

HIGHLIGHTS



Youth in agribusiness: shaping the future of agriculture

Brussels Development Briefing No. 49

Brussels, 18th May 2017

On May 18th 2017, CTA organised the 49th Brussels Development Briefing – part of a series of bi-monthly development briefings on ACP-EU rural and agricultural issues. Around 140 participants gathered in Brussels to discuss youth entrepreneurship in agribusiness, looking at the factors for its development, and the means to scale it up.

Youth in agribusiness: shaping the future of agriculture

This Briefing looked at recent trends and developments in youth entrepreneurship in the agribusiness sector, the key drivers for its growth (e.g. ICT, incubation, access to land). It showcased successful youth-led businesses illustrating the dynamism of young entrepreneurs. It provided important lessons for stakeholders, including the government, private sector, the development community, researchers and other partners to help scale up successful approaches / models in youth entrepreneurship to generate profitable employment and promote agricultural transformation.

Partners in the Briefing:

- CTA
- European Commission (DG DEVCO)
- ACP Secretariat
- CONCORD
- Panafrican Farmers Organisation (PAFO)
- AgriCord

For more information on the Brussels Development Briefings visit

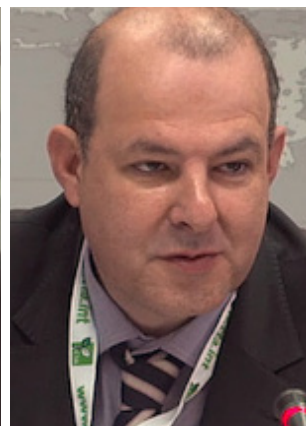
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Isolina Boto



Viwanou Gnassounou



Leonard Mizzi

Isolina Boto, Manager of the CTA Brussels Office and coordinator of the Brussels Briefings, on behalf of CTA, the European Commission/ DG DEVCO, the ACP Group and Concord introduced the Briefing which is part of a series held every two months since 2007. She welcomed the Panafrican Farmers Organisation (PAFO) and AgriCord as co-organisers and stressed the importance of supporting a new generation of farmers for the future of agriculture. The programme has been designed to share best practices in attracting and retaining youth in agriculture and agribusiness through smart farming approaches and innovations.

Assistant-Secretary-General of the ACP Secretariat, Viwanou Gnassounou, gave the first opening remarks of the Briefing, where he expressed appreciation that many youth were participating and contributing to the discussions. He stressed the importance of dealing with agribusiness and go beyond agriculture to include all the other services and activities which are of interest to entrepreneurs and

will attract youth to enter into agriculture. The ASG made reference to the recently adopted ACP approach to support agricultural value chains looks at identifying and addressing gaps, constraints and limitations which hinder value chain development in Africa, with targeted responses on funding, youth and women, and climate change adaptation.

Leonard Mizzi, Head of Unit Rural Development, Food Security, Nutrition, at Europeaid (European Commission) noted in his introductory remarks the importance of the Briefings to gain insight on the development on the ground, and to hear directly from stakeholders from the ACP regions. He added that the future of Africa-EU relations will depend on giving opportunities for young people, emphasising the need to identify and remove factors which inhibit youth participation in the economy. Youth has also been a central theme in the G20, and the Berlin Charter provides a strong framework for including youth in the broader development agenda. The Youth



Estelle Gallot



Fatma Ben Rejeb



Michael Hailu

consultation presented positive signals in support of agribusiness, especially for the creation of quality jobs, but will require strong investments particularly in technology and research. Failure to tackle high levels of youth unemployment can compromise the social stability. Mr Mizzi hoped to convey the key points and messages from the Briefing to the European Development Days, the G20 and the Africa-EU Summit in order to promote an enabling policy environment for youth.

Estelle Gallot, Expert at AgriCord, stressed the important role played by farmer's organisations in this area, and also the partnership between AgriCord, PAFO and CTA. AgriCord contributes to strengthening the capacity of farmer's organisations in Africa, which are then better able to respond to the issue of youth employment. She lamented that there were not enough farmer's organisations which included youth in their activities, and this would have to change towards more inclusivity. More efforts have to be made to attract youth, and put in place programmes that support youth participation notably through greater capacity building; integration of youth into the agricultural economy; and supporting farmer led enterprises such as co-operatives, which can create direct on and off-farm employment for youth. It is important to also give visibility to successful cases of youth

entrepreneurs, particularly those using technology and innovation to make agriculture productive and profitable.

