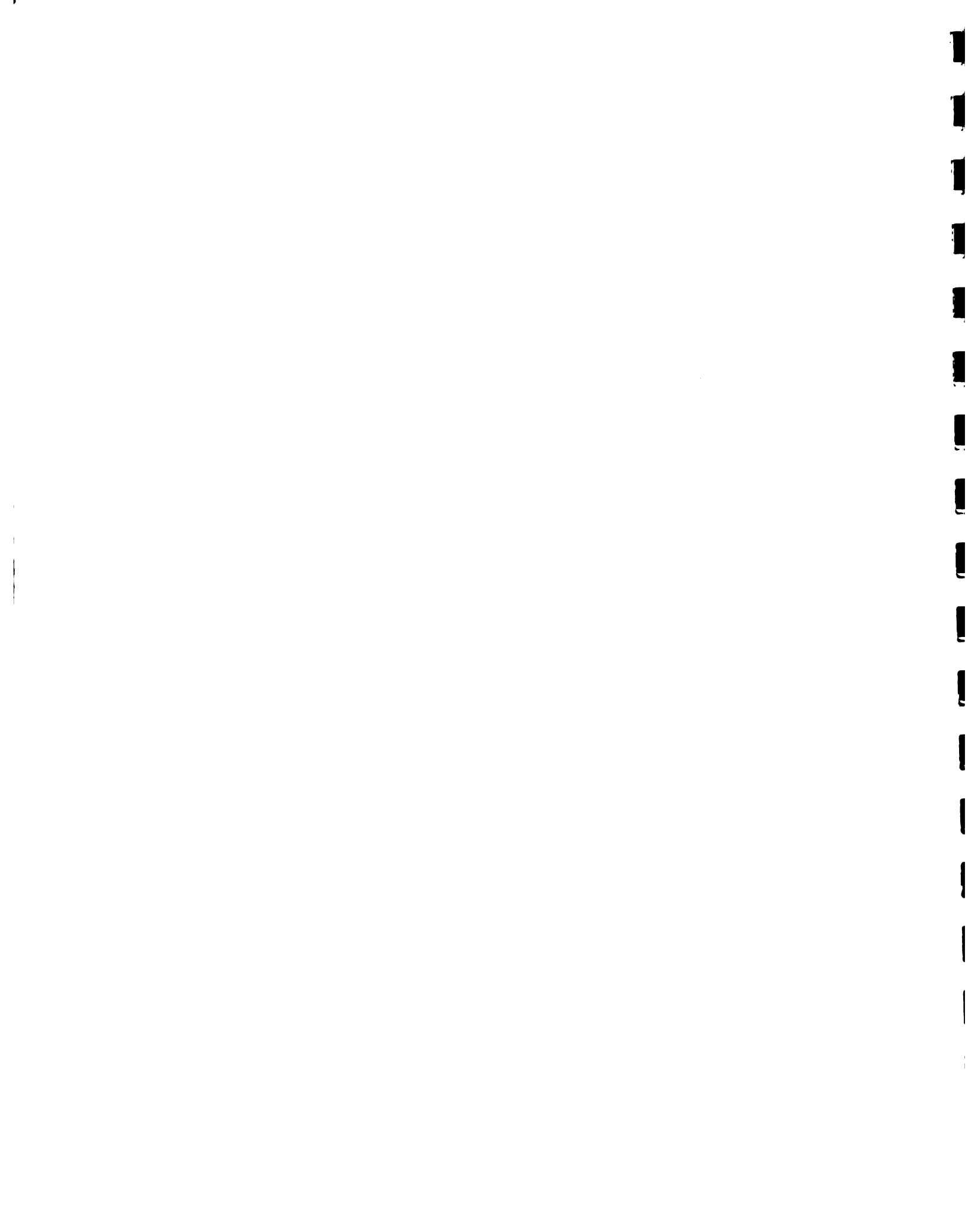
In 1996, a number of events precipitated the development of a Caribbean Strategy, as follows:

- (a) IICA participated in a Regional Consultation on Youth under the auspices of the Caribbean Community (CARICOM) Secretariat in May 1996.

This workshop, which involved the participation of youths and relevant youth organizations, focused on the identification of challenges facing youth in the Caribbean. These issues were tabled for inclusion into the Policy Framework Document which will be finalized by the CARICOM Secretariat. The issues included unemployment, lowering literacy levels, limited access to resources, cultural penetration and social ills.

IICA was recognised as the leading agency in issues related to employment in the agricultural sector and it was agreed that IICA would be called upon to provide technical cooperation services to the Secretariat once a distinct policy was prepared;

- (b) A visit by the Director General to Grenada, St. Vincent, Antigua & Barbuda and St. Kitts & Nevis where discussions held with the national authorities, including the Prime Minister of Grenada, the respective Ministers of Agriculture, as well as, the Minister of Foreign Affairs (St Vincent and the Grenadines) and the Minister of Trade (Antigua and Barbuda), fully supported the need for the implementation of a regional rural youth programme; and
- (c) A Short Term Action (STA) entitled "*Support of the 4H Movement in Barbados and Trinidad and Tobago*" supported a visit of the Regional Coordinator, Area of Concentration (AoC) IV and four members of the 4H Movement from Trinidad and Barbados to the Dominican Republic to study the experiences of FUNDEJUR. The specific objective of the tour was to determine the relevance to the English-speaking



Eastern Caribbean.

FUNDEJUR presented an institutional model with the following salient features:

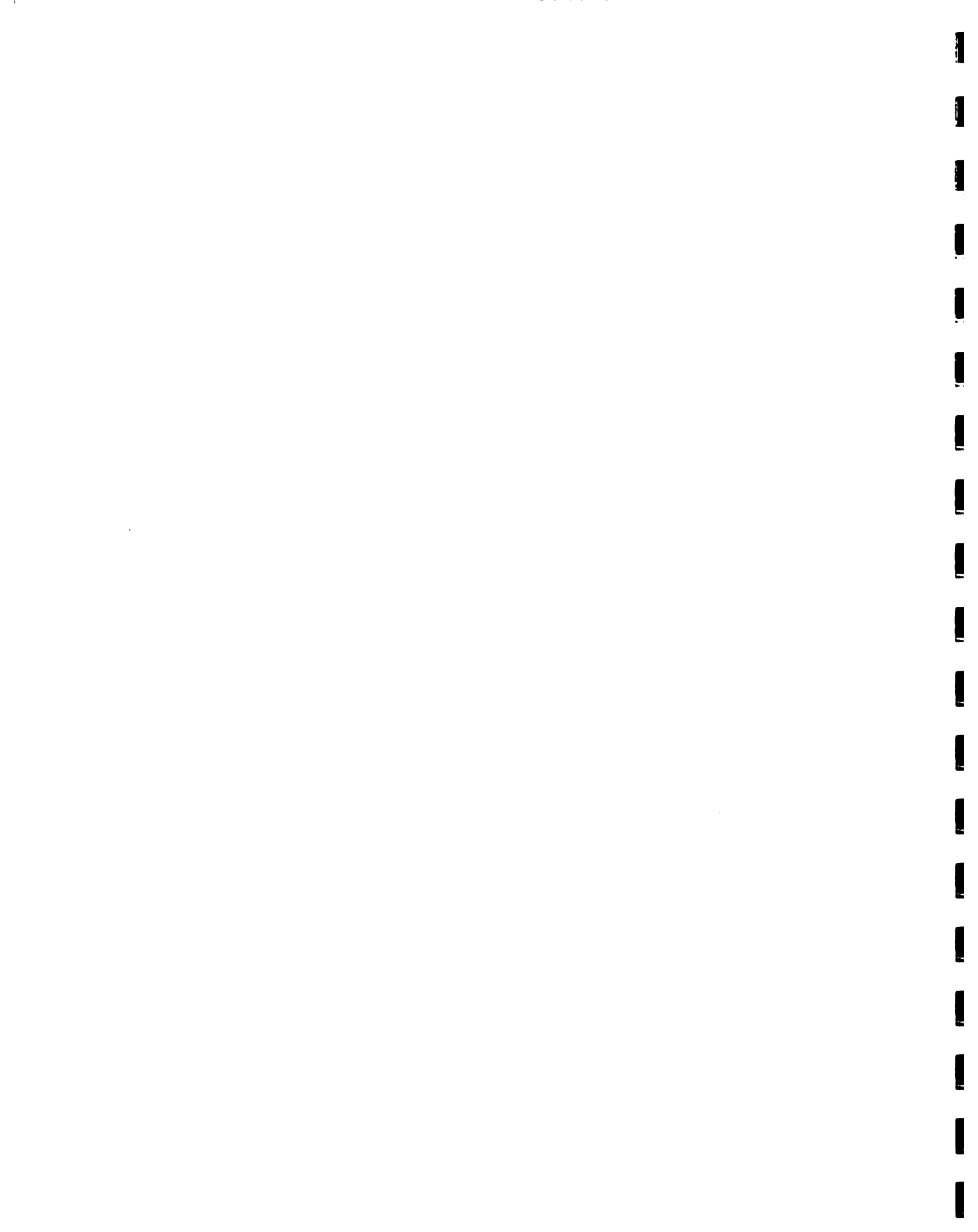
- establishment of alliances with reputable, international development agencies;
- strict financial accountability to sponsors;
- management of trust funds;
- management of a revolving loan portfolio;
- management of a grant portfolio; and
- provision of direct technical cooperation services including project identification and development, in collaboration with the beneficiaries, technical and managerial training and the promotion of income-generating projects, as well as, community projects.

Arising out of these actions over the past three years, there is now a body of literature and experiences which can support the development of a regional programme on rural youth in the Caribbean. The FUNDEJUR model will be followed, except that the revolving loan portfolio will be managed by indigenous, developmental institutions in the ECS, in collaboration with IICA.

