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Youth in agribusiness: shaping the future of agriculture

Organised by CTA, ACP Secretariat, European Commission (DG DEVCO), Concord, PAFO, AgriCord, and AFDB/AAIN

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<http://brusselsbriefings.net>

1. Employment creation: the future challenge

Youth definition

The UN, for statistical consistency across regions, defines 'youth', as those persons between the ages of 15 and 24 years, without prejudice to other definitions by Member States. All UN statistics on youth are based on this definition, as illustrated by the annual yearbooks of statistics published by the United Nations system on demography, education, employment and health.

For activities at the national level, for example when implementing a local community youth programme, "youth" may be understood in a more flexible manner. UNESCO will then adopt the definition of "youth" as used by a particular Member State. It can be based for instance on the definition given in the African Youth Charter and used by the African Union where "youth" means "every person between the ages of 15 and 35 years".

The demographic predictions for Africa indicate that providing employment and income generating opportunities for the next generations will be the critical challenge for the next decades.

Almost 88 percent of the world's 1.2 billion youth live in developing countries. Globally, young people account for approximately 24 percent of the working poor and this dynamic is particularly pronounced in Africa, where over 70 percent of youth subsist on US\$2 per day or less. Although the world's youth population is expected to grow, employment and entrepreneurial opportunities for young women and men remain limited – particularly for those living in economically stagnant rural areas of developing countries. Projections indicate that 60 % of the world's labour force growth between 2010 and 2050 will be in Africa which has the youngest population in the world, with 200 million aged between 15 and 24 (doubling by 2045 according to the AFDB).

With 60% of its population aged 24 or less in 2015 (compared to 42% globally and 30% in high-income countries), Africa has the youngest population of any continent in the world. In Sub-Saharan Africa, the percentage of youth rises to 63%. Eleven million youth are expected to enter Africa's labour market every year for the next decade, yet only about 3 million formal jobs are created, leaving millions under or unemployed. Despite rapid growth in formal wage sector jobs, the majority of these youth are likely to work on family farms and in household enterprises, often with very low incomes. To boost young people's earnings, governments need to hasten overall business climate reforms, strengthen basic education, and make land, infrastructure, training and financing more accessible.¹

Urban areas continue to attract rural youth in large numbers, as many do not consider agricultural employment as an attractive future. This had led to an ageing of agriculture in some countries while urban centres remain incapable of creating job opportunities to absorb the influx from rural areas.²

However, in many African countries, agriculture will therefore continue to be the main sector providing jobs and income opportunities in rural areas and also indirectly hold most potential for non-farm economic activity in the food-related service and processing industry.

¹ World Bank report, *Youth Employment in Sub-Saharan Africa*.2014

² Youth Employment in Developing Countries Background paper prepared under Service Contract DCI-EDUC/2012/310-255 Janneke Pieters, Institute for the Study of Labor. October 2013
https://ec.europa.eu/europeaid/sites/devco/files/study-background-paper-youth-employment-2013_en_0.pdf

Given the disproportionate number of young people currently working in small family businesses and self-employed in the agricultural sector, putting measures in place to improve the investment climate in Africa is critical.³ Policies to increase rural farm and non-farm employment will involve many sectors, including financial services, transport, health, education and the management of natural resources. The spread of information and communication technologies (ICTs) will also help to stimulate rural employment.

2. Youth employment in the policy agenda

In 1995, the United Nations (UN) adopted the World Programme of Action for Youth to the Year 2000 and Beyond. The importance of youth employment was also recognized in 2000 when it was included within the first Millennium Development Goal (MDG 1) “Eradicate extreme poverty and hunger”, which comprises the target of achieving “full and productive employment and decent work for all, including women and young people” (target 1.B). As clearly stressed by the High-level Panel on the Post-2015 Development Agenda, youth employment is probably today’s major global issue together with sustainable development (UN 2013). Further to a UN Secretary-General request, members of the Inter-Agency Network on Youth Development (IANYD) also developed a specific UN System Wide Action Plan (SWAP) on youth as a framework to guide youth programming for the UN.

The African Union (AU) launched the African Youth Decade in 2009 as a roadmap for the implementation of the African Youth Charter adopted by the Heads of State in 2006. In 2011, the AU, the UN Economic Commission for Africa, the African Development Bank and the International Labour Organization (ILO) created the Joint Initiative on Job Creation for Youth in Africa.

