

2017 African Caucus

Economic Transformation and Jobs: A focus on Agriculture and Agribusiness

Agriculture Value Chains and Sustainable Job Creation for Youth and Women

Concept Note

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Embracing Africa's Demographics

Important to the management of Africa's economic transformation is how its policy makers respond to the demographic transitions taking place on the Continent. Designing programs to raise agricultural productivity and develop regional and global value chains without due consideration to the dynamisms of the Africa's working age population could deprive the Continent the opportunity to optimize a key comparative advantage – its vast resource of young hands and minds. Africa has the youngest population in the world, with 20 percent of its population (approximately 230 million people) between ages 15 and 24. Projections suggest this number will double by 2050¹, with girls and women remaining in the majority. If managed well, the demographic trends could open up countries to a “demographic dividend”, where by the number of working-age people outstrips the number of young and elderly to facilitate faster economic growth and human development². In the absence of an effective policy response, these dynamics can threaten social cohesion and drive political resentment and instability, particularly where the demand for labor falls short of this growing supply.

Successfully reaping this dividend will require the young workforce to be productively employed. East Asia reaped its demographic dividend by combining the rapid demographic transition with export-oriented policies that increased the demand for labor. Much needs to be done in Africa, where robust economic growth of the past decade and a half is yet to create a sufficient number of jobs. Held down by several constraining factors, including a skills mismatch, the youth in Africa account for about 60 percent of the unemployed labor force. Even in rural areas, where agriculture is the main stay, the growth of rural populations has continued to outpace the increase in agricultural opportunities. Further, little welfare gains are often realized due to the low-productivity activities in which communities are engaged. For the youth seeking decent wages, the low pay in the agriculture sector increases the draw of the urban centers – further accelerating Africa's urbanization to unprecedented levels that is exerting daunting pressures on land, infrastructure and basic services. In many cases, the migration of young men is leaving rural women to carry the full responsibility of agricultural production, often with no legal rights to property ownership.

A Golden Triangle of Opportunity

Notwithstanding this scenario, the rising interconnectedness of economies across the world are presenting opportunities for greater integration of production processes and the production of higher-value products through the development of regional and global value chains. Advances in technology and greater connectivity is allowing production lines to be spread across different regions, thereby changing the international division of labor. At the same time urbanization and rising disposable incomes are altering dietary preferences, presenting new opportunities in agriculture and agribusiness for both rural and urban youth. Also, Africa is yet to experience the Green Revolution that saw a rise in agriculture productivity and lifted million out of poverty in other regions. As such, there is much scope to increase agriculture productivity in Africa. The development of agriculture value chains, rising urbanization and improvement in agriculture productivity, with youth actively involved in all three areas, can be an important reinforcing combination that could propel African countries into the next stage of development.

¹ United Nations, Department of Economic and Social Affairs, Population Division (2015). *World Population Prospects: The 2015 Revision, Data Booklet*. ST/ESA/SER.A/377.

² Canning, D., Raja s. & Yazbeck, A.S. (Eds.). (2015) *Africa's Demographic Transition: dividend or disaster?*, World Bank, Washington DC, <https://openknowledge.worldbank.org/handle/10986/22036>

Stepping up to the Challenge

Noting these and other factors, Africa's policy makers have an opportunity to find cost-effective strategies to increase the participation of youth and women, as efforts are made to raise agriculture productivity and to develop active post-harvest value chains. Such strategies would need to address the various constraints to their participation including access to land and finance, as well as the skills mismatch between the youth and the private sector. Skills training will be critical in positioning youth for Africa's transformation. Improving access to land and other productive assets will be important, especially for poor women, who have traditionally had limited access to crucial services and opportunities because of persistent cultural, social, and political biases. For women, improving market access can be pivotal to the development of agriculture and improvement of household welfare. Similarly, implementing policies that strengthen financial inclusion and encourage saving could smooth household consumptions and generate domestic savings and investments that will further fuel growth and development. An additional constraint that must be addressed is the low perception of agriculture among the youth. In the minds of many African youths, farming is perceived as a backbreaking endeavor that offers little return and therefore is of little appeal. Engaging youth in the wide range of agriculture and agribusiness activities, including post-harvest activities can make a positive difference.

It may be helpful to develop deliberate programs that mainstream youth and gender considerations into economic planning. For instance, by building the youth into plans for the developing value chains, with the right policies and support, the youth could employ their ingenuity in innovative technologies to connect markets, horizontally, vertically and across space. Also, in collaboration with the private sector, the youth and women could be programmed to develop the skills for their participation in packaging, handling, haulage and transportation. Further, mainstreaming gender would require that the design of development policies and projects to recognize that farmers and rural workers are not mainly men. In designing such programs, it will be important to ensure that robust policy engagement is facilitated with input from all relevant stakeholders, including the youth and women. Giving greater voice to these group would not only help in the design of more suitable programs, but would engender ownership among them.

Food for Thought

Several considerations present themselves when the opportunities of the youth-agriculture-transformation golden triangle are considered.

- 1) Should African countries even consider adopting comprehensive youth employment strategies for the agriculture and agribusiness sectors? If so, what would be the design of these strategies? How can the views of the youth and women be effectively captured in their design?
- 2) What are the binding constraints that African countries face in developing regional and global value chains and what opportunities are being missed as a result?
- 3) Noting the skills mismatch, how can private players be involved in supporting youth training to narrow the gap between the skills demanded and the prevailing supply of skilled labor?
- 4) What practical de-risking methods can be employed to overcome the constraint of access to finance among the youth, including among women?
- 5) How can gender asymmetries in land, labor, financial, and product markets be sustainably addressed?
- 6) What will it take to transform the youth mindset on agriculture so as to encourage their active participation?
- 7) What role can international financial institutions and development partners play in respect of the above considerations?