1.3 Problem Definition and Justification

In the analysis of the socio-economic situation of the Caribbean youth, three pivotal realities must be taken into consideration:

- (a) The majority of the Caribbean is rural, ranging from extremes of 92% in Grenada to approximately 50% in Barbados, with agriculture being the main economic activity;
- (b) The agricultural sector is characterized by an ownership structure of land concentrated on a small number of medium- and large sized farms, while at the same time, small holdings (less than 5 acres) are increasingly segmented. This reality has impacted negatively on the large number of small scale, low income producers, most of whom live under extreme poverty; and
- (c) Landless workers, small farmers, tenant farmers and their families in rural area display all the common traits of rural poverty, including:
 - little or no access to land and or capital resources;
 - low levels of technology;



- low levels of income and agricultural productivity; and
- little or no access to productive support (credit, marketing, research and technical assistance), education, health, and other services essential for a better standard of living.

1.3.1 Agriculture and the Rural Environment

In most, if not all, countries of the Caribbean, under-development is organically linked with the rural areas. The agricultural sector continues to play an important, though declining role in the economies of the countries of the ECS, with respect to the contribution to foreign exchange earnings, employment and GDP.

In 1994, for instance, the agricultural sector accounted for an average of 10.4% of the total GDP of the ECS countries; being less than 5% in Antigua/Barbuda, between 5% and 10% in Monsterrat, St. Kitts/Nevis and St. Lucia and over 10% in Dominica and St. Vincent and the Grenadines.

Production in the agricultural sectors in the ECS countries continues to be dominated by a few commodities, namely, sugar (St. Kitts/Nevis), banana (Windward Islands), cocoa, nutmeg and mace (Grenada) and Citrus (Dominica). The heavy reliance on these few commodities and the failure to develop significant agro-processing industries have contributed to the vulnerability of the sector as a whole. The need to correct this over reliance on a few, traditional commodities has led to the design and implementation of agricultural diversification programmes in several countries over the last two decades. These programmes, however, were of limited success because of the characteristics of and constraints within the agricultural sectors of those countries. These characteristics include:

- (a) the wide variation and fragility of the natural resource base, economic infrastructure and level of development among the countries;
- (b) an aging population of farmers (averaging over 45 years) in all countries;
- (c) low agricultural productivity and the attendant high unit cost of production resulting in difficulties in competing in both domestic and export markets;
- (d) a weak institutional framework and inadequate support services;
- (e) small domestic and regional markets;
- (f) the absence of adequate and appropriate information to support planning and policy decisions;
- (g) reduced incentives in the agricultural sector; and



(h) weak linkages with other sectors of the economy.

The recent performance of the agricultural sector, at the country level, has been varied. Details are provided in Table 1.1.

Table 1.1
SELECTED ECONOMIC INDICATORS
FOR THE AGRICULTURAL SECTOR (1992)

Country	% Contribution to Total GDP	Agricultural Export as a % of Total Exports	Agricultural Employment as a % of total Employment
Antigua and Barbuda	3.5	n.a.	9.0
Dominica	24.5	64.0	36.0
Grenada	14.7	70.0	29.0
St. Kitts and Nevis	7.5	60.0	33.3
St. Lucia	12.2	63.0	30.0
St. Vincent and the Grenadines	16.0	75.0	30.0

Source: OECS/ECS National Accounts estimates and individual Ministries of Agriculture, 1990 Census Reports.

Additionally, over the last three decades, the agricultural sectors of the countries of the region have declined in importance. The social costs of economic adjustments to recession have been very high. These adjustments have had general, contracting effects, particularly on social development investments. The results have been to accentuate the economic hardship for the 'poorest of the poor' - women, youth, indigenous peoples and the rural poor.

The combination of the above factors has resulted in a decline in the number of people employed in the agricultural sector. The limited work opportunities and low income potential in agriculture have encouraged the rural population to learn non-farming skills and seek other sources of income. Ultimately, there has been an increase in rural out migration.

Data presented in Table 1.2 indicates the rapid pace of urbanization in the Caribbean Region.



Table 1.2
AVERAGE ANNUAL PERCENTAGE GROWTH
IN URBAN AND RURAL POPULATIONS IN THE CARIBBEAN

Period	% Urban Growth	% Rural Growth
1950-1960	2.93	1.35
1970-1975	3.31	0.73
1980-1990	3.18	0.71

Source: United Nations, "Trends and Prospects in Urban and Rural Population, 1950-2000", (New York: United Nations, "Patterns of Urban and Rural Population Growth", (Population studies, No. 68, New York: United Nations, 1980).

The Table shows that between 1950 and 1960, urban areas in the Caribbean grew at more than twice the rate of rural areas, while during the period 1970-1975 the growth rate of the urban population was more than four times that of the rural population. It has been estimated that by the year 2000 approximately 60 percent of the Caribbean population will reside in urban area, compared to 36.5 percent in 1960.

As Table 1.3 indicates, for the period 1970-1975, migrants from the rural areas contribute 42% to 52% percent of the annual growth of selected urban cities in the Caribbean. With a declining agricultural sector, this percentage is expected to be higher in the 1990s.

Table 1.3
INTERNAL MIGRATION AS A SOURCE OF URBAN GROWTH
1970-75

COUNTRY/REGION	URBAN POPULATION GROWTH RATE (%)	SHARE OF GROWTH DUE TO MIGRATION (%)
Caribbean	3.3	28.4
Guyana	6.8	51.0
Jamaica	3.8	52.0
Trinidad and Tobago	2.0	42.0

Sources: Inter-American Development Bank, Economic and Social Progress in Latin America (Washington, D.C. several years; and BERTAND RENAUD, National Urbanization Policies in Developing Countries (World Bank Staff Working Paper; No. 347, 1979).



The majority of the migrants are young adults who tend to be in the peak reproductive age groups, with higher fertility potential than that of the urban population as a whole. As such, the real, long term contribution of internal migration to urban population growth is actually much greater. At the present time, the rates of rural-urban migration continue to exceed rates of job creation and the capacity of urban industry and services to effectively absorb this labour.

The low absorption capacity of the urbanized manufacturing sector in the Caribbean is particularly striking, because the reduction of the agricultural labour force has been accompanied by very high rates of national unemployment, as well as, a reduction of 12% of the ratio of employed to working-age population. Women and young people are mainly affected by unemployment.

1.3.2 Youth and the Rural Environment

The ECS, like the rest of the Caribbean is faced with the problem of a limited participation of youth in the agricultural and rural development process. The core problem has not only resulted in high rates of youth unemployment and rural-urban migration, but also high rates of crime, violence, drug use and unplanned, teenage pregnancies.

Available data on the unemployment situation among youth in the ECS is presented in Table 1.4. The data show a comparatively higher youth unemployment rate than the average for the population.

Table 1.4
YOUTH UNEMPLOYMENT SITUATION IN THE ECS

Country	Mid-year (1994) Population ¹	Youth Pop.		UNEMPLOYMENT RATE (%)	
		%	No.	Overall Pop	Youth Pop
Antigua/Barbuda	66,500	36.1	24,000	n.a	N.a
Dominica	73,500	35.1	25,800	9.9	17.8
Grenada	97,000	32.9	31,910	26.7	34.4
St. Kitts/Nevis	42,000	35.0	14,700	4.5	n.a.
St. Lucia ²	145,213	37.4	54,385	N/A	12.1
St. Vincent and Grenadines	107,400	36.0	38,664	20.0	25.0

Source: Data Provided by the Technical Cooperation Agencies (TCA) in the OECS.

¹/CDB Annual Economic Reports, 1994

² 1995 Data



Additionally, the educational system has traditionally been biased towards the academic areas, to the disadvantage of the technical, vocational, and arts and crafts subjects. A negative impact of this is the low self esteem of youths who have gone through the educational system and were unsuccessful in the areas of academics. Rural youths are particularly susceptible to this as the urban based schools are better equipped and staffed to teach academic subjects. This low self esteem accompanied by negative attitudes (young people rebelling against a system which works to their disadvantage) predisposes youth to crime and delinquent social behavior, such as, substance abuse with the resulting social problems.

The major factors identified as the causes for the limited participation of youth in the development process are presented in Figure 1.1 and may be categorized under four broad areas as follows:

- (a) inadequate employment opportunities;
- (b) deficiencies of the formal education system with respect to agriculture and the rural environment;
- (c) relative limited access to physical, institutional and productive resources; and
- (d) lack of motivation and initiative among rural youth.

This is supported by the research conducted by the Caribbean Network for Integrated Rural Development (CNIRD) in 1994. All the young persons interviewed highlighted unemployment as the most pressing issue facing youth in the region. A large percentage also saw the educational systems having little or no relevance to them.

The increased participation of youth in the agricultural and rural development process in the ECS cannot be achieved unless these problems are addressed. An objective tree is presented in figure 1.2.