At regional level, CAADP Pillar 2 and the recommendations by the Joint Meeting of AU Ministers of Trade and Agriculture (CAMAT, November 2012) reflect the need to i) strengthen domestic and regional markets and ii) support agricultural value chains, enhanced employment and income generation through agro-industry and agribusiness development.

The African Development Bank (AfDB) has put youth and employment as a top priority through its ENABLE programme (Empowering Novel Agri-Business-Led Employment).

The EU has various support programmes for its rural youth and CEJA – the European Council of Young Farmers – is the voice of Europe’s next generation of farmers to the European institutions. Many other multilateral and bilateral partners are investing in youth development across developing countries.

3. Agriculture and agribusiness as key options for youth

In Africa, agriculture, is still in most cases the sector which can absorb large numbers of new job seekers and offer meaningful work with public and private benefits.

In Sub-Saharan Africa, the transition into agriculture begins early. The vast majority of teenagers who work are working in agriculture. At age 15, of the 60 percent of those who are working, almost 90 percent are working in agriculture. The share working outside agriculture increases steadily with age, largely because young people who leave school at higher grades enter other sectors. In rural areas, where limited educational opportunities prevent youths from staying in school for very long, agriculture employs more than 90 percent of 15- and 16-year-olds, and about 80 percent of young people ages 24 and older remain in agriculture (although some who report agriculture as their primary activity also have a nonfarm activity as well). Women who work are more likely to work in agriculture than men—and unlike men their probability of working in agriculture does not decrease much with age. One reason why so many women remain in agriculture is that they leave school sooner, so employment opportunities are set much earlier for females than for males.⁴

Broadly speaking, three pathways are available for rural youth in agriculture: (1) full-time work on family farms, (2) part-time farm work, combined with running a household enterprise, which can include the sale of farm services or inputs, and (3) wage work. To increase the productivity of these pathways to

³ AfDB. Africa WEconomic Brief. Accelerating the AfDB’s Response to the Youth Unemployment Crisis in Africa Agnes Soucat, Ginette Muteta Nzau, Nawsheen Elaheebocus and Joao Cunha-Duarte. 2014

⁴<http://documents.worldbank.org/curated/en/424011468192529027/pdf/840830v20REVIS010Report0ER0English.pdf>

agricultural employment, constraints need to be relaxed in at least four areas: credit and financial services, land policies, infrastructure, and skills.

Over the next 10 years, at best only one in four of Sub-Saharan Africa's youth will find a wage job, and only a small fraction of those jobs will be "formal" jobs in modern enterprises. Most young people will end up working where their parents do—in family farms and household enterprises. The employment challenge is therefore not just to create jobs in the formal sector, important as that may be, but to increase the productivity of the almost 80 percent of the workforce who will be in the informal sector—thereby addressing the underemployment associated with work in this sector. The size of the youth bulge in Africa and the current structure of the economy mean that the majority of this generation's workers will remain in the informal sector for the duration of their working lives. In the long run these workers (or their children) will move to the formal sector, like in East Asia and Latin America.⁵

It is crucial to support job creation in the food-related service and processing industry. With a more vibrant entrepreneurial culture, new skills and access to capital, young people should be able create their own jobs. If agriculture and agri-food systems represent a strategic and growing sector for African development, they nonetheless hold a negative perception with most young people due to very low remuneration and harsh working conditions (e.g. low mechanisation). Re-engaging youth in agriculture also requires addressing limited access to resources (i.e. land), inadequate access to financial services; limited access to markets and low levels of involvement in decision-making processes.

The youth are willing to farm, but only if they can generate returns quickly. This therefore presents an opportunity for innovative solutions in financing and access to markets. That way we can have youth engaging in farming in new ways as well as working in the surrounding industries in terms of inputs, services and value adding agribusiness.