Fatma Ben Rejeb, CEO of the Panafrican Farmer's Organisation (PAFO) stressed the need for common approaches in Africa. She highlighted the fact that agribusiness had received greater prominence in the debate as an objective and offers great opportunities of partnerships with other African institutions. Ms Ben Rejeb also echoed the need showcase successful young agribusiness entrepreneurs, who have mostly grown their business through their own efforts and initiative, and for them to share their lessons with other youth on what it takes. As such, she encouraged the documentation of these agribusiness entrepreneurs and greater knowledge sharing and dissemination. This must be paired with greater follow-up to promote investments and partnerships to benefit youth in agribusiness. She also thanked the European Commission for its support, and its emphasis on agribusiness and youth, and noted with appreciation the collaboration with CTA and AgriCord. The three institutions recently signed an agreement to support business and finance skills development as well as smart farming, taking advantage of the new technologies in support to improved production and market access. A big challenge, according to Ms Ben Rejeb, is to address the lack

of profitability in the rural economy, particularly agriculture, which is where she hopes the ongoing work by PAFO, CTA and AgriCord will help enable youth to help each other to find bankable solutions for the agricultural sector.

Michael Hailu, Director of CTA concluded the opening remarks, noting the importance of the partnership for CTA with PAFO and AgriCord, and thanking the ACP Secretariat and the EU for their support for the Briefing. He began by reminding the audience that youth employment is an issue across the whole ACP and not just Africa, but also that given their significant food imports, these regions are also indirectly exporting jobs which could be created in the agricultural sector to boost productivity. As such, solutions need to be found to transform more agriculture into agribusiness, to include technology, innovation, skills and other approaches which encourage private sector investments, in order to offer job opportunities in Africa. He noted that although there was growth in Africa, this growth was not matched by job creation, particularly to absorb the size of the Africa youth bulge and numbers of youth entering the job market. Many factors have to be considered – training, capacity building, infrastructure, investment – and the role of development stakeholders is to promote the right enabling policies in place. CTA's approach has been to capture and facilitate innovations and demonstrate to

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Betty Wampfler



Peter Kuria Githinji

youth how these can be used to create jobs, especially through Information and Communication Technologies (ICTs). There is a lot of interest in this area already, added Mr Hailu, but stakeholders need to find wise to maximise and capitalise on this momentum. For CTA, this means documenting the models that work and helping to scale them up.

Panel 1: Employment creation for youth in the agricultural sector

The first panel on Employment creation for youth in the agricultural sector was chaired by **Michael Hailu**, and considered various perspectives on youth employment from research, policy and practice and define key actions to be taken to support youth in agribusiness.

Betty Wampfler, Deputy Director, IRC / SupAgro shared research based on youth employment data, showing that growth in the number youth in rural areas entering the labour market, but without sufficient jobs in the tertiary and secondary sectors, meaning that agriculture is now being looked at as a sector to provide jobs for youth. The question then becomes what kind of agriculture, which rural sectors, and what policies can help to deliver these jobs. Given the challenges, a new development paradigm is needed, with three scenarios. The first is transforming family farming to carry out essential functions. Secondly, youth enabled agricultural

transformation by adding greater value, with support services to encourage this change. The third is to provide greater political will to create support mechanisms and an enabling environment. SupAgro's work with a broad network of partners has been carried out in Africa, Cambodia and France, looking at how youth get involved in job creation, and what help they need to make these systems sustainable. Some of the outcomes of this research show that the landscape for youth-led job creation is complicated, as there are many competing factors including access to land and finance, skills and social integration. The research found that family farming is not a strong motivation for youth, youth are often under resourced, and many families don't support youth to stay in agriculture. Research on training support mechanisms showed that these were popular with youth, but there are challenges of implementing the skills into the context of family farming, although positive results were noted especially as their agricultural activities become professionalised.

Peter Kuria Githinji, Director of Business Development and Partnerships at the African Agribusiness Incubators Network (AAIN) in Ghana began by noting the challenges which affect youth in agribusiness, and followed by explaining how incubation can help to promote innovation and entrepreneurship among youth, and ensure the future of agriculture.