FIGURE 1.1: PROBLEM TREE SHOWING CAUSE AND EFFECT RELATIONSHIPS FOR CARIBBEAN RURAL YOUTH PROJECT

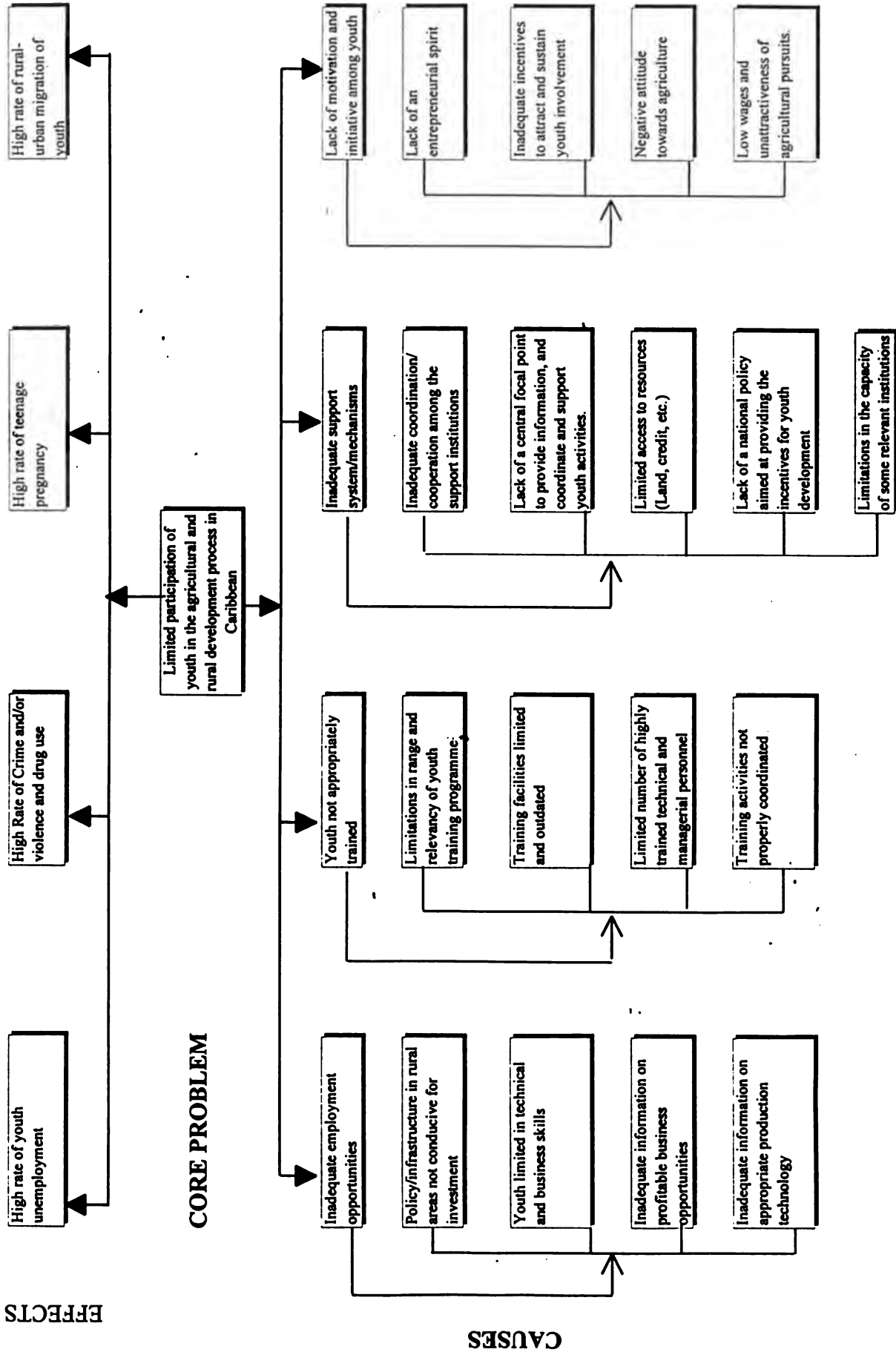
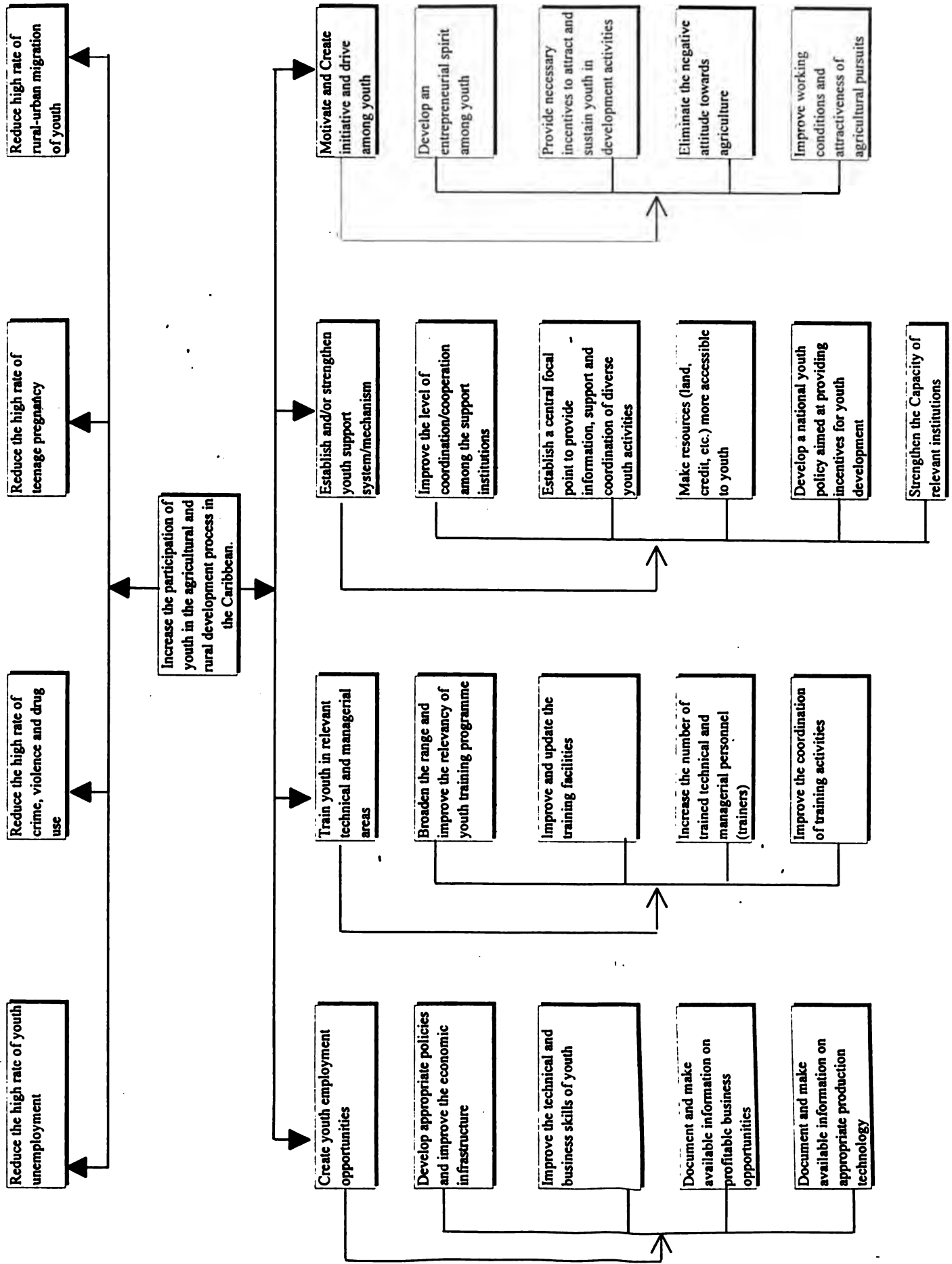
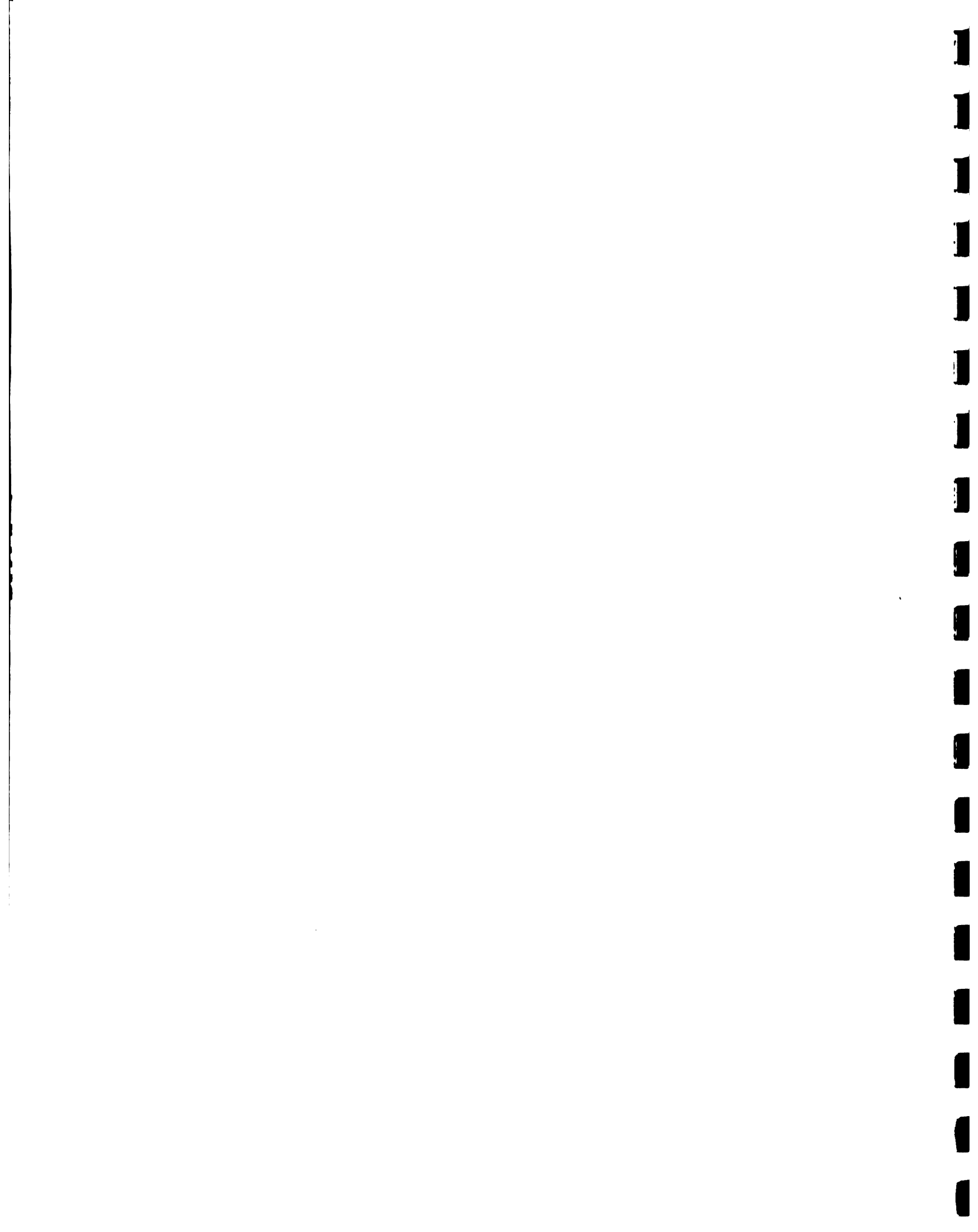


FIGURE 1.2: OBJECTIVE TREE FOR CARIBBEAN RURAL YOUTH DEVELOPMENT PROJECT





CHAPTER II

2. GOAL AND OBJECTIVES

2.1 Goal

The overall goal of the project is to improve the quality of life in the ECS through enhancing the contribution of rural youth to the economic development process. In recognition of the wide array of social and economic problems facing the youth in the Caribbean, the project seeks to promote youth as protagonists in the rural development process. Specifically, to develop entrepreneurship as a means towards addressing the problem of unemployment among rural youth in the ECS.