Certain value chains have greater youth appeal than others, particularly those with short production cycles and high value. Examples of 'attractive' value chains include fresh vegetables and aquaculture that meet the demand for a healthier and diverse diet from the growing urban middle class and which, if properly planned and managed, can provide a year-round income. Hence there is the need to create decent opportunities within a more modern agricultural sector, in the enterprises that provide inputs and services to farmers, and in the downstream marketing and agro-processing segments of agri-food chains. Value adding activities can take many shapes and forms depending on the product and may include sorting and grading, packaging and labelling, chilling and cool chain operation. ⁶

Growing urban markets also offer new opportunities for young entrepreneurs across the value chain.⁷ For example, urbanization and middle towns growing can reduce marketing costs for agricultural producers in the hinterlands and raise the returns to investments in processing raw products. As processors and urban consumers demand quality and traceability in agricultural product, agriculture requires a more sophisticated level of management. Young people are well suited to acquire and exercise managerial expertise. They will have to amalgamate very small farms into larger units or develop new networks of producers to share costs and use land rentals. Producer organizations may need to innovate in the delivery of managerial services.

The development of public-private partnerships (PPPs) can offer synergies with family farms and opportunities for growth and youth employment. Larger farms, processing units, supermarkets and other market actors can help smallholders access key productive resources and technologies, facilitate value addition and provide access to remunerative markets. They can also facilitate capacity development through apprenticeships and mentoring for the youth.

Enhancing **youth participation and leadership in producer organizations** and other rural institutions will empower them to engage the public policy dialogue and integrate their concerns into agricultural development.

- **Enhancing entrepreneurship skills for youth**

⁵<http://documents.worldbank.org/curated/en/424011468192529027/pdf/840830v20REVIS0II0Report0ER0English.pdf>

⁶ <http://www.fao.org/docrep/meeting/030/mj565e.pdf>

⁷ BB 48

Rural youth repeatedly reported lack of training in areas such as leadership and business management, finance as well as the need for apprenticeship opportunities. In addition to these general constraints, training programmes mostly reach young men and do not cater to the needs of young women. ⁸

In addition to basic education, high productivity farming requires specific skills, such as skills in processing, marketing, machinery operation and repair, transport, logistics, and quality control. In some countries, agricultural vocational training institutes (some of which are associated with universities) traditionally have provided these skills.

Junior Farmer Field Schools, involves participatory methods of learning, technology development, and dissemination fostering engagement in producer and marketing organizations and developing skills in the postproduction segments of agricultural value chains such as processing and value adding technologies. and appears to be especially successful in building women's skills. Business incubators and rural alliances that bring together commercial buyers with producer organizations are further ways of boosting agricultural incomes. ⁹

Innovative application of ICT is a key element of the strategy to attract youth into the agricultural sector. ICT has great youth appeal from production to marketing and also has excellent potential to improve agricultural and agribusiness efficiency (real-time market information and price transmission; traceability, access to digital finance, access to services, support to business platforms...).

4. The way forward

The creation of employment opportunities for young people is among the major development challenges of our time. Changing the vision of youth towards agriculture must happen.

In this context, youth-related policies and programmes should seek to identify specific, priority interventions that add value. Policy makers should see the value of investing in empowering youth to strengthen and sustain the foundation for agricultural transformation. Creating more and better jobs, in particular for the growing young rural labour force, should be an explicit objective in agriculture and rural development programmes and youth focused policies and investments in agriculture and rural development should be a priority.

Boosting incentives to improve the quality of education will also be key to produce a skilled workforce.

We need to increase the understanding of the specific needs of young people, improving the capacity of youth to profitably engage in activities along the agricultural value chain and improve access to markets and finance.

As youth are often marginalized in these processes, platforms and mechanisms for their engagement need to be put into place to enable them to fully participate in the policy dialogue, make their voice heard and give recognition to their status.

Objectives of the Briefing: To improve information sharing and promote networking, CTA, the DG DEVCO from the European Commission, the ACP Secretariat, Concord and various media organise since 2007 bimonthly briefings on key issues and challenges for agriculture and rural development in the context of EU/ACP cooperation. This briefing co-organised with PAFO and AgriCord will promote exchange of views and experiences on youth entrepreneurship.

Target group: Around 150 ACP-EU policy-makers, civil society groups, research networks, development practitioners, private sector representatives and international organisations based in Brussels.

Outputs: A short report and a Reader in printed and electronic format will be produced shortly after the meeting. Input and comments before, during and after the meetings will be included in the Briefings Website: <http://brusselsbriefings.net>.

⁸ <http://www.fao.org/3/a-i3947e.pdf>

⁹ <http://documents.worldbank.org/curated/en/424011468192529027/pdf/840830v20REVIS0I0Report0ER0English.pdf>