He emphasised the importance of understanding the economic, political and social context in which agriculture operates in order to ensure that solutions actually respond to needs on the ground and respond to consumer habits. Incubation tries to bring together this knowledge and expertise er to provide support for incubatees, particularly in respect to the value chain in which they are operating and the areas where they can engage. Especially critical is the "architecture" of the value chain, as many people enter into the sector without grasping how the value chain really works, in terms of demand, post-harvest losses and other gaps. AAIN is now working in 20 countries though it covers all 54 African states, and has partnerships with many institutions including CTA, the AfDB, FAO, governments and youth organisations and works as an incubator of incubators. Peter Kuria explained that incubation looks at both the architecture and the ecosystem of agribusiness, ensuring that the right environment is in place for young businesses to grow. He gave the example of the "learn as you earn" model, which involves encouraging incubators to be established in, or linked with learning institutions so that young graduate entrepreneurs are able to enter into an environment suitable to help them develop a business successfully and create jobs. Incubation should provide access for the needs of the entrepreneur - from finance and technology to contact with the private sector

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Gerald Otim

and mentorship. This model and incubation more broadly, holds a lot of potential for the African agribusiness sector, but it needs to be scaled up.

Gerald Otim, the founder and Chief operating officer of Ensibuuko in Uganda,

provided a youth perspective on how ICTs can be used to improve the financial inclusion of youth. Mr Otim's background is one of agriculture, having been raised on a farm by a single mother, using the proceeds made from his farm work to pay for university. Uganda's population is among the youngest in the world – with 77% being between ages 15-25, and the youth unemployment standing at 80%. With better access to financial services and affordable credit, youth could transform agriculture, but they face challenges such as distance from banks which are located in urban areas, and unfavourable lending terms. As an entrepreneur, he took particular interest in the approach of SACCOS (co-operative financial institutions) for youth, which are owned, managed and operated for the benefit of the local community. They are very active in Uganda with approximately half the population being active in a SACCO. Ensibuuko started working with SACCOS after winning the first CTA AgriHack competition in 2013, successfully helping them to reach new customers, especially youth, using ICTs. Its services help the SACCOS to address inefficiencies and challenges, linked to reliance on

paper-based bookkeeping, inability to manage data and information, manual process systems and lack of security, which makes it a high-risk model that's difficult to scale. Ensibuuko designed a microfinance software MOBIS, for SACCOS which is a cloud-based, allowing service to be used and managed from a central system, rather than being fragmented. It also provides mobile money/banking service through partnerships with the biggest network providers in Uganda, and is accessible to low-tech phones through USSD software. This makes banking for the farmers faster, cheaper and more efficient, and the access to data allows SACCOS to constantly innovate. Ensibuuko serves 72 institutions in Uganda with over 6000 members, helping them to be more efficient, and is in the process of expanding its services into Zambia and Malawi.

The **questions and answers session** discussed about the possibility of rapidly replicating successful approaches such as mobile banking and incubation across Africa, and in particular, for incubation facilities to be set up in rural areas. The panel was asked about suggestions on how to integrate youth into more decision-making bodies and also mass learning or information dissemination approaches, as well as how to improve access to finance for youth beyond SACCOS and microfinance. **Betty Wampfler** noted that SupAgro's centres are in rural areas, but even so, access

to information for youth remains a challenge and better methods are needed to integrate centres into rural sectors, and to make information more actionable. **Peter Kuria Githinji** suggested that more efforts be made invest into scaling up in Africa. He noted that there should be better ways to integrate both old and new knowledge systems, and that incubators can work as a means to help youth entrepreneurs to be more bankable through training, support etc. **Gerald Otim** explained that technology was very scalable and replicable, but doing so requires a lot of financial and human resources. Investment for agribusiness is challenging because more capital is needed compared to running a small-scale farm, and so other stakeholders should be partnering to enable agribusiness to grow. As to the SACCO model, Mr Otim argued that because it is built entirely around trust, unlike banks whose model is to avoid risk, they are better positioned to help youth who may not otherwise be "bankable", and this is further enhanced through ICT. **Leonard Mizzi** also encouraged ACP stakeholders to promote and ensure discussions take place at the local levels in their countries with government, and at regional levels with big development actors, but especially for more streamlining in the engagement to ensure results. The EC's priority is to ensure interventions where they can bring added value in agribusiness, and other areas, especially as funding resources will become scarcer in the future.