The major impact of the project will be to reduce the existing high unemployment among rural youth by the creation and/or strengthening of youth-managed micro enterprises that can potentially develop into larger, employment-generating businesses.

Recognizing that the project cannot satisfactorily address the multi-faceted range of problems facing youth in the Caribbean to ensure social stability, which is a pre-requisite for overall growth and development, it is hypothesized that the creation of employment opportunities by the youth themselves will both directly and indirectly contribute to the following:

- (a) stem rural-urban migration by providing viable options for youths to stay in their rural environments, to their mutual benefit;
- (b) redress of the deficiencies of their formal education with respect to agriculture and the environment by the provision of appropriate, technical skills training;
- (c) reverse the negative attitude towards the rural environment and agriculture in particular, by producing a cadre of microentrepreneurs that would serve as role models and change agents;
- (d) develop strong, viable, national organizations that can develop, supervise and provide assistance in the financing of youth based, self sustainable projects;
- (e) create and/or strengthen the capacity of existing local, financial facilities to provide loans at competitive interest rates to young entrepreneurs;
- (f) reduce youth involvement in drugs and violence by engaging them in constructive and productive pursuits and the development/strengthening of moral, ethical value and attitudes; and
- (g) rejuvenate the rural environment through augmenting the number of young people in modern, appropriate and sustainable technologies .



2.2 Objectives

The project intervention is designed to:

- (a) provide access to financial resources for the establishment and operation of youth business enterprises;
- (b) address the deficiencies in the formal education system through the development of a youth entrepreneurial development programme; and
- (c) provide information on potentially viable businesses to youth with respect to the design/development of project plans, feasibility studies and the dissemination of technical information.

2.3 Choice of youth businesses

The selection of the youth enterprises was made in keeping with the agricultural diversification programme and in light of available market analysis, technical information and experiences with the management and operations of similar enterprises. The enterprises were selected also on the basis of the potential for:

- (a) encouraging import substitution;
- (b) increasing foreign exchange earnings;
- (c) contributing to food security;
- (d) increasing employment in the rural areas;
- (e) reducing the economic dependency of the countries on too few commodities;
- (f) establishing linkages with industry, tourism and service sectors; and
- (g) conserving the environment.

The list of enterprises selected is not exhaustive. At periodic intervals, the project management will review current activities and on the advice and recommendations of the National Advisory Committees (NACs), may establish new priorities in the future.



2.4 Project Activities

The five major project activities are as follows:

- (a) Youth entrepreneurial development;
- (b) Establishment of apprenticeship programme;
- (c) Establishment of revolving loan facility;
- (d) Institutional strengthening; and
- (e) Dissemination of information

(a) Youth Entrepreneurial Development

The training programme which will be targeted at individuals and youth groups and will include:

- training of youth in leadership skills and business management practices;
- dissemination of technical and general information on youth development activities; and
- establishment and/or identification of youth model enterprises as demonstration of the potential benefits from their involvement.

(b) Establishment of an apprenticeship programme

The apprenticeship programme will teach technical skills using the learning by doing method, as well as mentoring. This will be accomplished through the attachment of the young, potential business persons to successful enterprises in which they are interested. This attachment will be for a duration depending on the nature of the business. In the case of young entrepreneurs, who are already in business but with identified weaknesses, the attachment could be for a short term to address the identified deficiencies.

The project will provide a small stipend to the youths for 'on the job' training. Wherever possible, the collaborating business will be required to contribute to the total remuneration paid to the apprentices. The collaborating businesses can use the participants creative energies in developing their own business. Accordingly, it is foreseen that the scheme will be of mutual benefit to both parties.



(c) Establishment of a Revolving Loan Scheme

A revolving loan scheme will be established to provide accessible credit at 8.5% interest rate on a reducing balance to beneficiaries of enterprise development activities. The enterprises to be developed are outlined in Table 2.1. Loans will be for a maximum period of three years with a 6-12 months grace period depending on the type of enterprise. Individual and groups will be able to submit proposals for funding up to a maximum of US\$ 10,000 and US\$ 30,000 respectively. Funds will be offered on a loan basis, except where the enterprise under review is crucial from a national and/or regional development perspective, but fails to demonstrate strong financial viability in which case a part-loan /part-grant will be considered.

At the national level, the credit fund will be administered by the indigenous credit institutions in collaboration with IICA. Each NAC will review enterprise proposals and applications based upon policy guidelines set by the Regional Project Management Committee. At the margin, loans can be secured by personal guarantors.

Table 2.1
Distribution of Youth Enterprises over five Years

Enterprises	Yr1	Yr2	Yr3	Yr4	Yr5	Total
Agro-processing	6	36	50	60	58	210
Eco-tourism	6	6	6	6	-	24
Fisheries	-	6	6	6	6	24
Art and Craft	6	24	30	40	35	135
Herbs/spices	6	6	9	12	12	45
Tool-making	-	2	2	2	2	8
Floriculture	-	3	6	10	11	30
Apiaries	6	6	9	12	12	45
Services	6	12	18	24	15	75
Vegetables	3	9	12	12	4	40
Poultry	-	6	6	6	6	24
Small ruminants	-	6	12	12	10	40
Rabbits	6	6	6	6	6	30
Pigs	-	6	6	8	-	20
Total	45	134	178	216	177	750



Estimates of funds to be disbursed on an annual basis to support the youth enterprises are presented in Table 2.2.

Table 2.2
Estimates of Funds to be Disbursed for the Youth Enterprises

Enterprises	Cost Per year (US\$'000)					
	Yr1	Yr2	Yr3	Yr4	Yr5	Total
Agro-processing	60	360	500	600	580	2100
Eco-tourism	36	36	36	36	-	144
Fisheries	-	60	60	60	60	240
Art and Craft	48	192	240	320	280	1080
Herbs/spices	30	30	45	60	60	225
Tool-making	-	20	20	20	20	80
Floriculture	-	30	60	100	110	300
Apiaries	12	12	18	24	24	90
Services	30	60	90	120	75	375
Vegetables	12	36	48	48	16	160
Poultry	-	60	60	60	60	240
Small ruminants	-	48	96	96	80	320
Rabbits	18	18	18	18	18	90
Pigs	-	48	48	64	-	160
Total	246	1010	1339	1626	1383	5604

The initial funds required for the revolving loan facility is estimated at \$US 2.5 million and is derived from the funds flow analysis of Table 2.3



**Table 2.3:
Revolving Loan Facility Funds Flow Analysis**

Years US\$'000							
Items	Yr0	Yr1	Yr2	Yr3	Yr4	Yr5	Total
Funds required for youth businesses		246	1010	1339	1626	1383	5604
Principal repaid ¹		20.5	166.2	530.6	980.0	1355.1	3052.4
Interest repaid ¹		19.2	90.9	159.6	214.5	216.9	701.1
Funds carried forward (2 + 3 - 1)		(206.3)	(959.2)	(1927.2)	(2358.7)	(2169.7)	
Initial Credit Funds	2500	-	-	-	-	-	-
Cash flow	2500	2293.7	1540.8	528.8	141.3	330.3	

¹Loans will be made for three years at 8.5% interest rate on a reducing balance with a grace period of between 6 - 12 months depending on the enterprise.

d) Institutional Strengthening

Ongoing technical cooperation services will be offered to youth organizations, including transfer of technology, group dynamics, leadership, cooperative development, training of trainers, administrative assistance and market research. The services will also be extended to supporting agencies, in particular, financial institutions to provide competitive credit facilities to youth and to highlight the issues affecting youth development. The project will extend assistance in reviewing their curricula, in association with training.

A Training of Trainers programme will comprise the major component of this activity. Personnel from collaborating institutions will be trained, thereby enhancing their competency in training of the rural youth, as well as their knowledge of the problems, strengths and weaknesses of rural youth.

Topics will include technical and managerial issues and the programme will consist of scholarships and study tours. Beneficiaries will include industry specialists and other resource personnel.



(e) Dissemination of Information

The production of a video series will address the issues relating to the lack of motivation and initiative, as well as the low self esteem and negative attitudes among youth. The major objective is to change the perception that agriculture is for the "losers" or for those at the bottom rungs of the society. This series will promote youth as protagonists in the developmental process. Specifically, that they are important to the national economies; they are the future stewards of the environment; and that they have the power to/and must take charge of their economic destiny. At the same time, these videos will stimulate an interest in the indigenous way of life among rural youth and generate materials for subsequent training activities.

Possible topics for these videos are:

- Youths: Future Stewards of the Caribbean's Development;
- Identification and Marketing of Skills Among Rural Youth;
- Setting up of an Agricultural Enterprise - Examples of successful youth agrobusinesses;
- Social Problems Experienced by Youth and their Effects on Agriculture and the Environment;
- Rural-Urban Migration and the Effects on the quality of life and the environment; and
- Careers in Agriculture and the Rural Environment.

As part of the provision of information, the project will access data on training activities and services offered by relevant institutions. Specifically, data to support the youth entrepreneurial development programme will include:

- information on profitable business enterprises in the ECS;
- appropriate technology packages for the various selected enterprises; and
- market information .

