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Youth in agribusiness: Promoting job creation in Africa
*Leveraging Investment and innovations for Africa's youth
and sustainable economic growth*

European Development Days 2017
Brussels, Wednesday, June 7, 2017 - 14:00-15:15, Room D2

PROGRAMME

Theme: Sustainable Investment

Context:

There is an urgent need to create jobs and diversify economic activity in Sub-Saharan Africa. It is projected that the continent's youth population will double to over 830 million by 2050 and 10-12 million youth enter the workforce each year, though only 3.1 million jobs are created. Youth could be a significant asset for Africa if countries can successfully enable their participation in agriculture and agribusiness. Youth are able to generate business opportunities, new skills, technologies, entrepreneurship, and ultimately, also act as consumers. There is an urgent need to create opportunities for youth SME's, with tremendous potential impact. We will discuss solutions and innovative approaches to demonstrate that investing in Africa agribusiness is a very profitable option.

Moderator: **Leonard Mizzi**, *Head of Unit Rural Development, Food Security, Nutrition, Europeaid, European Commission*

Panellists

Christiaan Rebergen, *Director General for International Cooperation at Ministry of Foreign Affairs, Netherlands*

Dalitso Luke Mbewe, *Director, Tapera Bio Industries, Zambia*

Martin Stimela, *Managing Director, Brastorne Enterprises, Botswana*

Alieu Jallow, *Founder of the Gambia Young Entrepreneurs Association, EDD Young Leader*

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BACKGROUND NOTE

Context

There is an urgent need to create jobs and diversify economic activity in Sub-Saharan Africa. It is projected that the continent's youth population will double to over 830 million by 2050 and 10-12 million youth enter the workforce each year, though only 3.1 million jobs are created. Youth could be a significant asset for Africa if countries can successfully enable their participation in agriculture and agribusiness. Youth are able to generate business opportunities, new skills, technologies, entrepreneurship, and ultimately, also act as consumers. There is an urgent need to create opportunities for youth SME's, with tremendous potential impact. We will discuss solutions and innovative approaches to demonstrate that investing in Africa agribusiness is a very profitable option.

Unlocking and scaling up investment for youth employment is perhaps the most critical priority facing Africa and a precondition to successfully reach the SGDs and address migration issues. The importance of this debate in the context of the European Development Days lies in the opportunity to gather the experience, input and engagement of public and private sector stakeholders across disciplines, notably agriculture, ICT's, science and finance. It will also challenge high-level decision makers to provide a stronger commitment for enabling policies and investment strategies that enhance and scale up youth participation in the economy.

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).

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 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.

Given that agriculture is the major rural activities of youth employment and unless urban areas can create a massive number of jobs, any development agenda must recognize that in the short term only rural activities, farm or non-farm, can effectively create occupation for most new job seekers. Labour markets in developing countries, and particularly in Sub-Saharan Africa, differ from those in other countries in that most of the labour force is either in informal jobs, self-employment, or inactive. Rural wage labour markets are very thin and almost all occupied youth are in subsistence agriculture or unremunerated home production activities, and unemployment there is typically very low. Working conditions in agriculture are particularly unfavourable and can be hazardous. This fact, along with low income and limited perspectives of improving living standards and educational attainment, encourages youth to migrate. As with the rural population as a whole, rural youth are engaged in a diverse range of productive activities, both agricultural and non-agricultural.

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.¹

Growing urban markets also offer new opportunities for young entrepreneurs across the value chain.² 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.

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.

There are other revolutionary developments taking place in the agricultural sector with massive implications for youth participation. In today's world, technology has taken a central role in development and most of the industries are incorporating digital technology to stay relevant in the market and to keep up with industry demands. Today, young people are the main users of the new ICTs (internet, mobile phone, and computer) which are growing much faster than older ICTs (television, radio, mainline telephones, and newspapers). Agriculture needs to keep up with the digital revolution and in so doing young people will be driven to farming as a means of earning a living.

New tools of communication have emerged, proving more efficient and further reliable. Mapping technology for example is one of the tools that can be used to promote agriculture. The use of Geographical Information Systems (GIS), Geographical Positioning Systems (GPS) and Remote Sensing enables the coupling of real-time data collection with accurate position information, leading to the efficient manipulation and analysis of large amounts of geospatial data. In addition to technology, public private partnership (PPPs) is

¹ <http://www.fao.org/docrep/meeting/030/mj565e.pdf>

² BB 48

of importance in moving the youth to embrace agricultural activities. Combining the interdisciplinary strengths of the public and private sectors in partnerships holds considerable promise for creating opportunities for training, introducing technological innovations and entrepreneurship and employment opportunities in the agricultural sector. Capacity building on the other hand will be paramount if the youth are to maximise application of ICT in agricultural entrepreneurship.³

So policies designed to develop the farm and non-farm sectors will likely have a particularly pronounced effect on youth, even if not specifically targeted at them. For example, the promotion of small and medium rural enterprises that use new technologies could have a differential impact on youth, given their advantage in using them. By creating jobs and educational opportunities, rural areas can increase their attractiveness to young workers, thus eventually delaying the rural urban migration. This is a very critical issue that governments should attempt to mitigate in order to prevent the growth of urban youth unemployment and underemployment, and the worsening of wellbeing in already congested African cities.

Youth migration can significantly change the composition of the rural population, which poses its own challenges for rural development because migration is often selective. Those who leave are generally younger, better educated, and more skilled. Youth migration can thus diminish entrepreneurship and education level among the remaining population. In addition, migration can change the gender composition of rural populations. But migration has several benefits too, as it diversifies risks, contributes to rural income through remittances, and increases knowledge and opportunities. The challenge, then, is to find the appropriate set of incentives that makes youth migration contribute the most to lift the livelihoods in both rural and urban areas.

Employment opportunities for the rural youth are not only in agriculture but also nonfarm. Including rural towns, the rural non-farm sector accounts for about 20% of employment opportunities in Sub-Saharan Africa. The history of economic development has shown that development of the non-farm sector is tied to improved productivity on the farm. As technological innovations raise productivity on the farm, labour is freed up to move to the non-farm sector. The range of opportunities in rural areas is far wider than might be apparent at first glance. The rural non-farm economy can generate a significant share of rural incomes, shares that have grown in many countries. Earnings are significantly higher in non-farm activities mostly due to skills differences. In some instances, this higher income share is a result of crop failures or other adverse shocks to the farm sector. In most cases, however, rising productivity growth in the agriculture sector raises farm income and hence the demand for goods and services produced outside agriculture. International evidence shows that labour productivity is higher there as measured by value added per worker.

Although agriculture is still the largest source of rural income in Africa, the shares of incomes from non-farm rural activities in total income are already relatively high and increasing. The small participation of the non-agricultural sector in employment suggests that it has the potential to contribute substantially to job creation and income. The demand for youth labour will not increase without a dynamic rural economy in both the agriculture and non-farm sectors. An appropriate investment climate along with adequate infrastructures that prepare towns and cities for business and urbanization is therefore critical.

This session will discuss:

- How to harness the current and projected growth and development of agribusiness to generate employment for youth;
- The role of technology and innovation to promote youth participation in agriculture, and approaches to scale up youth agribusiness entrepreneurship;
- Successful policies and important trends that contribute to youth inclusiveness in sustainable economic growth, and the action needed to address bottlenecks and gaps.

More Info: <http://bit.ly/2rwhsSH>

³ Rono F., Tonui C., Nderitu S., and Kirui S (2012) "Could ICT be the Solution to Woo Youth to Agriculture?" Africa Centre for Technological Studies