Maness Ngoma Nkhata



Bertrand Foffe

Panel 2: Successes and opportunities ahead for young farmers and entrepreneurs

The second panel, chaired by **Leonard Mizzi**, explored successes and opportunities ahead for young farmers and entrepreneurs.

Maness Ngoma Nkhata of Lakeshore Agro-Processing Enterprise (LAPE) in Malawi

reminded that Malawi's youth unemployment stands at almost 19%, and of those working, 47% are employed in subsistence agriculture. LAPE was founded in 2007. It partners with rural farmers under a business model involving contract farming to grow key commodities such as soybeans, sunflowers, groundnuts and cassava, to which it adds value through processing to create products for human and livestock consumption. LAPE deliberately targets women and youth in farming as business partners, providing them with inputs, services, training under GAP, extension services and contract purchasing, processing and market access. In order to support youth and women entrepreneurship, LAPE has established agribusiness incubation services and makes land available for those who do not have their own, acting as the offtaker. Its success is down to the fact that it works with existing agriculture production communities and also engages a variety of

stakeholders including the Ministries of Agriculture, Gender and Trade, and social organisations. It also pushes for publicity among farmers and ensures they receive the finance and inputs that they need. Partnering with women and youth farmers is a win-win for LAPE, as they have high credit repayment rates, they tend to be more stable, are hardworking, and cooperative in terms of adopting new technologies. Some challenges that LAPE faces include the cultural context for women and youth in Malawi with undervalues them, and there are limitations for LAPE in terms of land, capital and technology to really upscale production, so large order cannot be fulfilled. They hope to address this by procuring a flash dryer, scaling up their incubation centres, and establishing a Cooperative Development Fund. Ultimately, under the Youth Agri-Entrepreneurship for Job Creation Programme, LAPE aims to direct 10,000 youth agripreneurs into commercial farming and value addition, and provide 10,000 youth agripreneurs with agribusiness incubation in order to create more gainful employment.

Bertrand Foffe the founder of Jangolo Farm (www.jangolo.cm) in Cameroon, an e-commerce platform,

which since 2016 have received support from CTA as one of the finalists of the Pitch Agri-Hack competition held in Nairobi. Jangolo is a project with young ICT experts at its helm, and its goal is to have a positive impact

on development in Cameroon by targeting the agriculture sector, which is the main job generator in the country. The founders' aim was to show the availability and variety of high quality local products, which could be supplied consistently. There are therefore two components to Jangolo Farm – e-trade and supply. As IT specialists, their approach was innovative – using existing data from research and studies, but also through the collection of their own data using a second platform, www.farmers.cm. Ensuring a guarantee in sourcing / supply meant making it digital and efficient which according to Mr Foffe, involved establishing communication with farmers/producers – which was originally done by telephone – but the developers then created an app which would allow the farmers themselves to be able to follow production as early as when they have decided what commodity they will produce. Farmers are able to check their expenses and know market prices for their produce instantly, and in turn, Jangolo Farm will be able to determine what produce is available from which farmers at what time and which price and at what volumes, thus ensuring a steady supply. This enhances efficiency, because the farmer can focus on production, and the developers focus on marketing and distribution, information gathering and sharing. The success of the platforms is in understanding and working in tune to the farmer's production cycle and demands. There is a growing demand at

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Patrick Sakyi

the local and international level for Jangolo Farm, especially for Cameroonian diaspora, which is already selling 250 products from local farms. Some of the challenges Jangolo Farm faces include guaranteeing quality and standards of products, and its next steps is to position itself to enable farmers to get better access to finance.