The project goals, objectives and activities are presented in a logical framework in Table 2.4



Table 2.4

GOAL , OBJECTIVES , VERIFIABLE INDICATORS AND EXTERNAL FACTORS

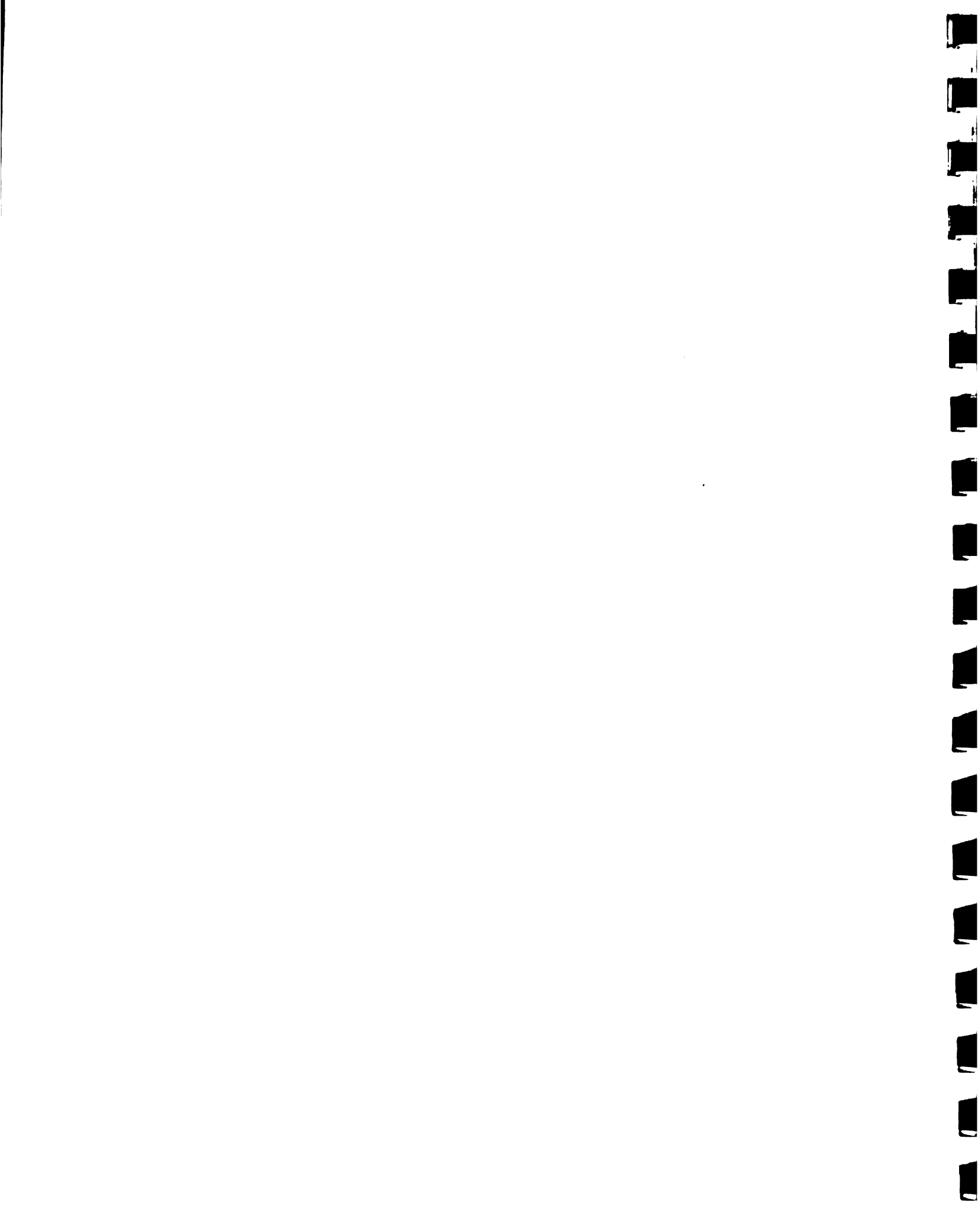
Description	Verifiable Indicators	External Factors																				
<p>Goal:</p> <p>Improving the quality of life of rural youth in the ECS through the promotion and establishment of small, businesses among the youth that would earn/save foreign exchange, create employment and reduce some of the social ills</p>	<p>(a) Foreign exchange earnings/savings of \$US 11.25 million by the final year (year 5) of the project through the production and marketing of products of the established businesses</p> <p>(b) Three thousand jobs created by year 5 of the project representing approximately 5% of the unemployed youth population</p> <p>(c) Reduction in the rural-urban migration of rural youth population</p> <p>(d) Reduction in the high rate of youth crime, violence, drug use and unplanned teenage pregnancies</p>	<p>Stable foreign exchange market</p> <p>Effective national youth development policy and macro-economic and sectoral policies conducive to the development of non-traditional commodities implemented.</p> <p>Effective marketing and other infrastructure in place</p> <p>Institutional and technical support from governments and other relevant institutions obtained</p> <p>Land, capital and other productive resources made available to rural youth</p> <p>Fiscal incentives provided by various governments</p>																				
<p>Specific Objective:</p> <p>Increase the participation of youth in the agricultural and rural development process through the creation of youth employment opportunities</p>	<p>750 efficient and sustainable youth micro-enterprises established by year 5, as follows:</p> <table border="0"> <tr> <td>No</td> <td>Type</td> </tr> <tr> <td>210</td> <td>Agro-processing</td> </tr> <tr> <td>135</td> <td>Art and craft</td> </tr> <tr> <td>75</td> <td>Services (marketing, transport, repairs information)</td> </tr> <tr> <td>45</td> <td>Herbs, spices and specialty vegetables</td> </tr> <tr> <td>45</td> <td>Apiaries</td> </tr> <tr> <td>40</td> <td>Vegetables (traditional)</td> </tr> <tr> <td>30</td> <td>Floriculture (ornamental, landscaping)</td> </tr> <tr> <td>40</td> <td>Small ruminants</td> </tr> <tr> <td>30</td> <td>Rabbit rearing</td> </tr> </table>	No	Type	210	Agro-processing	135	Art and craft	75	Services (marketing, transport, repairs information)	45	Herbs, spices and specialty vegetables	45	Apiaries	40	Vegetables (traditional)	30	Floriculture (ornamental, landscaping)	40	Small ruminants	30	Rabbit rearing	<p>Appropriate macro-economic and sectoral policies in place</p> <p>Technical and institutional support provided</p> <p>Revolving credit facility in place</p> <p>Effective and efficient marketing and distribution system in place</p> <p>Access to land and other productive resources and inputs.</p> <p>Government willingness to accept youth policy recommendations and to implement policy instruments</p>
No	Type																					
210	Agro-processing																					
135	Art and craft																					
75	Services (marketing, transport, repairs information)																					
45	Herbs, spices and specialty vegetables																					
45	Apiaries																					
40	Vegetables (traditional)																					
30	Floriculture (ornamental, landscaping)																					
40	Small ruminants																					
30	Rabbit rearing																					



Description	Verifiable Indicators	External Factors
	24 Eco-Tourism 24 Fisheries (aquaculture, ornamental) 24 Poultry 20 Pigs 8 Tool making	
Project activities 1. Establishment of a Youth entrepreneurial development programme	<p>Information (technical, market, institutional, training opportunities) related to profitable micro-enterprises documented and made available to youth.</p> <p>3000 youth trained in group dynamics, technical skills and entrepreneurship</p> <p>Training facilities upgraded</p> <p>Model enterprises established and/or identified as demonstrations to youth as potential profitable options</p> <p>Enhanced decision-making capacity and increased participation in public policy among selected youth organizations</p>	<p>Resources available.</p> <p>Beneficiaries meeting certain pre-established selection criteria and maintaining interest in the project</p> <p>Support provided by Government and other relevant institutions</p>
2. Establishment of an apprenticeship programme	<p>150 apprentices completing on-the-job training scheme through attachments to enterprises of similar types to which they have an interest.</p> <p>Completion of visits and tours by youth to business houses, farms and projects to get an appreciation of benefits to be derived from their participation..</p> <p>Information (technical, market, institutional, relevant training opportunities) related to micro-business of their interest made available to youth.</p>	<p>Resources available in terms of quantity and timeliness</p> <p>Beneficiaries meeting certain pre-established selection criteria and maintaining interest in the project</p> <p>Support provided by Government and other relevant institutions</p> <p>Business houses willing to support youth apprenticeship programme</p>



Description	Verifiable Indicators	External Factors
<p>3. Establishment of a revolving Loan facility</p>	<p>Revolving loan fund of US\$2.5 million in place.</p> <p>Disbursement of loans to 750 young entrepreneurs</p>	<p>External financial resources secured under preferential conditions.</p> <p>Youth s accept loan conditions and participate in credit schemes</p>
<p>4. Institutional strengthening of selected supporting agencies, including the indigenous financial sector</p>	<p>Provision of technical cooperation services to selected supporting institutions</p> <p>Enhanced training capacity among selected training institutions</p> <p>Technical skills of 50 regional industry specialists/ trainers/ professional enhanced through scholarships and study tours</p> <p>100 trainers from selected youth organizations and supporting agencies participating in the training of trainers programme in the technical aspects of the related businesses</p> <p>Enhanced managerial skills of relevant institutions</p> <p>Coordination/Networking of support services for youth among relevant national, regional and international institutions such as the Ministries of Agriculture, Youth, Community Development, Finance, Planning and Education, as well as, churches, NGO's, Youth and Farmer organizations, CARDI, ADCU and IICA</p> <p>Level of inter-institutional dialogue and collaboration increased</p>	<p>Collaboration among project beneficiaries and lead and supporting agencies</p>



Description	Verifiable Indicators	External Factors
5. Dissemination of information	<p>Motivational videos produced and productions disseminated through multi-media.</p> <p>Technology packages made available</p> <p>Papers, reports, proceedings and technical papers disseminated</p>	<p>Media is responsive to thematic issues of the project</p> <p>Relevant costs/benefits and market information available</p> <p>Technology packages developed and validated by relevant institutions and made accessible</p> <p>Information available for the collation and documentation and resources in place .</p> <p>Relevant institutions willing to support the project activities</p>

2.5 Project Beneficiaries

The project is expected to impact on the following numbers of beneficiaries :

- (a) 750 young entrepreneurs receiving loans;
- (b) 3,000 youth trained in group dynamics, technical skills and entrepreneurship;
- (c) 150 apprentices completing “on-the-job” training in managing business management;
- (d) 100 trainers trained; and
- (e) 50 regional industry specialist/trainers/professional enhanced through scholarship and study tours.

2.6 Organization and Management of Project

The organizational structure for the execution of the project is presented in Figure 2.1. The structure consists of the Regional Project Management Committee (RPMC), the Regional Project Coordinator, 6 National Coordinators , and 6 National Advisory Committees.

The RPMC will have ultimate responsibility for the overall policy affecting the project. This implementation function will be effected through the Regional Coordinator who will have overall responsibility for the day to day management and operational functions of the project at the regional level, assisted by the six (6) national coordinators, one in each participating country responsible for the day-to-day operation of the project at the country level.



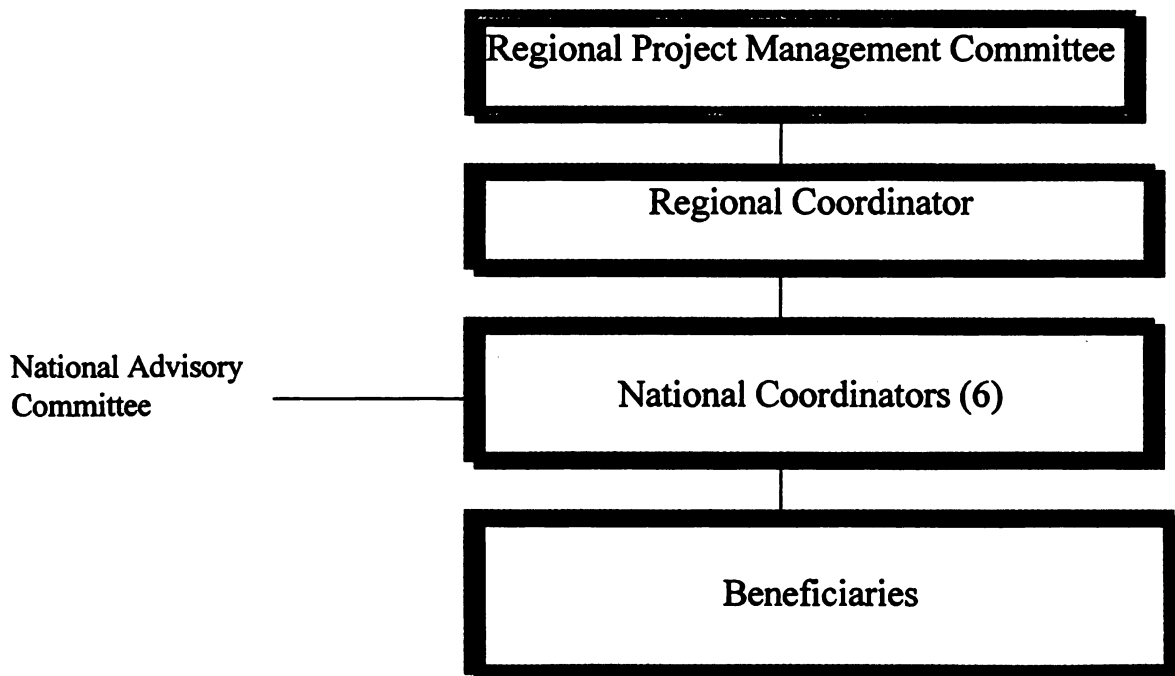
Each national coordinator will be supported by an NAC consisting of representatives from:

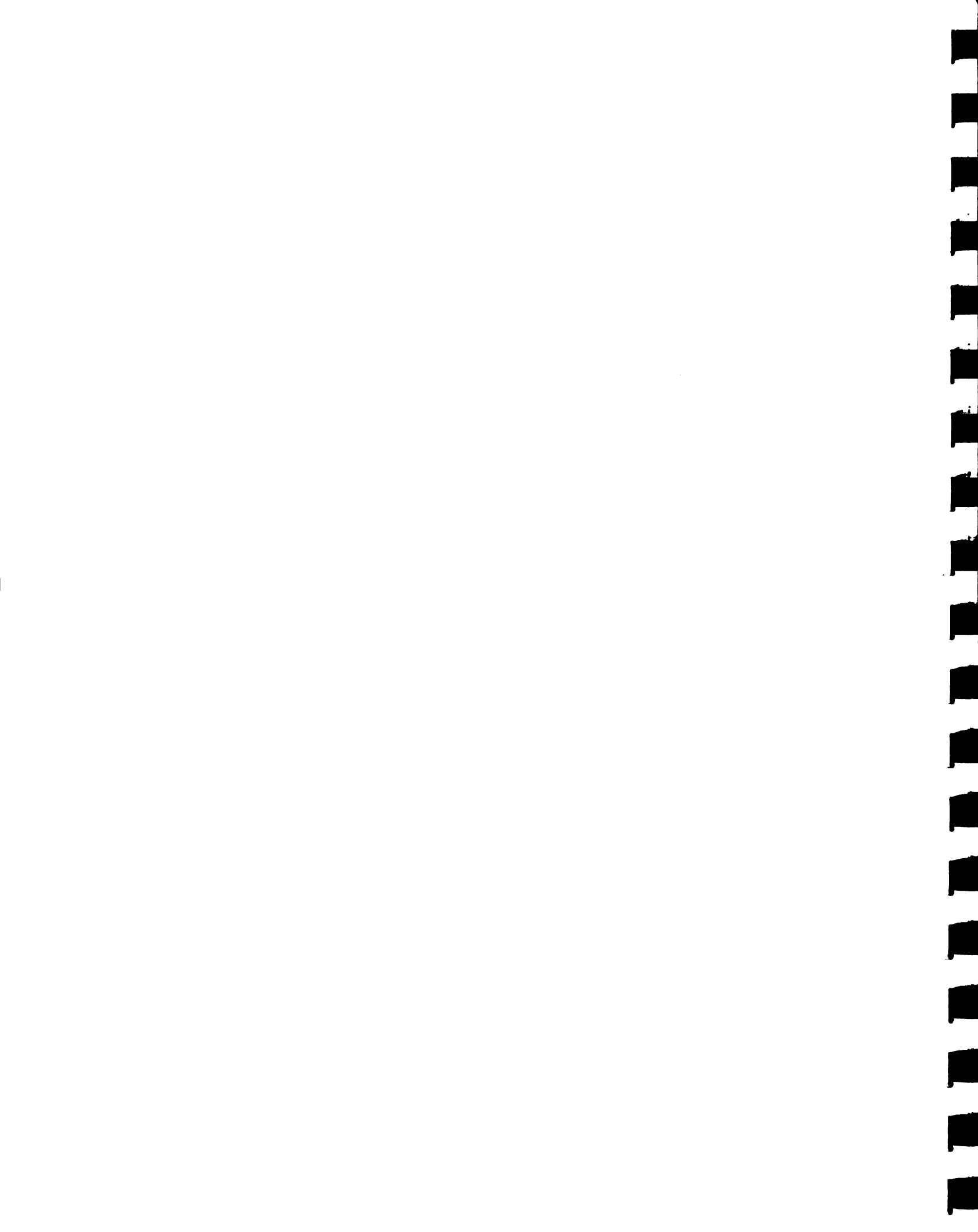
- (a) IICA;
- (b) CARDI;
- (c) Ministry of Agriculture;
- (d) Ministry of Finance and Planning;
- (e) Ministry of Education;
- (f) Ministry of Youth and Community Development;
- (g) Rural Development Specialists;
- (h) Non-governmental organizations; and
- (i) National Youth Council

The national Coordinator will operate through a National Youth Enterprise Development Facility for furthering the objectives of the project. He/she will be supported by a secretary.

The national Coordinator will be the technical secretary of the NAC in each country. The NACs will provide policy guidelines and direction to the project at the national level and the responsibilities will include technical advice, credit approval and monitoring and evaluation support to national Coordinators.

Figure 2.1
Organizational Management Scheme





The formation of the NAC is aimed at bringing to the project implementation process, the appropriate and up-to-date available technical and managerial knowledge and expertise residing in the country. Additionally, the NAC will ensure that there are formal linkages at all levels, in order to establish the framework for a high level of cooperation and coordination.