Ghanaian **Patrick Sakyi, an expert mobile commerce business of Farmerline**, gave the last presentation. Ghana has impressive mobile phone penetration of over 120%, and cheaper and wider coverage has enabled transformation in the country, but it still faces challenges in terms of high illiteracy rates in rural areas, and limited government support for farmers through extension services. Another issue is the lack of traceability and transparency in the supply chain. Farmerline's mission is to empower farmer entrepreneurs, by providing information and services and connecting them to markets. The company uses its own app for mass communications that can be sent via sms or voice. They also enable the digitalisation of key production and farmer data, which is important for other service providers such as buyers and lenders. Finally, Farmerline has a significant network of trainers and agents, enabling them to reach 150 communities in one year, to provide support services and training. Three critical types of information are provided via Farmerline - weather forecasts, market prices and GAP

guidance in coordination with the Ministry of Agriculture- with this information being customisable according to language, accessibility and affordability. The type of data collected is varied, from farmer profiling to traceability in the supply chain, mapping, certification audit and more. This data is used by Farmerline clients to generate instant reports, which primarily benefits the smallholder farmers as, as well as agribusinesses, development organisations and government. The main challenges faced by Farmerline are inconsistent network coverage in rural areas, competition for ICT talent, and lack of mentorship. It has grown since its foundation in 2013, employing 22 staff across two offices in Ghana (Accra and Kumasi), reaching 200,000 farmers in nine African countries, with the aim of increasing this to 1 million by 2020. A big advantage of ICT is its potential for wide replication without the need for physical presence of Farmerline in each of the new countries, and the company is looking at opportunities in enabling farmer's access to finance, value addition, organic production and more.

Questions and Answers in the second panel addressed linking with government and farmer's organisation, client satisfaction, access to farmers and expanding services to diaspora. Speakers were asked about the ownership of data and also encouraged to expand opportunities for business to business exchanges and between

youth agribusiness entrepreneurs or groups in various continents. The audience also wanted to know how research networks could support young agribusiness entrepreneurs, how the outgrower scheme of LAPE works and access to finance. **Patrick Sakyi** explained that Farmerline protects farmer's data by using memoranda of understanding, which are bound by data protection laws, and also called on the research community to assist with widescale impact assessment studies. Lastly, he hoped to get assistance for Farmerline to be introduced to partners in other countries in order to help it expand in response to their needs. **Maness Ngoma Nkhata** said LAPE had good links with the government, working as a team to provide extension services, and clarified that the farmer contributes around 5% of earnings to use LAPE' s land. **Bertrand Foffe** explained that Jangolo Farm has various approaches to assess consumer satisfaction, e.g. customer satisfaction forms and tasting events. They began by using social media to reach farmers, and now partners mainly with cooperatives to market to their members, and recently began using the database of the agricultural institute. Their technology is very replicable and highly compatible with various platforms. Additionally, he noted that while data that is inputted in their system is protected and only disclosed if the producers agrees to do so (i.e. when applying for a service such as finance), Jangolo

Farm could benefit from research and capacity building around the legal aspects of data protection. Further questions were raised on value addition, how Farmerline's model generates profits. A big question asked was why youth aren't financed by donors or big lending institutions. **Maness Nkhata** explained that she started with no capital, but had some land she farmed and used it to get credit to buy more land on which she started LAPE, but the big issue in Malawi is that institutional or donor finance mainly goes to government

projects and not the private sector. **Patrick Sakyi** described various sources of income for Farmerline profits – farmer subscription rates, leasing of the technology and other partnerships help them make revenue. **Bertrand Foffe** encouraged youth to go out there and find likeminded peers to get projects off the ground and to realise their dreams.

Leonard Mizzi concluded the Briefing by echoing the views that it is important to support youth to realise their dreams, and

herein lies an opportunity for the recommendations from the Briefing to be presented to the G20 to instigate action supporting youth. **Michael Hailu** added to the closing remarks by drawing attention to the massive potential of youth and ICT, noting that some of the world's biggest companies began with this same combination. In addition, the partners of the Briefing – PAFO and AgriCord – were also thanked for their support to young farmers and entrepreneurs.

Further information available online:

- Brussels Briefings: www.brusselsbriefings.net
- Resources on Youth in Agribusiness: https://brusselsbriefings.files.wordpress.com/2017/04/bb-49_ressources_youth-in-agribusiness.pdf
- Recommendations to the G20: https://brusselsbriefings.files.wordpress.com/2017/06/ibo_g20_youth_in_agribusiness_brief.pdf
- Report prepared by Lebo Mofolo, Junior Programme Associate (Policy Briefs) and Isolina Boto, Manager of CTA Brussels Office.