2.7 Operating Strategy

Phase 1

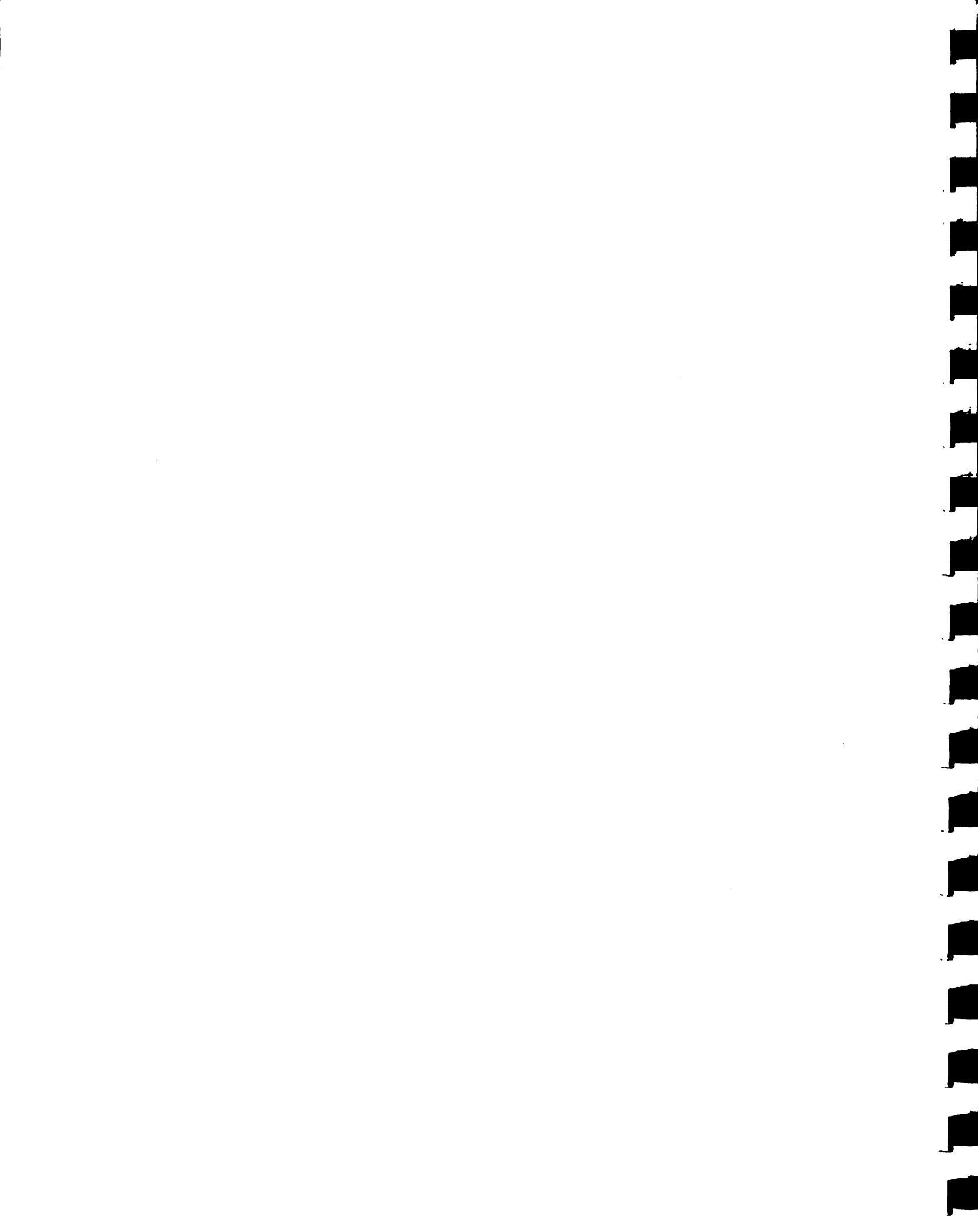
The project will achieve its objectives through a short term (one year) programme of activities aimed at popularization to reduce the 'invisibility' of youth in the ECS. It is envisaged that a multi-media campaign be launched to sensitize and educate the Caribbean population to the problems of the youth and of their importance in developing the economies and preserving the environment of the islands in the Caribbean. The subsequent workshops will proceed in such a way as to identify and screen beneficiaries of the various components of the project which are part of the long term strategy. Limited youth training and on-lending for enterprise establishment will be executed in Year 1.

Phase 2

In the longer term (2-5 years), the project will focus on entrepreneurial development in the rural youth population. This will be achieved through four components of the project which are outlined below:

- (a) Apprenticeship Programme;
- (b) Entrepreneurial development;
- (c) Revolving loan facility; and
- (d) Institutional Strengthening.

Following the FUNDEJUR model the project will train a larger number of participants, continually assessing their leadership character, discipline and other necessary qualities before recommending them for receiving loans.



CHAPTER III

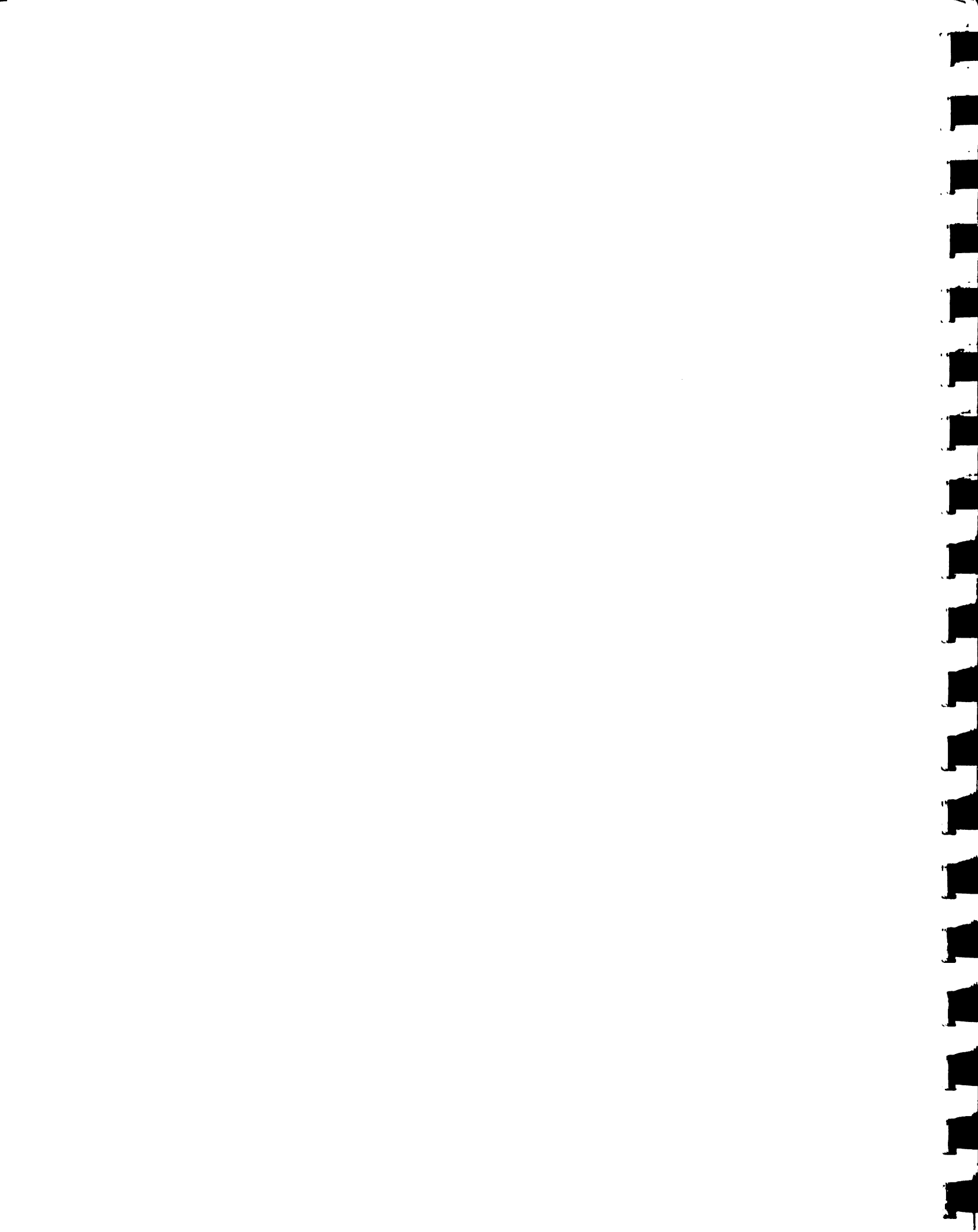
3. PROJECT BENEFITS AND COSTS

3.1 Project Costs

The total project cost over the five (5) years duration of the project is estimated at US\$ 4.968 million dollars as presented in Table 3.1. Of this total, US\$ 2,500,000 (50.3%) represents initial funds for the establishment of the credit facility; US\$ 1,218,000 (24.5%) represents project management expenses; US\$ 300,000 (6.0%) represents expenses associated with the apprenticeship programme; US\$205,000 (4.1%) represents expenses for the youth entrepreneurial development programme; US\$ 106,000 (2.1%) represents expenses associated with production/collection and dissemination of information at the national level; and a total of US\$ 84,000 (1.7%) represents expenditures associated with institutional strengthening.

Table 3.1
Estimated Project Costs (US\$ '000)

Items	Yr1	Yr2	Yr3	Yr4	Yr5	Total
1. Project Management						
- Regional Project Coordinator	60	60	60	60	60	300
-National coordinator (6)	108	108	108	108	108	540
-Secretaries (7)	75.6	75.6	75.6	75.6	75.6	378
Total Management costs	243.6	243.6	243.6	243.6	243.6	1218
2. Operation of Youth Enterprise Development Facility	102	54	54	54	54	318
3. Youth Entrepreneurial Development Programme	25	45	45	45	45	205
4. Apprenticeship programme	104	54	54	54	54	300
5. Establishment of Credit Facility	2500	-	-	-	-	2500
6. Institutional Strengthening	24	15	15	15	15	84
7. Dissemination of Information	40	30	12	12	12	106
8. Contingencies (5%)	148.2	22.4	22.5	22.5	21.0	236.6
Total Project Cost	3112.8	470.0	472.1	472.1	440.6	4967.6



3.2 Project benefits

Total project revenue over the five years is estimated at US\$ 6,130,880 and will be obtained as follows:

Table 3.2
Estimated Project Revenue

Items	Yr1	Yr2	Yr3	Yr4	Yr5	Total
Number of businesses	45	179	357	573	750	1904
Average net revenue per enterprise	3220	3220	3220	3220	3220	
Total revenue	144900	576380	1149540	1845060	2415000	6130880

3.3 Sources and Uses of Project Funds

The source of project funds is presented in Table 3.3. External resources is estimated at US\$ 3,192,000 or 64.3% of total project cost. Of this US\$ 2,500,000 will be required for the establishment of the credit facility. Other line items requiring external support are the operation of the six national youth enterprise facilities (US\$200,000), the Youth Apprenticeship Programme (US\$120,000), the Youth Entrepreneurial Development Programme (US\$100,000), Institutional Strengthening (US\$70,000) and the Dissemination of Information (US\$50,000).

The national governments are expected to contribute a total of US\$ 1,368,200 (27.5%) towards the implementation of the project. Of this total, US\$ 540,000 and US\$ 324,000 will support the acquisition of the services of the national coordinators and support staff, respectively. Another US\$ 170,000 will go towards expenses associated with the apprenticeship programme while US\$118,000 will be used for the operation of the Youth Enterprise Development Facilities. US\$ 90,000 will go towards the support of the Youth Entrepreneurial Development Programme. US\$51,000 and US\$10,000 will go towards the dissemination of information and institutional strengthening, respectively.

IICA's total support towards the execution of the project is estimated at US\$407,400 (8.2%). The major portion of this amount US\$ 354,000 represents budgeted funds to support the Regional Project Coordinator and a Secretary.

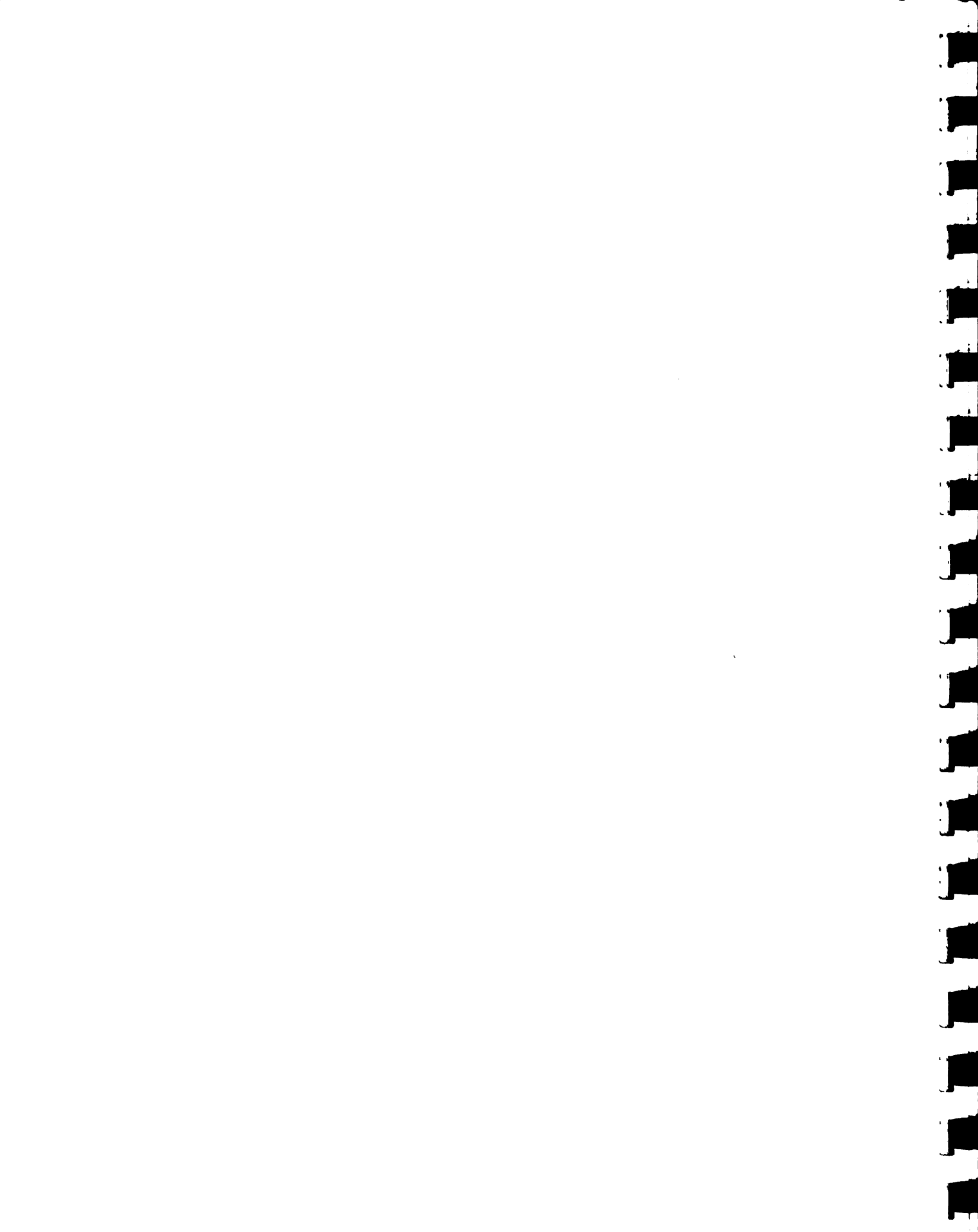
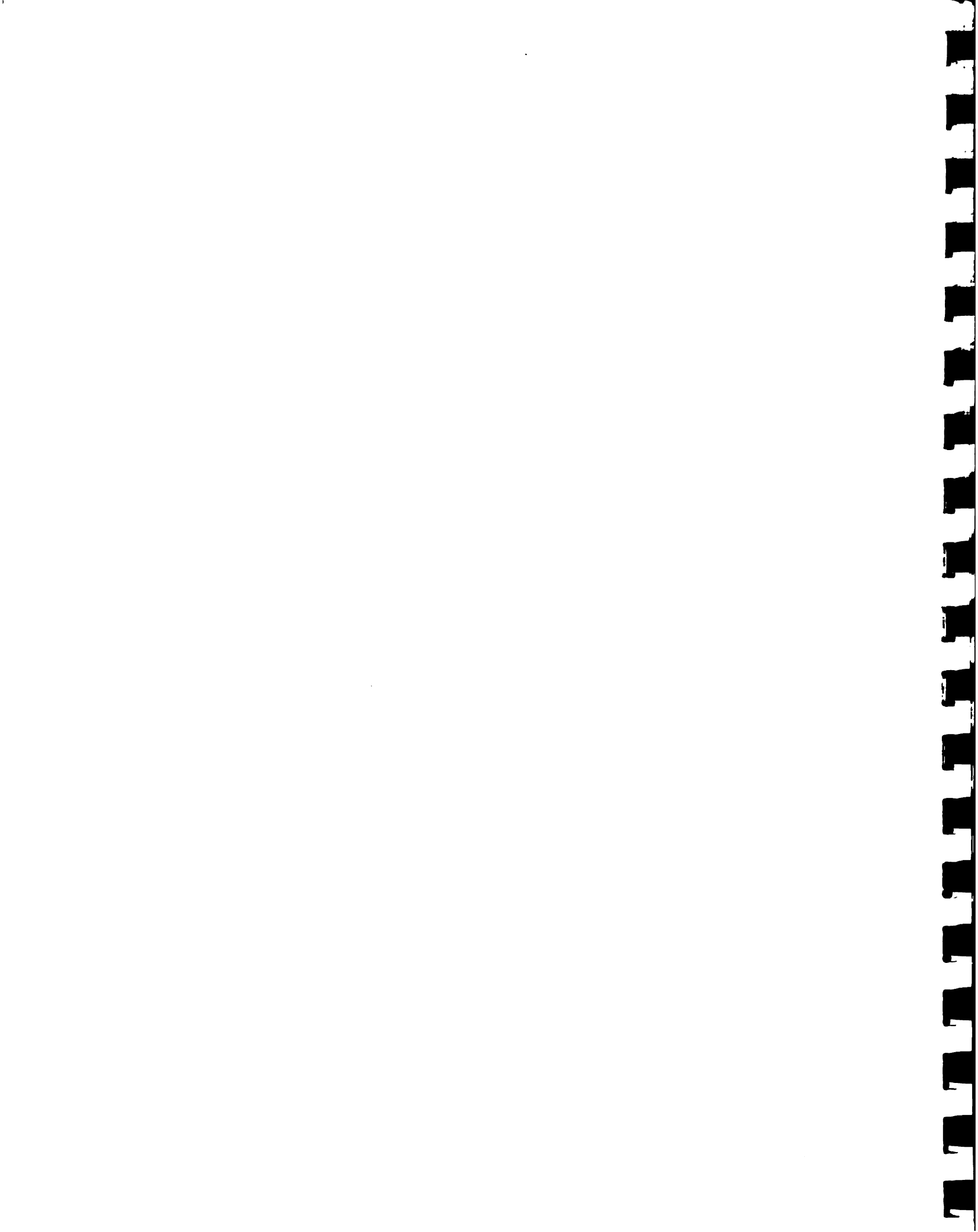


Table 3.3
Source of Project Funds

Items/Uses	SOURCES			
	External	IICA	Gov'ts	Total
1.1. Project Management				
-Project Manager				
-National coordinators (6)	-	300000	-	300000
-Administrative Assistants	-	-	540000	540000
-Secretaries (7)	-	54000	324000	378000
2. Operation of Youth Enterprise Development Facility	200,000	-	118000	318000
3. Youth Entrepreneurial Development Programme	100000	15000	90000	205000
4. Apprenticeship Programme	120000	10000	170000	300000
5. Establishment of credit facility	2500000	-	-	2500000
6. Institutional Strengthening	70000	4000	10000	84000
7. Dissemination of information	50,000	5000	51000	114000
8. Contingencies (5%)	152,000	19400	65200	236600
TOTAL	3192000	407400	1368200	4967600



3.4 Financial Analysis

A summary of the flow of project benefits , project costs and net project benefit before financing (debt service) is presented at Table 3.4.

The Net Present Value (NPV) of the project at the discount rate of 12% is negative US\$ 90,525. The computed Financial Internal Rate of Return (FIRR) of the project is 10.9%. The small negative NPV at 12% discount rate and the 10.9% FIRR obtained, indicate that the project's financial viability is moderate. However, when economic and social criteria such as foreign exchange earnings/savings and youth employment are considered the value of the project to the economies of the countries is beyond doubt.

Table 3.4:
Financial Analysis

Items	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Total
1. Project Benefits	144900	576380	1149540	1845060	2415000	6130880
2. Project costs	3112800	470000	472100	4721000	440600	4967600
3. Net project benefit	(2967966)	106380	677440	1372960	1974400	1163280
4. Discount factor @ 12%	.893	.797	.712	.636	.567	
5. Net Present value (NPV)	(2650335)	84785	482337	873203	1119485	(90525)
6. Internal Rate of Return						10.9%

